

MIDLAND PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 1986 A, Series 1986 B and Series 1986 C

Date of Closing: September 29, 1986

BOND TRANSCRIPT

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09/25/86  
MIPSD1-C



MIDLAND PUBLIC SERVICE DISTRICT  
SEWER REVENUE BONDS, SERIES 1986 A, SERIES 1986 B AND SERIES 1986 C  
and  
SEWERAGE SYSTEM  
INTERIM CONSTRUCTION FINANCING

BOND AND NOTES RESOLUTION

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09/27/86  
MIPSD2-B

MIDLAND PUBLIC SERVICE DISTRICT

RESOLUTION

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF MIDLAND PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$400,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1986 A, NOT MORE THAN \$300,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1986 B, NOT MORE THAN \$300,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1986 C, AND NOT MORE THAN \$3,500,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES OR BOTH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF MIDLAND PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

A. Midland Public Service District (the "Issuer") is a public service district and public corporation of the State of West Virginia in Randolph County of said State.

B. The Issuer does not presently operate a public sewage collection and transportation system and it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed certain sewage collection and transportation facilities of the Issuer (the "Project") which constitute properties for the collection of liquid or solid wastes, sewage or industrial wastes (the Project, and any additions thereto or extensions thereof is herein called the "System") at an estimated cost of \$5,112,637, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Secretary of the Issuer.

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

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of not more than \$1,000,000 in 3 series, being the Series 1986 A Bonds in the aggregate principal amount of not more than \$400,000, the Series 1986 B Bonds in the aggregate principal amount of not more than \$300,000 and the Series 1986 C Bonds in the aggregate principal amount of not more than \$300,000 (collectively, the "Bonds"), and (at the option of the Issuer) to issue contemporaneously therewith, or as soon as practicable thereafter, its sewerage system grant anticipation notes, or a note or notes evidencing a line of credit, or both (collectively, the "Notes") in the aggregate principal amount of not more than \$3,500,000 to temporarily finance costs of construction and acquisition of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Notes during the term thereof and upon the Bonds prior to and during construction or acquisition and for 6 months after completion of construction of the Project; engineering, and legal expenses; expenses for estimates of cost and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Bonds and Notes

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

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

F. It is in the best interests of the Issuer that its Original Bonds (as hereinafter defined) be sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a loan agreement and a supplemental loan agreement (collectively, the "Loan Agreement") heretofore entered into between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority.

G. There are not outstanding any obligations of the Issuer which will rank prior to or on a parity with the Bonds as to lien and source of and security for payment. The Series 1986 C Bonds shall be junior and subordinate to both the Series 1986 A Bonds and the Series 1986 B Bonds (which shall be first lien Bonds on a parity with each other), as set forth herein.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Bonds and the Notes by those who shall be the registered owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders and such Noteholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the registered owners of any and all of such Bonds and Notes, respectively, all which shall be of equal rank and without preference, priority or distinction between any one Bond of

a series and any other Bonds of the same series and between any one Note and any other Note, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

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

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

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

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

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

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

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

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

"Consulting Engineers" means William D. Swecker, Elkins, West Virginia, or any engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

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

"County Commission Grant" means the Grant from The County Commission of Randolph County (West Virginia) pursuant to the commitment therefor.

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

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

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

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

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

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

"Governing Body" or "Board" means the public service board of the Issuer, consisting of 3 members, as may hereafter be constituted.

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

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

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

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

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

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

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

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

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

"Loan Agreement" shall mean, collectively, the Loan Agreement and the Supplemental Loan Agreement, both dated July 28, 1986, heretofore entered into between the Authority and the Issuer providing for the purchase of the Original Bonds from the Issuer by the Authority, the forms of which shall be approved, and the execution and delivery by the Issuer authorized by, this Resolution or a resolution adopted by the Issuer prior to the adoption of this Resolution.

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

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

"Notes" or "GAN" means collectively, the not more than \$3,500,000 in aggregate principal amount of Sewerage System Grant Anticipation Notes, originally authorized hereby, or the not more than \$3,500,000 in aggregate principal amount of a note or notes evidencing a line of credit originally authorized hereby, and unless the context clearly indicates otherwise, the terms "Notes" or "GAN" includes any refunding Notes or GAN of the Issuer.

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

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

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

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

"Original Bonds" or "Bonds originally authorized hereby" or similar phrases mean, collectively, the not more than \$400,000 in aggregate principal amount of Series 1986 A Bonds, the not more than \$300,000 in aggregate principal amount of Series 1986 B Bonds and the not more than \$300,000 in aggregate principal amount of Series 1986 C Bonds, issued for the purpose of paying a portion of the Costs of the Project and for such other purposes permitted and authorized by this Bond Legislation.

"Original Notes Purchaser" means, in the event grant anticipation notes are issued, Young Moore & Company, Inc., of

Charleston, West Virginia, or such other original purchaser of the Notes as shall be named in a resolution supplemental hereto, and, in the event a note or notes evidencing a line of credit are issued, such bank or banks as shall be named in a resolution supplemental hereto.

"Other Grants" means collectively, the WDA Grant, the State of West Virginia Grant and the County Commission Grant, together with any other grant hereafter received by the Issuer to aid in financing any Costs.

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

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

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

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

"Project" means the acquisition and construction of a sewage collection and transportation system, lift stations and force mains and all necessary appurtenances.

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

- (a) Government Obligations;

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

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

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

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

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

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or

national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

(h) The Investment Agreement which may be entered into by and between the Trustee and the bank designated as "Investment Bank" in the Supplemental Resolution; and

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

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

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

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

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

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

"Series 1986 A Bonds" or "Series A Bonds" means the not more than \$400,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1986 A, of the Issuer.

"Series 1986 A and B Bonds Reserve Account" means the Series 1986 A Bonds Reserve Account established in the Series 1986 A and B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1986 A and B Bonds Reserve Requirement" means, as of any date of calculation the maximum amount of principal and interest which will become due on the Series 1986 A Bonds and the Series 1986 B Bonds in the then current or any succeeding Fiscal Year.

"Series 1986 A and B Bonds Sinking Fund" means the Series 1986 A and B Sinking Fund established by Section 5.02 hereof.

"Series 1986 B Bonds" or "Series B Bonds" means the not more than \$300,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1986 B, of the Issuer.

"Series 1986 C Bonds" or "Series C Bonds" means the not more than \$300,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1986 C, of the Issuer.

"Series 1986 C Bonds Reserve Account" means the Series 1986 C Bonds Reserve Account established in the Series 1986 C Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1986 C Bonds Reserve Requirement" means, as of the date of calculation, the maximum amount of principal which will become due on the Series 1986 C Bonds in the then current or any succeeding Fiscal Year.

"Series 1986 C Bonds Sinking Fund" means the Series 1986 C Bonds Sinking Fund established by Section 5.02 hereof.

"State" means the State of West Virginia.

"State of West Virginia Grant" means the West Virginia Governor's Office of Community and Industrial Development Grant pursuant to the commitment therefor.

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

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

"System" means the complete properties of the Issuer for the collection, transportation or treatment of liquid or solid wastes, sewage or industrial wastes, in its entirety or any integral part thereof, and shall include the Project and any further additions, betterments and improvements thereto hereafter constructed or acquired for said system from any sources whatsoever.

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

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

"WDA Grant" means the grant from the West Virginia Water Development Authority pursuant to the commitment therefor.

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

ARTICLE II

AUTHORIZATION OF CONSTRUCTION  
AND ACQUISITION OF THE PROJECT

Section 2.01. Authorization of Construction and Acquisition of the Project. There is hereby authorized the construction and acquisition of the Project, at an estimated cost of \$5,112,637, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Notes and the Bonds hereby authorized shall be applied as provided in the Indenture, if any, and Article VI hereof, respectively.

### ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purpose of funding a reserve account for each series of Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, there shall be issued negotiable Original Bonds of the Issuer, in an aggregate principal amount of not more than \$1,000,000. Said Bonds shall be issued in three series, to be designated respectively, "Sewer Revenue Bonds, Series 1986 A," in the aggregate principal amount of not more than \$400,000, "Sewer Revenue Bonds, Series 1986 B," in the aggregate principal amount of not more than \$300,000, and "Sewer Revenue Bonds, Series 1986 C," in the aggregate principal amount of not more than \$300,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. Such Bonds shall be issued contemporaneously with or prior to issuance of the Notes, if any. The proceeds of the Bonds (excluding accrued interest) remaining after funding of the Reserve Accounts, capitalization of interest, and payment of the costs of issuance thereof and related costs shall be deposited in the Bond Construction Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Bonds shall bear interest at such rate or rates, not exceeding 12% per annum, or such other rate as shall then be the legal maximum, payable semiannually on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution. The Bonds shall be payable as to principal at the office of the Commission, as Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Bonds shall be paid by check or draft of the Paying Agent mailed to the registered owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

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

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

Subsequent series of Bonds, if any, shall be issued in fully registered form, in the denomination of \$5,000 or any integral multiple thereof, all as determined by a Supplemental Resolution. The registered Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest from such date.

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

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

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

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

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

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

In all cases in which the privilege of exchanging Bonds or transferring the registered Bonds are exercised, Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the 15 days 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.

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

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

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

Section 3.08. Bonds Secured by Pledge of Net Revenues; Series 1986 C Bonds to be Junior and Subordinate to Series 1986 A Bonds and Series 1986 B Bonds. The payment of the debt service of all the Series 1986 A Bonds and Series 1986 B Bonds shall be secured forthwith equally and ratably with each other, on a parity, by a first lien on the Net Revenues derived from the System. The payment of the debt service of all the Series 1986 C Bonds shall also be secured forthwith equally and ratably with each other by a lien on the Net Revenues derived from the System, but junior and subordinate to the lien on such Net Revenues in favor of the Holders of the Series 1986 A Bonds and Series 1986 B Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make the payments into the Sinking Funds, the Reserve Accounts therein and the Renewal and Replacement Fund hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

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

[Form of Series 1986 A Bond]

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
MIDLAND PUBLIC SERVICE DISTRICT  
SEWER REVENUE BOND, SERIES 1986 A

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

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

KNOW ALL MEN BY THESE PRESENTS: That MIDLAND PUBLIC SERVICE DISTRICT, a public corporation of the State of West Virginia in Randolph 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 West Virginia Water Development Authority (the "Authority") or registered assigns the sum of \_\_\_\_\_ (\$ \_\_\_\_\_), 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 \_\_\_\_\_ 1, 19\_\_\_\_. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of Kanawha Valley Bank, N.A., Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

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

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain new sewage collection and

transportation facilities of the Issuer (the "Project") (ii) to pay interest on the Bonds of this series (the "Bonds") during the construction of the Project and for approximately 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 West Virginia Code of 1931, as amended (the "Act"), and a Resolution and Supplemental Resolution, both duly adopted by the Issuer on the \_\_\_\_\_ day of \_\_\_\_\_, 1986 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is issued contemporaneously with the Sewer Revenue Bonds, Series 1986 B, of the Issuer (the "Series 1986 B Bonds") issued in the aggregate principal amount of \$ \_\_\_\_\_, which Series 1986 B Bonds are on a parity with respect to liens and sources of and security for payment to the Bonds and the Sewer Revenue Bonds, Series 1986 C, of the Issuer (the "Series 1986 C Bonds"), issued in the aggregate principal amount of \$ \_\_\_\_\_, which Series 1986 C Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1986 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1986 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of

the amount required to pay the maximum amount due in any fiscal year of principal of and interest on the Bonds, the Series 1986 B Bonds, the Series 1986 C Bonds, and all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds, the Series 1986 B Bonds or the Series 1986 C Bonds, provided however, that so long as there exists in the Series 1986 A and B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds and the Series 1986 B Bonds in any fiscal year, and in the reserve account established for the Series 1986 C Bonds or any other obligations outstanding prior to or on a parity with the Bonds or the Series 1986 C Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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

IN WITNESS WHEREOF, MIDLAND PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed hereon and attested by its Secretary, and has caused this Bond to be dated \_\_\_\_\_, 1986.

[SEAL]

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1986 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

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

KANAWHA VALLEY BANK, N.A.,  
as Registrar

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

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

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

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

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

\_\_\_\_\_

In the presence of:

\_\_\_\_\_

[Form of Series 1986 B Bond]

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
MIDLAND PUBLIC SERVICE DISTRICT  
SEWER REVENUE BOND, SERIES 1986 B

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

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

KNOW ALL MEN BY THESE PRESENTS: That MIDLAND PUBLIC SERVICE DISTRICT, a public corporation of the State of West Virginia in Randolph 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 West Virginia Water Development Authority (the "Authority") or registered assigns the sum of \_\_\_\_\_ (\$ \_\_\_\_\_), 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 \_\_\_\_\_ 1, 19\_\_\_\_. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of Kanawha Valley Bank, N.A., Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

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

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain new sewage collection and

transportation facilities of the Issuer (the "Project"); (ii) to pay interest on the Bonds of this series (the "Bonds") during the construction of the Project and for approximately 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 West Virginia Code of 1931, as amended (the "Act"), and a Resolution and Supplemental Resolution, both duly adopted by the Issuer on the \_\_\_\_\_ day of \_\_\_\_\_, 1986 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is issued contemporaneously with the Sewer Revenue Bonds, Series 1986 A, of the Issuer (the "Series 1986 A Bonds") issued in the aggregate principal amount of \$ \_\_\_\_\_, which Series 1986 A Bonds are on a parity with respect to liens and sources of and security for payment to the Bonds and the Sewer Revenue Bonds, Series 1986 C, of the Issuer (the "Series 1986 C Bonds"), issued in the aggregate principal amount of \$ \_\_\_\_\_, which Series 1986 C Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1986 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1986 B Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of

the amount required to pay the maximum amount due in any fiscal year of principal of and interest on the Bonds, the Series 1986 A Bonds, the Series 1986 C Bonds, and all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds, the Series 1986 A Bonds or the Series 1986 C Bonds, provided however, that so long as there exists in the Series 1986 A and B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds and the Series 1986 A Bonds in any fiscal year, and in the reserve account established for the Series 1986 C Bonds or any other obligations outstanding prior to or on a parity with the Bonds or the Series 1986 C Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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

IN WITNESS WHEREOF, MIDLAND PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed hereon and attested by its Secretary, and has caused this Bond to be dated \_\_\_\_\_, 1986.

[SEAL]

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1986 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

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

KANAWHA VALLEY BANK, N.A.,  
as Registrar

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

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

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

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

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

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

\_\_\_\_\_

[Form of Series 1986 C Bond]

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
MIDLAND PUBLIC SERVICE DISTRICT  
SEWER REVENUE BOND, SERIES 1986 C

No. CR- \_\_\_\_\_

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

KNOW ALL MEN BY THESE PRESENTS: That MIDLAND PUBLIC SERVICE DISTRICT, a public corporation of the State of West Virginia in Randolph 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 West Virginia Water Development Authority (the "Authority") or registered assigns the sum of \_\_\_\_\_ (\$ \_\_\_\_\_), in annual installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, without interest.

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

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

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain new sewage collection and transportation facilities of the Issuer (the "Project"); (ii) to fund a reserve account for the Bonds; and (iii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution and Supplemental Resolution, both duly adopted by the Issuer on the \_\_\_\_\_ day of \_\_\_\_\_, 1986 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under

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

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Net Revenues all payments then due and owing on account of the Series 1986 A Bonds and Series 1986 B Bonds herein described, moneys in the Reserve Account created under the Bond Legislation for the Bonds of this Series (the "Series 1986 C Bonds Reserve Account"), and unexpended proceeds of the Bonds of this series (the "Bonds"). Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 1986 C Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each fiscal year equal to at least 115% of the amount required to pay the maximum amount due in any fiscal year of principal of and interest on the Bonds, the Series 1986 A Bonds, the Series 1986 B Bonds, and all other obligations secured by or payable from such revenues prior to or on a parity with the Series 1986 A Bonds, the Series 1986 B Bonds or the Bonds, provided however, that so long as there exists in the Series 1986 C Bonds Reserve Account and the reserve account established for the Series 1986 A Bonds and the Series 1986 B Bonds, amounts at least equal to the maximum amount of principal and interest which will become due on the Bonds and the Series 1986 A Bonds and the Series 1986 B Bonds in any fiscal year, and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only

upon the books of Kanawha Valley Bank, N.A., Charleston, West Virginia, as registrar (the "Registrar") by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation or to the appurtenant sinking fund, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the holder of the Bonds, which lien is subordinate to the lien in favor of the holders of the Series 1986 A Bonds.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE OUTSTANDING SEWER REVENUE BONDS, SERIES 1986 A, OF THE ISSUER (THE "SERIES 1986 A BONDS") AND SEWER REVENUE BONDS, SERIES 1986 B, OF THE ISSUER (THE "SERIES 1986 B BONDS"), ISSUED CONCURRENTLY HERewith AND DESCRIBED IN THE BOND LEGISLATION.

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

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

IN WITNESS WHEREOF, MIDLAND PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed hereon and attested by its Secretary, and has caused this Bond to be dated \_\_\_\_\_, 1986.

[SEAL]

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1986 C Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

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

KANAWHA VALLEY BANK, N.A.,  
as Registrar

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

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

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

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

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

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

\_\_\_\_\_

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

## ARTICLE IV

### INTERIM CONSTRUCTION FINANCING

Section 4.01. Authorization and General Terms. In order to pay certain Costs of the Project pending receipt of the Grant Receipts, the Issuer may issue and sell its Notes in the aggregate principal amount of not to exceed \$3,500,000. The Notes may be in the form of grant anticipation notes or as evidence of a line of credit from a commercial bank or other lender, at the discretion of the Issuer, and as shall be set forth in a resolution supplemental hereto. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the Indenture or supplemental resolution, as applicable.

Section 4.02. Terms of and Security for Notes; Trust Indenture. The Notes shall be issued in fully registered form, in the denomination of \$5,000 or any integral multiple thereof, with such terms and secured in the manner set forth in the Indenture, if applicable (which Indenture in the form to be executed and delivered by the Issuer shall be approved by a supplemental resolution), or supplemental resolution, if no Indenture is used.

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

Section 4.04. Letters of Credit. As additional security for the Notes, the Issuer may obtain a letter or letters of credit from a bank or banks, pursuant to which such bank or banks would agree to pay to the Trustee, upon presentation by the Trustee of certain certificates, the sum or sums set forth therein but not to exceed \$1,500,000 in the aggregate. In the event of a draw under any such letter of credit, the Issuer shall issue its refunding notes to the bank issuing such letter of credit. Any such letter of

letter of credit shall be authorized and shall have such terms as shall be set forth in a resolution supplemental hereto.

ARTICLE V

SYSTEM REVENUES AND APPLICATION THEREOF

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

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

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

- (1) Series 1986 A and B Bonds Sinking Fund;
  - (a) Within the Series 1986 A and B Bonds Sinking Fund, the Series 1986 A and B Bonds Reserve Account.
- (2) Series 1986 C Bonds Sinking Fund;
  - (a) Within the Series 1986 C Bonds Sinking Fund, the Series 1986 C Bonds Reserve Account.

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

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

(2) Thereafter, from the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, commencing 7 months prior to the first date of payment of interest on the Series 1986 A Bonds and the Series 1986 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 1986 A and B Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on

said Series 1986 A Bonds and Series 1986 B Bonds on the next ensuing semiannual interest payment date, less any moneys transferred from the Series 1986 A and B Bonds Reserve Account for the purpose of making interest payments and investment earnings on sums previously deposited in the Series 1986 A Bonds Sinking Fund for the purpose of making interest payments on the Series 1986 A Bonds or the Series 1986 B Bonds; provided, that, in the event the period to elapse between the date of such initial deposit in the Series 1986 A and 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 also, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1986 A Bonds and the Series 1986 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 A and B Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1986 A Bonds and the Series 1986 B Bonds on the next ensuing principal payment date, less any moneys transferred from the Series 1986 A and B Bonds Reserve Account for the purpose of making principal payments and investment earnings on sums previously deposited in the Series 1986 A and B Bonds Sinking Fund for the purpose of making principal payments on the Series 1986 A Bonds or the Series 1986 B Bonds; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1986 A and 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 also, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1986 A Bonds and Series 1986 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 A and B Bonds Reserve Account, an amount equal to 1/120 of the Series 1986 A and B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1986 A and 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 1986 A and 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 System, transfer to the Renewal and Replacement Fund a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of the Series 1986 A and 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 1986 A and B Bonds Reserve Account [except to the extent such deficiency exists because the required payments into such account has not, as of the date of determination of a deficiency, funded such account to the maximum extent required by Subsection 5.03(A)(4)] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(6) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1986 C Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 C Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1986 C Bonds on the next ensuing principal payment date, less any moneys transferred from the Series 1986 C Bonds Reserve Account for the purpose of making principal payments and investment earnings on sums previously deposited in the Series 1986 C Bonds Sinking Fund for the purpose of making principal payments on the Series 1986 C Bonds.

(7) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1986 C Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 C Bonds Reserve Account, an amount equal to 1/120 of the Series 1986 C Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1986 C 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 1986 C Bonds Reserve Requirement.

Moneys in the Series 1986 A and B Bonds Sinking Fund and the Series 1986 C 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 1986 A and B Bonds Reserve Account and the Series 1986 C Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the respective series of Bonds, as the same shall come due, when other moneys in the attendant Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 1986 A and B Bonds Reserve Account and the Series 1986 C Bonds Reserve Account shall be transferred, not less than once each year, to the respective Sinking Fund and applied in full, first to the next ensuing interest payments, if any, due on the respective Series of Bonds, and second to the next ensuing principal payments.

Any withdrawals from the Series 1986 A and B Bonds Reserve Account which result in a reduction in the balance of the Series 1986 A and B Bonds Reserve Account to below the Series 1986 A and B Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1986 A and B Bonds Sinking Fund for payment of debt service on the Bonds have been made in full.

Any withdrawals from the Series 1986 C Bonds Reserve Account which result in a reduction in the balance of the Series 1986 C Bonds Reserve Account to below the Series 1986 C Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1986 A and Series 1986 B Bonds Sinking Funds, the Renewal and Replacement Fund and the Series 1986 C Bonds Sinking Fund have been made in full.

As and when additional Bonds ranking on a parity with the Series 1986 C Bonds are issued, provision shall be made for additional payments into the Series 1986 C Sinking Fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the

Series 1986 C Reserve Account in an amount equal to the maximum provided and required to be paid into the Series 1986 C Sinking Fund in any Fiscal Year for account of all the Series 1986 C Bonds, including such additional Series 1986 C Bonds which by their terms are payable from such Sinking Fund.

The Issuer shall not be required to make any further payments into the Series 1986 A and B Bonds Sinking Fund, or the Series 1986 C Bonds Sinking Fund or into the Reserve Accounts therein when the aggregate amount of funds in said respective Sinking Funds and Reserve Accounts are at least equal to the aggregate principal amount of the respective Bonds issued pursuant to this Bond Legislation then Outstanding.

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

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

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

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

B. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into the Sinking Funds, including the Reserve Accounts therein, and the Renewal and Replacement Fund during the following month or such other period as required by law, such

excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the Issuer, including, but not limited to, payment to the Trustee for deposit in the Notes Debt Service Fund, as defined in the Indenture.

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

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

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

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

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

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

ARTICLE VI

BOND PROCEEDS; FUNDS AND ACCOUNTS

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

A. From the proceeds of the Series 1986 A and Series 1986 B Bonds, there shall be deposited with the Commission in the Series 1986 A and B Bonds Sinking Fund, the amount specified in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1986 A and Series 1986 B Bonds for the period commencing on the date of issuance of the Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 1986 A and Series 1986 B Bonds, there shall be deposited with the Commission in the Series 1986 A and B Reserve Account the sum of \$ \_\_\_\_\_; and from the proceeds of the Series 1986 C Bonds, there shall be deposited with the Commission in the Series 1986 C Reserve Account the sum of \$ \_\_\_\_\_.

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

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

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

Disbursements from the Bond Construction Trust Fund, except for the costs of issuance thereof which shall be made upon

request of the Issuer, shall be made only after submission to the Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

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

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

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

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

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

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

After completion of the Project, as certified by the Consulting Engineers, the Depository Bank shall transfer any moneys remaining in the Bond Construction Trust Fund to the Series 1986 A and B Bonds Reserve Account.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

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

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

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

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 1986 A Bonds and Series 1986 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 and payment of the debt service of the Series 1986 C Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on said Net Revenues, but such lien shall be junior and subordinate to the lien on said Net Revenues in favor of the Holders of the Series 1986 A Bonds and Series 1986 B Bonds, to the extent necessary to make the payments required under Section 5.03 of this Resolution. The revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bonds and to make the payments into the Sinking Funds,

including the Reserve Accounts therein, and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided therein, to the payment of the principal of and interest on the Bonds as the same become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Order of the Public Service Commission of West Virginia entered August 22, 1986 (Case No. 86-025-S-CN).

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

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

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

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. The Issuer shall not issue any obligations whatsoever with a lien on or otherwise payable from any source of payment pledged originally to the Notes issued under the Indenture or supplemental resolution prior to or on a parity with the lien on behalf of such Notes until such Notes have been defeased in accordance with the provisions of the Indenture and the Bond Legislation; and, so long as any of the Bonds are Outstanding, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds; provided, however, that additional Bonds on a parity with the Series 1986 C Bonds only may be issued as provided for in Section 7.07 hereof. All obligations issued by the Issuer after the issuance of the Bonds and payable from the revenues of the System, except such additional

parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 1986 A Bonds, the Series 1986 B Bonds and the Series 1986 C Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Reserve Accounts and the Renewal and Replacement Fund at the time of the issuance of such subordinate obligations have been made and are current.

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

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

No Parity Bonds shall be issued which shall be payable out of the revenues of the System prior to or on a parity with the Series 1986 A Bonds or Series 1986 B Bonds. All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1986 C Bonds.

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

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

(A) The Bonds then Outstanding;

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

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

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

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

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. All the Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of the same series. The Issuer shall comply fully with all the increased payments into the

various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 1986 A Bonds, the Series 1986 B Bonds and the Series 1986 C 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 1986 A Bonds, the Series 1986 B Bonds or the Series 1986 C Bonds.

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

B. Notwithstanding the foregoing, or any provision of Section 7.06 to the contrary, additional Bonds may be issued solely for the purpose of completing the Project as described in the application to the Authority submitted as of the date of the Loan Agreement without regard to the restrictions set forth in this Section 7.07, if there is first obtained by the Issuer the written consent of the Authority to the issuance of bonds on a parity with the Series 1986 A Bonds and Series 1986 B Bonds.

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

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of Bonds or Notes, as the case may be, and shall file said report with the Trustee and the Authority, or any other original purchaser of the Bonds.

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 (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each Fiscal Year equal to at least 115% of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Bonds and all other obligations secured by or payable from such revenues; provided that, in the event that an amounts equal to or in excess of the Reserve Requirements are on deposit in the Reserve Accounts or reserve accounts for bonds prior to or on a parity with the Bonds are funded at least at the requirement therefor, such balance each Fiscal Year need only equal at least 110% of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Bonds and all other obligations secured by or payable from such revenues.

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

In addition, the Issuer shall annually cause the records of the System to be audited by an independent certified public accountant, the report of which audit shall be submitted to the Authority and which audit report shall include a statement that the Issuer is in compliance with the terms and provisions of this Bond Legislation and the Loan Agreement.

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

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

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

Section 7.13. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department,

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

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

(A) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(B) PUBLIC LIABILITY INSURANCE, with limits of not less than \$1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than \$100,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

(C) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County

Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

B. The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project.

Section 7.15. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30 day notice of the availability of the System, pay the rates and charges established therefor.

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

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

Section 7.17. Statutory Mortgage Lien. For the further protection of the Holders of the Bonds, a statutory mortgage lien

upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Bonds and shall be for the equal benefit of all Holders of each respective series of Bonds, provided however, that the statutory mortgage lien in favor of the Holders of the Series 1986 A Bonds and Series 1986 B Bonds shall be senior to the statutory mortgage lien in favor of the Holders of the Series 1986 C Bonds.

## ARTICLE VIII

### INVESTMENT OF FUNDS; NON ARBITRAGE

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

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

Section 8.02. Restrictions as to Arbitrage Bonds. The Issuer hereby covenants, and hereby so instructs the Bond Commission and the Trustee that they 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 to acquire any securities or obligations the acquisition of which would cause any Bond to be an "arbitrage bond" as defined in Section 103(c)(2) of the Internal Revenue Code, (or any successor provision) and an Authorized Officer shall deliver

his certificate, based upon this covenant, with regard thereto to the purchaser of the Original Bonds.

Section 8.03. Rebates of Excess Arbitrage Earnings. The Issuer hereby covenants to pay to the United States Government the excess of the aggregate amount earned from the date of issue of the Bonds on all "nonpurpose obligations" (as such term is defined in the Internal Revenue Code of 1954, as amended, or any successor provision of the Code) in which gross proceeds of the Bonds are invested (other than amounts attributable to the excess described in this paragraph) over the amount which would have been earned if such nonpurpose obligations were invested at a rate equal to the yield (determined on the basis of the issue price) on the Bonds, plus any income attributable to such excess, whether or not such income exceeds the yield on the Bonds (the "Rebate Amount"), determined in accordance with and subject to the exceptions set forth in Section 103(c) of the Code. The amount which is required to be paid to the United States Government shall be paid in installments which are made at least once every 5 years, in amounts and in the manner set forth in Section 103(c).

ARTICLE IX

DEFAULT AND REMEDIES

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

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

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

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

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

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

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Bonds set forth in this Bond Legislation, any supplemental resolution, the Indenture 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 Trustee, any other bank or banking association holding any fund or account hereunder or a Holder of a Bonds; or

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Note or Bond, as the case may be, may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System (iii) bring suit upon the Notes or Bonds, as the case may be, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Notes or Bonds, as the case may be, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Notes or Bonds, or the rights of such Registered Owners, provided however, that no remedy herein stated may be exercised by a Noteholder in a manner which adversely affects any remedy available to the Bondholders, and provided further, that all rights and remedies of the Holders of the Series 1986 C Bonds shall be subject to those of the Holders of the Series 1986 A Bonds and Series 1986 B Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Issuer with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

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

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

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Series 1986 A Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1986 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1986 A Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1986 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1986 A Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due the principal installments of and interest on such Series 1986 A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1986 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1986 A Bonds on and prior to 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 1986 A Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any

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

Section 10.02. Defeasance of Series 1986 B Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1986 B Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1986 B Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1986 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1986 B Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due the principal installments of and interest on such Series 1986 B Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1986 B Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1986 B Bonds on and prior to 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 1986 B Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 10.03. Defeasance of Series 1986 C Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1986 C Bonds, the principal due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1986 C Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1986 C Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1986 C Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due the principal installments of and interest on such Series 1986 C Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1986 C 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 1986 C Bonds on and prior to 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 1986 C Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 10.04. Defeasance of Notes. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Notes, the principal of and interest due or to become due thereon, at the times and in the manner set forth

in the Indenture, then with respect to the Notes only, this Bond Legislation, the Indenture and the pledges of Grant Receipts and other moneys and securities pledged thereby, and all covenants, agreements and other obligations of the Issuer to the Holders of the Notes shall thereupon cease, terminate and become void and be discharged and satisfied.

## ARTICLE XI

### MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. No material modification or amendment of this Bond Legislation, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Notes or Bonds shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the Notes or Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or any Note or Notes or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds or Notes respectively, required for consent to the above-permitted amendments or modifications.

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

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

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

Section 11.05. Amendments to Maintain Tax Exemption. The Issuer hereby covenants to make any amendment or supplements to this Resolution and to the Indenture authorized hereby to enable the interest on the Notes or Bonds to be and remain exempt from federal income taxation, and to preserve such tax exemption until the maturity or redemption thereof without further consent of the Holders of the Bonds or the Notes.

Section 11.06. Conflicting Provisions Repealed. All orders or resolutions and or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed.

Section 11.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the enactment of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 11.08. Public Notice of Proposed Financing. Prior to adoption of this Resolution, the Secretary of the Governing Body shall have caused to be published in a newspaper of general circulation within the boundaries of Midland Public Service District, a Class II legal advertisement stating:

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

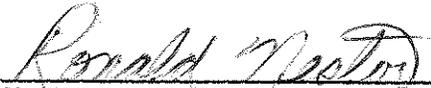
(b) The respective maximum interest rates and terms of the Bonds and the Notes originally authorized hereby;

(c) The Project to be acquired or constructed and the cost of the same; and

(d) The anticipated rates which will be charged by the Issuer.

Section 11.09. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 23rd day of September, 1986.

  
\_\_\_\_\_  
Chairman, Public Service Board

  
\_\_\_\_\_  
Member, Public Service Board

\_\_\_\_\_  
Member, Public Service Board

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of Midland Public Service District on this 23rd day of September, 1986.

[SEAL]

  
\_\_\_\_\_  
Secretary, Public Service Board

09/27/86  
MIPSD2-A

"EXHIBIT A"

(SEE DOCUMENT NO. 3)

MIDLAND PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 1986 A, Series 1986 B and Series 1986 C

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1986 A, SERIES 1986 B AND SERIES 1986 C, OF MIDLAND PUBLIC SERVICE DISTRICT; AUTHORIZING, APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS

WHEREAS, the public service board (the "Governing Body") of Midland Public Service District (the "Issuer"), has duly and officially adopted a bond resolution, effective September 23, 1986 (the "Bond Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF MIDLAND PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$400,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1986 A, NOT MORE THAN \$300,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1986 B, NOT MORE THAN \$300,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1986 C, AND NOT MORE THAN \$3,500,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES OR BOTH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING AND RATIFYING A

LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT  
RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND  
PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH  
BONDS AND NOTES AND ADOPTING OTHER PROVISIONS  
RELATING THERETO.

WHEREAS, the Bond Resolution provides for the issuance of Sewer Revenue Bonds of the Issuer (the "Bonds"), in an aggregate principal amount of not to exceed \$1,000,000, to be issued in three series, the Series 1986 A Bonds to be in an aggregate principal amount of not more than \$400,000 (the "Series 1986 A Bonds"), the Series 1986 B Bonds to be in an aggregate principal amount of not more than \$300,000 (the "Series 1986 B Bonds") and the Series 1986 C Bonds to be in an aggregate principal amount of not more than \$300,000 (the "Series 1986 C Bonds"), and has authorized the execution and delivery of a loan agreement relating to the Series 1986 A Bonds and Series 1986 B Bonds dated July 28, 1986, and a supplemental loan agreement relating to the Series 1986 C Bonds, also dated July 28, 1986 (sometimes collectively referred to herein as the "Loan Agreement"), by and between the Issuer and West Virginia Water Development Authority (the "Authority"), all in accordance with West Virginia Code, 1931, as amended, Chapter 16, Article 13A (the "Act"); and in the Bond Resolution it is provided that the exact principal amounts, maturity dates, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

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

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

(A) The Sewer Revenue Bonds, Series 1986 A, of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$392,509. The Series 1986 A Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2025, shall bear interest at the rate of 9.75% per annum, payable semiannually on April 1 and October 1 of each year, first interest payable April 1, 1987, 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 1986 A Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Loan Agreement and incorporated therein by reference.

(B) The Sewer Revenue Bonds, Series 1986 B, of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of \$263,096. The Series 1986 B Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2025, shall bear interest at the rate of 8.38% per annum, payable semiannually on April 1 and October 1 of each year, first interest payable April 1, 1987, 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 1986 B Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Loan Agreement and incorporated therein by reference.

(C) The Sewer Revenue Bonds, Series 1986 C, of the Issuer, originally represented by a single Bond, numbered CR-1, in the principal amount of \$260,975. The Series 1986 C Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2025, shall be interest free, shall be subject to redemption upon the written consent of the Authority, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the

Series 1986 C Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Supplemental Loan Agreement and incorporated therein by reference.

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

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

Section 4. The Issuer does hereby appoint and designate Kanawha Valley Bank, N.A., Charleston, West Virginia, as Registrar for the Bonds and does approve and accept the Registrar's Agreement dated as of September 29, 1986, by and between the Issuer and Kanawha Valley Bank, N.A., in substantially the form attached hereto, and the execution and delivery by the Chairman of the Registrar's Agreement, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed.

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

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

Section 7. Series 1986 A and Series 1986 B Bond Proceeds in the amount of \$110,415 shall be deposited in the Series 1986 A and B Bonds Sinking Fund, as capitalized interest.

Section 8. Series 1986 A Bond proceeds in the amount of \$39,420 and Series 1986 B Bond proceeds in the amount of \$23,046 shall be deposited in the Series 1986 A and B Bonds Reserve Account.

Section 9. Series 1986 C Bond proceeds in the amount of \$6,692 shall be deposited in the Series 1986 C Reserve Account.

Section 10. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents

and certificates required or desirable in connection with the Bonds hereby and by the Bond Resolution approved and provided for, to the end that the Bonds may be delivered on or about September 29, 1986, to the Authority pursuant to the Loan Agreement.

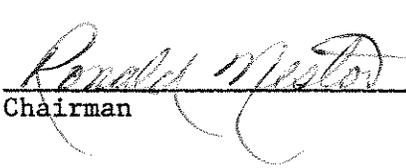
Section 11. The financing of the Project in part with proceeds of the Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 12. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Bond Resolution in the West Virginia "Restricted Consolidated Fund," and therefore the Issuer hereby directs the Depository Bank and the Paying Agent to take such actions as may be necessary to cause such moneys to be invested in the Restricted Consolidated Fund.

Section 13. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 23rd day of September, 1986.

MIDLAND PUBLIC SERVICE DISTRICT

  
\_\_\_\_\_  
Chairman

09/27/86  
MIPSD1-D



RECEIVED

WDA-5  
(November 1985)

JUL 29 1986

WATER DEVELOPMENT AUTHORITY

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").

THE MIDLAND PUBLIC SERVICE DISTRICT

W I T N E S S E T H:

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

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

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

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

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

WHEREAS, 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 general resolution adopted by the Authority on May 22, 1985 (the "General Resolution"), as supplemented, subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Authority's water development loan program (the "Program") as hereinafter set forth.

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

ARTICLE I

Definitions

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

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

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

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

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

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

1.7 "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.

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

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

## ARTICLE II

### The Project and the System

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

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

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

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

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

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

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

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

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 all State and federal standards. The Governmental Agency agrees that qualified operating personnel properly certified by the State will be retained to operate the System during the entire term of this Loan Agreement.

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

### ARTICLE III

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

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

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

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

(c) The Governmental Agency shall have 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 the Authority shall have received a certificate of the Consulting Engineers to such effect;

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

(e) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the issuance of the Local Bonds, construction of the Project and imposition of rates and charges and shall have taken any other action required for the imposition of such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel, to such effect;

(f) 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

(g) The net proceeds of the Local Bonds, together with all moneys on deposit or to be simultaneously deposited (or, with respect to proceeds of grant anticipation notes or other indebtedness for which a binding purchase contract has been entered, to be deposited) and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, shall be sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and the Authority shall have received a certificate, of such person or firm and in form and substance satisfactory to the Authority, to such effect and evidence satisfactory to it 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 five (5) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority and the Governmental Agency. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority.

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Authority for loans to finance water development projects and that the obligation of the Authority to make any such loan is subject to the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing and to the right of the Authority to make such loans to other governmental agencies as in the aggregate will permit the fullest and most timely utilization of such proceeds to enable the Authority to pay debt service on the water development revenue bonds issued by it. The Governmental Agency specifically recognizes that the Authority will not execute this Loan Agreement unless and until it has available funds sufficient to purchase all the Local Bonds and that, prior to such execution, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available.

#### 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 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 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 any 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 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 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;

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

(viii) That any 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 as provided by law;

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

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

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

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

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

(xiv) That the proceeds of the Local Bonds, except for accrued interest and capitalized interest, if any, must be deposited in a construction fund on which the owner 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

(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.

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

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

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

4.4 The Loan shall bear interest from the date of the delivery to the Authority of the Local Bonds until the date of payment thereof, at the rate or rates per annum set forth on

Schedule X hereto. In no event shall the interest rate on or the net interest cost of the Local Bonds exceed any statutory limitation with regard thereto.

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

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

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

#### ARTICLE V

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

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

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

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

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

#### ARTICLE VI

##### Other Agreements of the Governmental Agency

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

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

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

6.4 The Governmental Agency hereby agrees to repay at or prior to closing the Loan 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.

## 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 Schedules X, Y and Z shall be attached to this Loan Agreement at the time of execution hereof by the Authority 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, 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 Governmental Agency, but this Loan Agreement shall not be binding on the Authority until executed by it.

Midland Public Service District  
[Proper Name of Governmental Agency]

(SEAL)

By

Its

Scott Hiss  
Authorized Rep.

Attest:

Date: July 28, 1986

Ronald Nestor  
Its Board Members.

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

(SEAL)

By Edgar W. Dewey  
Director

Attest:

Date: 8/11/86

Samuel B. Gantosh  
Secretary-Treasurer

WDA-5X-Transition  
(September 1986)

SCHEDULE X  
DESCRIPTION OF LOCAL BONDS

Principal Amount of Series A Local Bonds	\$ <u>392,509</u>
Purchase Price of Series A Local Bonds	\$ <u>392,509</u>
Principal Amount of Series B Local Bonds	\$ <u>263,096</u>
Purchase Price of Series B Local Bonds	\$ <u>263,096</u>

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semi-annual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 9.75% per annum for the Series A Local Bonds and 8.38% per annum for the Series B Local Bonds. 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:

None

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

None

A B O N D

TABLE I

MIDLAND PUBLIC SERVICE DISTRICT  
 DEBT SERVICE SCHEDULE  
 9.75% BORROWING RATE

MATURITY DATE	COUPON	PRINCIPAL	INTEREST	DEBT SERVICE
10/ 1/1987	0.000	0.00	38,482.23	38,482.23
10/ 1/1988	9.750	1,148.00	38,269.73	39,418.73
10/ 1/1989	9.750	1,261.00	38,157.70	39,418.70
10/ 1/1990	9.750	1,384.00	38,034.75	39,418.75
10/ 1/1991	9.750	1,519.00	37,899.81	39,418.81
10/ 1/1992	9.750	1,667.00	37,751.71	39,418.71
10/ 1/1993	9.750	1,830.00	37,589.18	39,419.18
10/ 1/1994	9.750	2,008.00	37,410.75	39,418.75
10/ 1/1995	9.750	2,204.00	37,214.97	39,418.97
10/ 1/1996	9.750	2,419.00	37,000.08	39,419.08
10/ 1/1997	9.750	2,654.00	36,764.23	39,418.23
10/ 1/1998	9.750	2,913.00	36,505.46	39,418.46
10/ 1/1999	9.750	3,197.00	36,221.45	39,418.45
10/ 1/2000	9.750	3,509.00	35,909.74	39,418.74
10/ 1/2001	9.750	3,851.00	35,567.61	39,418.61
10/ 1/2002	9.750	4,227.00	35,192.14	39,419.14
10/ 1/2003	9.750	4,639.00	34,780.01	39,419.01
10/ 1/2004	9.750	5,091.00	34,327.70	39,418.70
10/ 1/2005	9.750	5,587.00	33,831.33	39,418.33
10/ 1/2006	9.750	6,132.00	33,286.60	39,418.60
10/ 1/2007	9.750	6,730.00	32,688.73	39,418.73
10/ 1/2008	9.750	7,386.00	32,032.55	39,418.55
10/ 1/2009	9.750	8,106.00	31,312.42	39,418.42
10/ 1/2010	9.750	8,897.00	30,522.08	39,419.08
10/ 1/2011	9.750	9,764.00	29,654.63	39,418.63
10/ 1/2012	9.750	10,716.00	28,702.64	39,418.64
10/ 1/2013	9.750	11,761.00	27,657.83	39,418.83
10/ 1/2014	9.750	12,908.00	26,511.13	39,419.13
10/ 1/2015	9.750	14,166.00	25,252.60	39,418.60
10/ 1/2016	9.750	15,547.00	23,871.41	39,418.41
10/ 1/2017	9.750	17,063.00	22,355.58	39,418.58
10/ 1/2018	9.750	18,727.00	20,691.94	39,418.94
10/ 1/2019	9.750	20,553.00	18,866.06	39,419.06
10/ 1/2020	9.750	22,557.00	16,862.14	39,419.14
10/ 1/2021	9.750	24,756.00	14,662.83	39,418.83
10/ 1/2022	9.750	27,170.00	12,249.12	39,419.12
10/ 1/2023	9.750	29,819.00	9,600.05	39,419.05
10/ 1/2024	9.750	32,726.00	6,692.69	39,418.69
10/ 1/2025	9.750	35,917.00	3,501.91	39,418.91
		392,509.00	1,143,885.46	1,536,395.46

September 29, 1986

TABLE II

MIDLAND PUBLIC SERVICE DISTRICT  
DEBT SERVICE SCHEDULE  
8.4% BORROWING RATE

4.38 \* *Edward N. Henry*

MATURITY DATE	COUPON	PRINCIPAL	INTEREST	DEBT SERVICE
10/ 1/1987	0.800	0.00	22,222.93	22,222.93
10/ 1/1988	8.400	993.00	22,100.15	23,094.15
10/ 1/1989	8.400	1,077.00	22,016.65	23,093.65
10/ 1/1990	8.400	1,168.00	21,926.18	23,094.18
10/ 1/1991	8.400	1,266.00	21,828.07	23,094.07
10/ 1/1992	8.400	1,372.00	21,721.73	23,093.73
10/ 1/1993	8.400	1,488.00	21,606.48	23,094.48
10/ 1/1994	8.400	1,613.00	21,481.49	23,094.49
10/ 1/1995	8.400	1,748.00	21,346.00	23,094.00
10/ 1/1996	8.400	1,895.00	21,199.16	23,094.16
10/ 1/1997	8.400	2,054.00	21,039.98	23,093.98
10/ 1/1998	8.400	2,227.00	20,867.45	23,094.45
10/ 1/1999	8.400	2,414.00	20,680.38	23,094.38
10/ 1/2000	8.400	2,616.00	20,477.60	23,093.60
10/ 1/2001	8.400	2,836.00	20,257.86	23,093.86
10/ 1/2002	8.400	3,074.00	20,019.64	23,093.64
10/ 1/2003	8.400	3,333.00	19,761.42	23,094.42
10/ 1/2004	8.400	3,613.00	19,481.45	23,094.45
10/ 1/2005	8.400	3,916.00	19,177.96	23,093.96
10/ 1/2006	8.400	4,245.00	18,849.01	23,094.01
10/ 1/2007	8.400	4,602.00	18,492.43	23,094.43
10/ 1/2008	8.400	4,988.00	18,105.86	23,093.86
10/ 1/2009	8.400	5,407.00	17,686.87	23,093.87
10/ 1/2010	8.400	5,861.00	17,232.68	23,093.68
10/ 1/2011	8.400	6,354.00	16,740.36	23,094.36
10/ 1/2012	8.400	6,887.00	16,206.62	23,093.62
10/ 1/2013	8.400	7,466.00	15,628.12	23,094.12
10/ 1/2014	8.400	8,093.00	15,000.97	23,093.97
10/ 1/2015	8.400	8,773.00	14,321.16	23,094.16
10/ 1/2016	8.400	9,510.00	13,584.23	23,094.23
10/ 1/2017	8.400	10,309.00	12,785.39	23,094.39
10/ 1/2018	8.400	11,175.00	11,919.43	23,094.43
10/ 1/2019	8.400	12,113.00	10,980.73	23,093.73
10/ 1/2020	8.400	13,131.00	9,963.24	23,094.24
10/ 1/2021	8.400	14,234.00	8,860.24	23,094.24
10/ 1/2022	8.400	15,430.00	7,664.58	23,094.58
10/ 1/2023	8.400	16,726.00	6,368.46	23,094.46
10/ 1/2024	8.400	18,131.00	4,963.48	23,094.48
10/ 1/2025	8.400	19,654.00	3,440.47	23,094.47
10/ 1/2026	8.400	21,304.00	1,789.54	23,093.54
		263,096.00	659,796.46	922,893.46

September 29, 1936

\* Interest + Debt Service to be adjusted.

SCHEDULE Y  
REVENUES

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

- (i) to pay Operating Expenses of the System;
- (ii) to the extent not otherwise limited by an outstanding local resolution, indenture or other act or document, as reflected on Schedule X to the Loan Agreement, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds from revenues and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, if the Reserve Account was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof in an amount equal to the Reserve Requirement, by depositing in the Reserve Account an amount equal to one-twelfth (1/12) of one-tenth (1/10) of the amount necessary to fund the Reserve Account at 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 13A, of the Code of West Virginia, 1931, as amended.
3. "System" means the public service properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, owned by the Governmental Agency, and any improvements or extensions thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

Additional Conditions and Covenants

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

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

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

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

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

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

8. The Governmental Agency shall comply with the provisions of H. R. 3838, the Tax Reform Act of 1985, passed by the United States House of Representatives on December 17, 1985, and passed as amended by the United States Senate on June 24, 1986, and agreed upon by the Committee on Conference on H. R. 3838 on August 16, 1986 ("H. R. 3838"). 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 of May 22, 1986;

- (c) All of the proceeds from the sale of the Local Bonds which will be used for payment of costs of the Project, together with any investment earnings thereon, will be expended for such purpose by May 1, 1989;
- (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; and
- (e) The Governmental Agency will comply with the provisions of H.R. 3838 for which the effective date precedes the date of delivery of its Local Bond to the Authority.



RECEIVED

WDA-Supp. 5  
(November 1985)

NOV 29 1986

WATER DEVELOPMENT AUTHORITY

SUPPLEMENTAL LOAN AGREEMENT

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

THE MIDLAND PUBLIC SERVICE DISTRICT

W I T N E S S E T H:

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

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

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

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

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

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

WHEREAS, having reviewed the Application and made all findings required by Section 5 of the Act, and having available sufficient funds therefore, the Authority is willing to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of supplemental, subordinate revenue bonds of the Governmental Agency with certain available funds of the Authority (other than the proceeds of certain water development revenue bonds of the State issued by the Authority pursuant to and in accordance with the provisions of the Act and a general resolution adopted by the Authority on May 22, 1985, as supplemented), subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Authority's supplemental water development loan program (the "Supplemental Program") as hereinafter set forth.

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

## ARTICLE I

### Definitions; Loan Agreement

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

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

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

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

1.5 "Supplemental Bonds" means the revenue bonds to be issued by the Governmental Agency pursuant to the provisions of the Local Statute, to evidence the Supplemental Loan and to be purchased by the Authority with certain available funds (other than the proceeds of its water development revenue bonds), the lien of which on the revenues of the System is junior, subordinate and inferior to that of the Local Bonds, all in accordance with the provisions of this Supplemental Loan Agreement.

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

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

## ARTICLE II

### The Project and the System

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

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

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

2.4 The Governmental Agency agrees that the Authority and its duly authorized agents shall have the right at all

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

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

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

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

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

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 all State and federal standards. The Governmental Agency agrees that qualified operating personnel properly certified by the State will be retained to operate the System during the entire term of this Supplemental Loan Agreement.

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

### ARTICLE III

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

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

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

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

(c) The Governmental Agency shall have 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 the Authority shall have received a certificate of the Consulting Engineers to such effect;

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

(e) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the issuance of the Supplemental Bonds, construction of the Project and imposition of rates and charges and shall have taken any other action required for the imposition of such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel, to such effect;

(f) 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

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

3.2 Subject to the terms and provisions of this Supplemental Loan Agreement, the rules and regulations promulgated by the Authority or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall make the Supplemental

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

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

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

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

#### ARTICLE IV

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

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

(a) That the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as set forth on Schedule Y attached hereto and

incorporated herein by reference. The gross revenues of the System shall always be used for purposes of the System.

(b) Covenants substantially as follows:

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

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

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

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

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

(vi) That the Governmental Agency will carry such insurance as is customarily carried with respect to works and properties similar to the System;

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

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

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

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

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

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

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

(xiv) That the proceeds of the Supplemental Bonds, except for accrued interest and capitalized interest, if any, must be deposited in a construction fund on which the owner of the Supplemental Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing for non-construction costs), provided that said construction fund may be the one established for the Local Bonds, which shall have a prior and senior lien thereon; and

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

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

4.2 The Supplemental Loan shall be secured by the pledge and assignment by the Governmental Agency, as effected by the Local Act, of the fees, charges and other revenues of the Governmental Agency from the System as further set forth by and subject only to the prior and senior security therefrom for the Local Bonds and to such reservations and exceptions as are

described in Schedules X and Y hereto or are otherwise expressly permitted in writing by the Authority.

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

4.4 The Supplemental Loan shall not bear interest.

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

4.6 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Supplemental Program, which administrative expenses shall be as determined by the Authority.

#### ARTICLE V

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

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

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

5.3 In the event the Governmental Agency defaults in the payment of any fees due to the Authority pursuant to Section

4.6 hereof, the amount of such default shall bear interest at the rate of five percent (5%) per annum, from the date of the default until the date of the payment thereof.

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

## ARTICLE VI

### Other Agreements of the Governmental Agency

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

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

## ARTICLE VII

### Miscellaneous

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

7.2 Schedules X, Y and Z shall be attached to this Supplemental Loan Agreement at the time of execution hereof by the Authority and shall be approved by an official action of the Governmental Agency supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

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

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

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Loan Agreement to be executed by their respective duly authorized officers as of the date executed below by the Governmental Agency, but this Supplemental Loan Agreement shall not be binding on the Authority until executed by it.

Midland Public Service District  
[Proper Name of Governmental Agency]

(SEAL)

By Wesley King  
Its Authorized Rep.  
Date: 7/28/86

Attest:

Ronald Nestor  
Its Board Member

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

(SEAL)

By Edgar H. Henry  
Director

Attest:

Date: 8/11/86

Daniel B. Ventresca  
Secretary-Treasurer

WDA-Supp. 5X  
(November 1985)

SCHEDULE X  
DESCRIPTION OF SUPPLEMENTAL BONDS

Principal Amount of Supplemental Bonds	\$ <u>260,975</u>
Purchase Price of Supplemental Bonds	\$ <u>260,975</u>

Principal of the Supplemental Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference.

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

Table III

**MIDLAND PUBLIC SERVICE DISTRICT  
DEBT SERVICE SCHEDULE  
0.00% Borrowing Rate**

Maturity Date	Debt Service		
	Principal	Interest	Debt Service
10/ 1/ 1987	0.00	-0-	0.00
10/ 1/ 1988	6,691.54	-0-	6,691.54
10/ 1/ 1989	6,691.67	-0-	6,691.67
10/ 1/ 1990	6,691.67	-0-	6,691.67
10/ 1/ 1991	6,691.67	-0-	6,691.67
10/ 1/ 1992	6,691.67	-0-	6,691.67
10/ 1/ 1993	6,691.67	-0-	6,691.67
10/ 1/ 1994	6,691.67	-0-	6,691.67
10/ 1/ 1995	6,691.67	-0-	6,691.67
10/ 1/ 1996	6,691.67	-0-	6,691.67
10/ 1/ 1997	6,691.67	-0-	6,691.67
10/ 1/ 1998	6,691.67	-0-	6,691.67
10/ 1/ 1999	6,691.67	-0-	6,691.67
10/ 1/ 2000	6,691.67	-0-	6,691.67
10/ 1/ 2001	6,691.67	-0-	6,691.67
10/ 1/ 2002	6,691.67	-0-	6,691.67
10/ 1/ 2003	6,691.67	-0-	6,691.67
10/ 1/ 2004	6,691.67	-0-	6,691.67
10/ 1/ 2005	6,691.67	-0-	6,691.67
10/ 1/ 2006	6,691.67	-0-	6,691.67
10/ 1/ 2007	6,691.67	-0-	6,691.67
10/ 1/ 2008	6,691.67	-0-	6,691.67
10/ 1/ 2009	6,691.67	-0-	6,691.67
10/ 1/ 2010	6,691.67	-0-	6,691.67
10/ 1/ 2011	6,691.67	-0-	6,691.67
10/ 1/ 2012	6,691.67	-0-	6,691.67
10/ 1/ 2013	6,691.67	-0-	6,691.67
10/ 1/ 2014	6,691.67	-0-	6,691.67
10/ 1/ 2015	6,691.67	-0-	6,691.67
10/ 1/ 2016	6,691.67	-0-	6,691.67
10/ 1/ 2017	6,691.67	-0-	6,691.67
10/ 1/ 2018	6,691.67	-0-	6,691.67
10/ 1/ 2019	6,691.67	-0-	6,691.67
10/ 1/ 2020	6,691.67	-0-	6,691.67
10/ 1/ 2021	6,691.67	-0-	6,691.67
10/ 1/ 2022	6,691.67	-0-	6,691.67
10/ 1/ 2023	6,691.67	-0-	6,691.67
10/ 1/ 2024	6,691.67	-0-	6,691.67
10/ 1/ 2025	6,691.67	-0-	6,691.67
10/ 1/ 2026	6,691.67	-0-	6,691.67
	260,975.00	-0-	260,975.00

September 29, 1986

SCHEDULE Y  
REVENUES

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

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

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

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

(iv) beginning thirteen (13) months prior to the first date of payment of principal of the Supplemental Bonds, to provide debt service on the Supplemental Bonds by depositing in a sinking fund one-twelfth (1/12) of the principal payment next coming due on the Supplemental Bonds and, if the Supplemental Reserve Account was not funded

concurrently with the issuance thereof in an amount equal to the Supplemental Reserve Requirement, by depositing in the Supplemental Reserve Account an amount equal to one-twelfth (1/12) of one-tenth (1/10) of the amount necessary to fund the Supplemental Reserve Account at the Supplemental Reserve Requirement or, if the Supplemental Reserve Account has been so funded (whether by monthly deposits or otherwise), any amount necessary to maintain the Supplemental Reserve Account at the Supplemental Reserve Requirement;

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

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

SCHEDULE Z

Additional and Supplemental Definitions

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

Additional Conditions and Covenants

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

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

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

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

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

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



PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

Entered: August 22, 1986

CASE NO. 86-025-S-CN

MIDLAND PUBLIC SERVICE DISTRICT,  
a statutory corporation, Randolph County  
Application for Certificate of  
Convenience and Necessity to  
construct and operate a sewage  
collection system and to participate  
financially with the City of Elkins  
in the construction of a wastewater  
treatment plant.

HEARING EXAMINER'S RECOMMENDED DECISION

PROCEDURE

On January 27, 1986, Midland Public Service District, a statutory corporation, Randolph County, filed an application, duly verified, for a Certificate of Convenience and Necessity to construct a new wastewater collection system and to participate financially with the City of Elkins in the construction of a wastewater treatment plant for collection and disposal of sewage in Randolph County.

By an order entered on July 7, 1987, the Commission ordered Midland to give notice of the filing of said application and of a hearing by publishing a copy of the Commission's Order twice in a newspaper, duly qualified by the Secretary of State, published and of general circulation in the City of Elkins, Randolph County, making due return to the Commission of proper certification of publication

immediately after publication. The Commission's Order further provided that anyone desiring to make objections to said application must do so in writing within thirty days after the publication of this notice.

By submission of July 23, 1986, the Commission received Midland's Certificate of Publication verifying that publication was made in The Inter-Mountain, a newspaper published in Elkins, twice during July 1986. A protest was received from J. Michael Scott.

The hearing was held as scheduled. The applicant, Midland Public Service District, was represented by Richard H. Talbott, Jr., Esquire. The Commission's Staff appeared by Ann A. Spaner, Esquire, of the Legal Division. J. Michael Scott appeared at the hearing by counsel, Marcia Allen, Esquire. The protestant, J. Michael Scott was not present at the hearing. Attorney Allen moved to intervene in the proceeding on behalf of Mr. Scott, which intervention was denied by the Hearing Examiner.

#### DISCUSSION OF EVIDENCE

The first witness to testify was Mr. Ronald L. Nestor, Chairman of the Board of Directors of Midland Public Service District. (Tr. p. 11). Nestor was questioned concerning the need for the Midland Sewer Project from his observations during 14 years residence in the District and 12 years on the Midland Board. Mr. Nestor testified that, in his personal observation, the proposed project would eliminate raw sewage which is leaching into ditches, in addition to elimination of several point sources of discharge. (Tr. p. 12). Upon cross-examination Mr.

Nestor testified that the Midland PSD will serve approximately 500 customers and that the District has signed a contract with the City of Elkins to receive and treat the wastewater from the Midland PSD. (Tr. p. 13).

The next witness was Richard Rockwell, Project Manager for the Midland Public Service District. Mr. Rockwell testified as to his activities in securing User Agreements from prospective customers of the Midland Sewer Project, indicating that he had secured 435 tap fees. (Tr. p. 16). Mr. Rockwell further testified as to the status of acquisition of rights-of-way for the project, and as to his participation in the District's compliance with the provisions of Senate Bill No. 95. (Tr. pp. 16, 17, 18 and 19). Mr. Rockwell identified Applicant's Exhibit No. 1, which was evidence of receipt of an \$11,000.00 grant from the Randolph County Commission, and the manner in which those funds were expended. (Tr. p. 19). Mr. Rockwell further testified that the West Virginia Water Development Authority loan proposed to finance the project would be within the limits of the \$1,000,000.00 lending authority described in the notice posted and published concerning Senate Bill No. 95. (Tr. pp. 20-21).

The next witness to testify for the applicant was William Swecker, P.E., Engineer for the Midland Public Service District. Mr. Swecker described the regional concept of the Midland wastewater collection system and Midland's participation financially with the City of Elkins in the construction and operation of a new sewage treatment plant. (Tr. pp. 22 and 23). He testified that the project would eliminate 15 point sources of sewage discharge. (Tr. p. 30). Mr. Swecker further

testified as to his participation in estimating the cost of the project and making application for the funds necessary for its construction. (Tr. pp. 30-31). Mr. Swecker further testified that bids had been solicited and received, which construction bids were some \$300,000.00 less than construction cost estimates. (Tr. pp. 31-34). Mr. Swecker further testified that the difference between the low bidders and second low bidders on the construction contracts was the amount of approximately \$440,000.00. (Tr. p. 30).

Mr. Swecker further testified that at the request of the Board of the Midland Public Service District, he had prepared analyses of four potential areas into which the Midland wastewater collection system could be expanded, provided that approval was received from the Department of Natural Resources and Environmental Protection Agency, to expend the full amount of the budgeted funds. (Tr. pp. 34-36).

Mr. Swecker further testified that the time within which contracts should be awarded was September 27, 1986. (Tr. p. 32).

The fourth witness to testify was Nancy Roth, CPA, with the Kenneth E. Maloney accounting firm, Accountants for the District. Ms. Roth testified that she prepared the Rule 42 Exhibit submitted on August 4, 1986, and described the manner in which the bill analysis contained in the rule 42 Exhibit was prepared. (Tr. pp. 46-48). On cross-examination, Ms. Roth explained that no multiple occupancy usage was included in the bill analysis. (Tr. pp. 48-49).

The final witness for the applicant was Marie Prezioso, of Young, Moore & Company, Inc., Charleston, West Virginia. Ms. Prezioso identified Applicant's Exhibit No. 2, a study prepared by her various

alternative methods of interim financing of the Midland Project. Her recommendation was that the Commission grant the District authority to choose among the following three alternatives of interim financing. (Tr. pp. 51-53).

1. Issuance of tax free grant anticipation notes, in an amount not to exceed \$4.5 million dollars.

2. Securing a line of credit to be drawn against as needed, in an amount of approximately \$1.3 million, or

3. Issuance of a taxable grant anticipation notes.

She further recommended that Midland be given the flexibility to determine which interim financing alternative is the best available at the time such financing is needed. (Tr. p. 56).

Mr. Gary T. Jarrell, Staff Engineer, was the first witness to testify on behalf of the Public Service Commission staff. Mr. Jarrell testified that he had been involved in the review of the applications by the City of Elkins and by Leadsville Public Service District, both of which entities are to participate with Midland Public Service District in the total sewage project on a Regional concept. Mr. Jarrell identified Staff Exhibit No. 1 which was his memorandum of August 8, 1986 containing his final recommendation that the project be approved. (Tr. pp. 59-61).

The second witness to testify for the Public Service Commission staff was Gregory O. Curry, Utilities Analyst. Mr. Curry stated the staff's position that the project was adequately financed and economically feasible. He agreed that the rates were just and reasonable, as

modified by his recommendations. Mr. Curry's written memorandum of recommendation, dated August 8, 1986, was received as Staff Exhibit No. 2, and a letter dated August 7, 1986 from Ed Henry, the Director of the West Virginia Water Development Authority, was identified and admitted into evidence as Staff Exhibit No. 3. (Tr. p. 64). Mr. Curry further testified that the interim financing, as proposed by the District and Young, Moore & Company should be approved. (Tr. p. 64). Upon cross-examination, Mr. Curry stated that the receipt of Staff Exhibit No. 3 and the testimony of Mr. Rockwell concerning the receipt and disbursement of the grant from the County Commission of Randolph County, satisfied the two contingencies placed in his recommendation. (Tr. p. 66).

Following the hearing, the parties have agreed to enter into a stipulation and agreement for settlement to approve the Application for Certificate of Convenience and Necessity for this Project. The joint stipulation and agreement for settlement is attached and incorporated by reference to this Order.

#### FINDINGS OF FACT

1. On January 27, 1986, Midland Public Service District filed an application for a Certificate of Convenience and Necessity to construct, install and operate a wastewater collection system and to participate financially with the City of Elkins in the construction and operation of a wastewater treatment plant in Randolph County, West Virginia.

2. The estimated project cost is \$5,112,637.00.

3. The United States Environmental Protection Agency has agreed to grant Midland \$3,181,570.00 toward the construction of the project. The award letter is included in a submission to the Commission dated October 5, 1984.

4. The Water Development Authority of West Virginia has committed a granted in the amount of \$611,012.00.

5. The Office of the Governor of West Virginia has committed a Small City's Grant in the amount of \$381,650.00.

6. The Water Development Authority of West Virginia has committed \$916,580.00 in the form of a construction loan. Midland intends to issue bonds not to exceed that amount.

7. Midland and the Commission staff have submitted a "joint stipulation and agreement for settlement" which sets for the basis of agreement between the parties.

8. Midland submitted a certificate of publication verifying public notice of the hearing scheduled by the Commission to address the matters herein.

#### CONCLUSIONS OF LAW

1. The Public Convenience and Necessity require that the Commission grant Midland Public Service District's application for a Certificate of Convenience and Necessity to construct, install and operate a sewage collection system, and to participate financially with the City

of Elkins in the construction and operate of a wastewater treatment plant in Randolph County, West Virginia.

2. The project, as stipulated by the parties, will provide adequate service to the community.

3. The committed permanent and proposed interim funding will provide adequate financing for the anticipated construction and related capital expenditures.

4. The application for a Certificate of Convenience and Necessity should be approved as an economically feasible project.

5. The rates and charges proposed by Midland, as modified by the staff, are just and reasonable and not unduly discriminatory and will provide revenues which are adequate to cover operation, maintenance and debt service expenses for the new system.

6. The contract for sewage treatment between Midland Public Service District and the City of Elkins, as supplemented, should be approved.

#### ORDER

IT IS, THEREFORE, ORDERED that the joint stipulation and agreement for settlement (Attachment A) entered into by the Midland Public Service District and the Commission staff shall be incorporated by reference herein.

IT IS FURTHER ORDERED that the application of the Midland Public Service District for Certificate of Convenience and Necessity, as stipulated by the applicant and the Commission staff shall be granted.

IT IS FURTHER ORDERED that the stipulated financing for this project of an EPA Grant, a WDA Grant, a Small City's Grant, and WDA Bonds, as well as a form of interim financing as disclosed by the record should be, and it is hereby approved.

IT IS FURTHER ORDERED that the sewage treatment contract between Midland Public Service District and the City of Elkins, with addendum should be, and it is hereby, approved.

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 the the United States Mail, Return Receipt Requested.

Leave is hereby granted to the parties to file written exceptions supported by 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 order stayed or postponed by the Commission.

Any party may request waiver of the right to file exceptions to a Hearing Examiner's Order by filing an appropriate petition in writing with the Secretary. No such waiver shall be effective until approved by the order of the Commission, nor shall any such waiver operate to make any Hearing Examiner's order or decision the order of the

Commission sooner than five (5) days after approval of such waiver by the Commission.



ARNOLD O. WEIFORD  
Hearing Examiner

PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

Entered: \_\_\_\_\_

CASE NO. 86-025-S-CN

MIDLAND PUBLIC SERVICE DISTRICT,  
a statutory corporation, Randolph County.  
Application for Certificate  
of Convenience and Necessity  
to construct and operate a sewage  
collection system and to participate  
financially with the City of Elkins  
in the construction of a wastewater  
treatment plant

JOINT STIPULATION AND AGREEMENT FOR SETTLEMENT

Pursuant to West Virginia Code Section 24-1-9(f) and  
Rule 13(d) of the Rules of Practice and Procedure of the Public Service  
Commission of West Virginia (Commission), Midland Public Service Dis-  
trict (Applicant) and staff of the Commission (Staff), parties to the  
above proceeding join in this joint stipulation and agreement for  
settlement, and in support thereof state the following:

1. On January 27, 1986, an application was received from  
Midland Public Service District for a Certificate of Convenience and  
Necessity to construct a new wastewater collection system and to partic-  
ipate financially with the City of Elkins in the construction of a  
wastewater treatment plant in Randolph County, West Virginia.

2. The proposed construction is estimated to cost \$5,112,637.00 and will be financed as follows:

Environmental Protection Agency Grant	\$3,181,570.00
Small City's Grant	381,650.00
Water Development Authority Grant	611,012.00
Water Development Authority Bonds	916,580.00
Randolph County Assistance	11,000.00
Tap Fees	<u>10,825.00</u>
TOTAL:	\$5,112,637.00

The Applicant has submitted letters of commitment from the EPA, WDA and the Governor's Office. On the basis of the foregoing, Staff believes that this project is adequately financed.

3. The parties are in agreement that the public convenience and necessity require the proposed construction.

4. The plans and specifications for the proposed project have been approved by the State Department of Natural Resources, and all necessary permits have been obtained, with the possible exception of Department of Highway permits for road crossings. The Public Service Commission Engineer also reviewed the plans and specifications. He concluded that the proposed system will provide adequate service.

5. The Applicant, Midland Public Service District, has proposed rates for the furnishing sewage and sewage disposal service and its service area, which rates have been reviewed, revised and approved by Commission Staff, who found the proposed rates to be adequate and sufficient to cover operation, maintenance and debt service expenses. The Staff's Utilities Analyst recommended that after eighteen (18) months of operation, the rates and revenue produced thereby be reviewed by Commission Staff.

6. The parties hereby agree to waive the normal fifteen (15) days exception period to enable the Hearing Examiner's Order to become final immediately upon the expiration of the five (5) day Commission review period.

WHEREFORE, Midland Public Service District and the Staff of the Public Service Commission of West Virginia, on the basis of all of the foregoing, respectfully request that the Honorable Arnold O. Weiford, presiding Hearing Examiner, make appropriate Findings of Fact and Conclusions of Law, adopting and approving the settlement embodied in this joint stipulation, and grant the Applicant the Certificate of Convenience and Necessity to operate and maintain the proposed

wastewater collection system and to participate with the City of Elkins financially in the construction of a proposed sewage treatment plant.

Dated this 15th day of August, 1986.

MIDLAND PUBLIC SERVICE DISTRICT

By *[Handwritten Signature]*  
Its Counsel

PUBLIC SERVICE COMMISSION OF  
WEST VIRGINIA - STAFF

By *Ann A. Spaner*  
Ann A. Spaner  
Staff Counsel

PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

At a session order of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA, in the City of Charleston on the 22nd day of August, 1986.

CASE NO. 86-025-S-CN

MIDLAND, PUBLIC SERVICE DISTRICT,  
a public utility, Elkins, Randolph  
County,

Application for a certificate of convenience and necessity to construct a new wastewater collection system and participate financially with the City of Elkins in construction of a wastewater treatment plant in Randolph County.

COMMISSION ORDER DENYING INTERLOCUTORY APPEAL

On January 27, 1986, Midland Public Service District, a public utility, filed an application for a certificate of convenience and necessity to construct a new waste water collection system and to participate financially with the City of Elkins in constructing a waste water treatment plant in Randolph County.

Hearings in the matter were conducted on August 12, 1986. At that hearing, J. Michael Scott, a resident who resided within the district outside the boundaries of the area to be served by proposed project, appeared through counsel and sought intervenor status in this case. Mr. Scott's purpose in intervening in the case was to contest the exclusion of his property from the proposed project. The hearing examiner denied Mr. Scott his requested intervention because he did not have sufficient standing to become a party to the proceedings. In particular, the hearing examiner noted that in reviewing the project, the Commission does not investigate the inclusion or exclusion of

individual properties to be served by any proposed project. Rather, the Commission reviews proposed projects to determine that there is adequate financing for the project and that there is a sufficient public need for the proposed project. (Tr. pp. 3-9).

Although Mr. Scott's allegations of discrimination could be fully addressed in a complaint case seeking an extension of existing utility facilities, the allegations have no bearing on whether there is a public need for a proposed project and whether the project is economically and technically feasible. Therefore, it is appropriate for the hearing examiner to exclude the specified matters of inquiry from the investigation. Since Mr. Scott did not personally appear to make any public statement of protest against the application, the hearing examiner promptly excluded his participation in the matter.

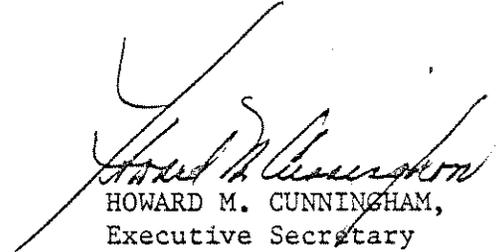
Therefore, upon consideration of the matter set forth in J. Michael Scott's petition, we shall not disturb the hearing examiner's determination and shall not direct any additional hearings as requested.

IT IS, THEREFORE, ORDERED that the August 22, 1986, petition of J. Michael Scott be dismissed.

IT IS FURTHER ORDERED that the Executive Secretary of the Commission serve a copy of this Order upon all parties of record and upon J. Michael Scott by United States First Class Mail.

A TRUE COPY

TESTE:

  
HOWARD M. CUNNINGHAM,  
Executive Secretary

RFW/£

PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA,  
in the City of Charleston the 26th day of August, 1986.

CASE NO. 86-025-S-CN

MIDLAND PUBLIC SERVICE DISTRICT,  
a public utility, Randolph County.

Application for certificate of convenience  
and necessity to construct and operate a  
sewage collection system and to participate  
financially with the City of Elkins in the  
construction of a wastewater treatment plant.

COMMISSION ORDER

On January 27, 1986, Midland Public Service District, a public utility, Randolph County, filed an application, duly verified, for a certificate of convenience and necessity to construct a new wastewater collection system and to participate financially with the City of Elkins in the construction of a wastewater treatment plant for collection and disposal of sewage in Randolph County.

By order entered July 7, 1986, the Commission required Midland Public Service District to give notice of the filing of said application and of a hearing to be held in Elkins, West Virginia, on August, 12, 1986. The hearing was held as scheduled on August 12, 1986. Midland Public Service District, a public utility, appeared by its proper officials and by counsel, Richard H. Talbott. The Commission's Staff was represented by Ann A. Spaner, staff counsel. On August 22, 1986, the Hearing Examiner issued a recommended decision.

Attached to the Hearing Examiner's recommended decision was a joint stipulation and agreement for settlement, which, contained in part, a request to waive the normal fifteen (15) day exception period to enable the Hearing Examiner's recommended decision to become final immediately upon the expiration of the five (5) days Commission review period.

W. Va. Code Section 24-1-9 provides for a time period of at least twenty (20) days from the date of a recommended order until it becomes effective. According to Code §24-1-9(c), at least fifteen (15) days must be afforded the parties within which to file exceptions. In addition, Code §24-1-9(e) provides that when no exceptions are filed within the specified time period, the Commission shall have an additional five (5) days within which to stay or postpone the order. Code §24-1-9(e) further provides that the Commission may, on its own motion before such order becomes a final order of the Commission, review any such matter and take action thereon as if exceptions thereto had been filed.

The Commission is therefore of the opinion and belief that said joint stipulation and agreement for settlement, and in particular, that portion requesting waiver of the 15-day period for filing exceptions, should be granted. Further, upon review of the Hearing Examiner's Decision, the joint stipulation and the supporting record, we are of the opinion that the Hearing Examiner's Decision should be affirmed and adopted as a final order of the Commission, in accordance with the provisions of Code §24-1-9(e).

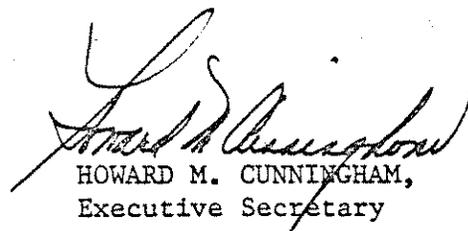
IT IS, THEREFORE, ORDERED that the requested waiver of the opportunity to file exceptions be, and hereby is, granted.

IT IS FURTHER ORDERED that the Hearing Examiner's Decision of August 22, 1986 be, and hereby is, affirmed and adopted as a final order of the Commission.

IT IS FINALLY ORDERED that a copy of this order be served upon all parties of record and upon J. Michael Scott by United States First Class Mail.

A TRUE COPY

TESTE:



HOWARD M. CUNNINGHAM,  
Executive Secretary

RFW/plb

STAFF RECOMMENDED TARIFF  
CASE NO. 86-025-S-CN

APPLICABILITY

Applicable inside and outside the designated boundaries of the Statutory Corporation.

AVAILABILITY OF SERVICE

Available for general domestic, commercial, and industrial sanitary sewer service to the customers of Midland Public Service District.

METERED RATES (Based upon the metered amount of water supplied)

\$4.80 per 1,000 gallons for the 1st 3,000 gallons per month of water  
\$4.35 per 1,000 gallons for the 2nd 3,000 gallons per month of water  
\$4.05 per 1,000 gallons for the next 4,000 gallons per month of water  
\$3.80 per 1,000 gallons for all consumption over 10,000 gallons

UNMETERED RATES

Unmetered rates are based on 4,000 gallons per month using the metered rates for water usage which calculates to \$18.75 per month.

MINIMUM CHARGE

No bill will be rendered for less than Fourteen Dollars and Forty cents (\$14.40) per month.

DELAYED PAYMENT PENALTY

The above tariff is net. On all accounts not paid in full within twenty (20) days of date of bill, then ten percent (10%) will be added to the net amount shown.

CONNECTION FEE

A connection fee of \$25 will be charged for each customer hook-up prior to and during construction *subject to customer's property*

A connection fee of \$200 will be charged for each customer hook-up after construction *subject to the customer's property.*

MIDLAND PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 1986 A, Series 1986 B and Series 1986 C

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned, Daniel B. Yonkosky, Secretary-Treasurer of West Virginia Water Development Authority, for and on behalf of West Virginia Water Development Authority (the "Authority") and Ronald L. Nestor, Chairman of the Public Service Board of Midland Public Service District (the "Governmental Agency"), hereby certify as follows:

1. On the 29th day of September, 1986, the Authority received the entire original issue of \$916,580 in aggregate principal amount of Sewer Revenue Bonds, Series 1986 A, Series 1986 B and Series 1986 C (collectively, the "Governmental Agency Bonds"), issued as a single, fully registered Bond of each Series, numbered AR-1, BR-1 and CR-1, respectively, all dated September 29, 1986, the Series 1986 A Bond being in the principal amount of \$329,509, the Series 1986 B Bond being in the principal amount of \$263,096 and the Series 1986 C Bond being in the principal amount of \$260,975.

2. At the time of such receipt of the Governmental Agency Bonds upon original issuance, all of the Governmental Agency Bonds had been executed by Ronald L. Nestor, as Chairman of the Public Service Board of the Governmental Agency, by his manual signature, and by R. Scott Criss, as Secretary of the Public Service Board of the Governmental Agency, by his manual signature, and the official seal of the Governmental Agency had been affixed upon the Governmental Agency Bonds.

3. The Governmental Agency has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Governmental Agency Bonds, of the proceeds of the Governmental Agency Bonds in the aggregate amount of \$916,580 (100% of par), there being no interest accrued thereon.

IN WITNESS WHEREOF, DANIEL B. VONICOSKY duly signed and delivered this receipt on behalf of WEST VIRGINIA WATER DEVELOPMENT AUTHORITY and MIDLAND PUBLIC SERVICE DISTRICT has caused this receipt to be executed by the Chairman of its Public Service Board, as of this 29th day of September, 1986.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By

Its

Daniel B. Vonicosky  
Secretary

MIDLAND PUBLIC SERVICE DISTRICT

By

Chairman

Ronald Master

09/27/86  
MIPSD1-H



MIDLAND PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 1986 A, Series 1986 B and Series 1986 C

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

Kanawha Valley Bank, N.A.  
Charleston,  
West Virginia

Ladies and Gentlemen:

There are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of Midland Public Service District Sewer Revenue Bonds, Series 1986 A, in the principal amount of \$329,509, Bond No. BR-1, constituting the entire original issue of the Midland Public Service District Sewer Revenue Bonds, Series 1986 B, in the principal amount of \$263,096 and Bond No. CR-1, constituting the entire original issue of the Midland Public Service District Sewer Revenue Bonds, Series 1986 C, in the principal amount of \$260,975, all dated September 29, 1986 (collectively, the "Governmental Agency Bonds"), executed by the Chairman and Secretary of the Public Service Board of Midland Public Service District (the "Governmental Agency") and bearing the official seal of the Governmental Agency, authorized to be issued under and pursuant to a Bond Resolution and Supplemental Resolution duly adopted by the Governmental Agency (collectively, the "Local Act");

(2) A copy of the Local Act authorizing the above Governmental Agency Bond issue, duly certified by the Secretary of the Public Service Board of the Governmental Agency;

(3) Executed counterparts of the loan agreement and the supplemental loan agreement, both dated July 28, 1986, by and between the West Virginia Water Development Authority (the "Authority") and the Governmental Agency (collectively, the "Loan Agreement");

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

You are hereby requested and authorized to deliver the Governmental Agency Bonds to the Authority upon payment to the account of the Governmental Agency of the sum of \$916,580, representing the agreed aggregate purchase price of the Governmental Agency Bonds, there being no accrued interest thereon. Prior to such delivery of the Governmental Agency Bonds, you will please cause the Governmental Agency Bonds to be authenticated by an authorized officer, as Governmental Agency Bonds Registrar, in accordance with the forms of Certificate of Authentication and Registration thereon.

Dated this 29th day of September, 1986.

MIDLAND PUBLIC SERVICE DISTRICT

By *Ronald Mastin*  
Chairman

09/27/86  
MIPSD1-I

C

M

(SPECIMEN BOND - SERIES 1986 A)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
MIDLAND PUBLIC SERVICE DISTRICT  
SEWER REVENUE BOND, SERIES 1986 A

No. AR-1

\$392,509

KNOW ALL MEN BY THESE PRESENTS: That MIDLAND PUBLIC SERVICE DISTRICT, a public corporation of the State of West Virginia in Randolph 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 West Virginia Water Development Authority (the "Authority") or registered assigns the sum of THREE HUNDRED NINETY-TWO THOUSAND FIVE HUNDRED NINE DOLLARS (\$392,509), 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 April 1, 1987. 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 Kanawha Valley Bank, N.A., Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, at any time, 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 July 28, 1986.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain new sewage collection and

8

transportation facilities of the Issuer (the "Project") (ii) to pay interest on the Bonds of this series (the "Bonds") during the construction of the Project and for approximately 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 West Virginia Code of 1931, as amended (the "Act"), and a Resolution and Supplemental Resolution, both duly adopted by the Issuer on the 23rd day of September, 1986 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is issued contemporaneously with the Sewer Revenue Bonds, Series 1986 B, of the Issuer (the "Series 1986 B Bonds") issued in the aggregate principal amount of \$263,096, which Series 1986 B Bonds are on a parity with respect to liens and sources of and security for payment to the Bonds and the Sewer Revenue Bonds, Series 1986 C, of the Issuer (the "Series 1986 C Bonds"), issued in the aggregate principal amount of \$260,975, which Series 1986 C Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1986 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1986 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any fiscal year

of principal of and interest on the Bonds, the Series 1986 B Bonds, the Series 1986 C Bonds, and all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds, the Series 1986 B Bonds or the Series 1986 C Bonds, provided however, that so long as there exists in the Series 1986 A and B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds and the Series 1986 B Bonds in any fiscal year, and in the reserve account established for the Series 1986 C Bonds or any other obligations outstanding prior to or on a parity with the Bonds or the Series 1986 C Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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

IN WITNESS WHEREOF, MIDLAND PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed hereon and attested by its Secretary, and has caused this Bond to be dated September 29, 1986.

[SEAL]

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1986 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: September 29, 1986

KANAWHA VALLEY BANK, N.A.,  
as Registrar

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

A B O N D

TABLE I

MIDLAND PUBLIC SERVICE DISTRICT  
DEBT SERVICE SCHEDULE  
9.75% BORROWING RATE

MATURITY DATE	COUPON	PRINCIPAL	INTEREST	DEBT SERVICE
10/ 1/1987	0.000	0.00	38,482.23	38,482.23
10/ 1/1988	9.750	1,148.00	38,269.73	39,418.73
10/ 1/1989	9.750	1,261.00	38,157.70	39,418.70
10/ 1/1990	9.750	1,384.00	38,034.75	39,418.75
10/ 1/1991	9.750	1,519.00	37,899.81	39,418.81
10/ 1/1992	9.750	1,667.00	37,751.71	39,418.71
10/ 1/1993	9.750	1,830.00	37,589.18	39,419.18
10/ 1/1994	9.750	2,008.00	37,410.75	39,418.75
10/ 1/1995	9.750	2,204.00	37,214.97	39,418.97
10/ 1/1996	9.750	2,419.00	37,000.08	39,419.08
10/ 1/1997	9.750	2,654.00	36,764.23	39,418.23
10/ 1/1998	9.750	2,913.00	36,505.46	39,418.46
10/ 1/1999	9.750	3,197.00	36,221.45	39,418.45
10/ 1/2000	9.750	3,509.00	35,909.74	39,418.74
10/ 1/2001	9.750	3,851.00	35,567.61	39,418.61
10/ 1/2002	9.750	4,227.00	35,192.14	39,419.14
10/ 1/2003	9.750	4,639.00	34,780.01	39,419.01
10/ 1/2004	9.750	5,091.00	34,327.70	39,418.70
10/ 1/2005	9.750	5,587.00	33,831.33	39,418.33
10/ 1/2006	9.750	6,132.00	33,286.60	39,418.60
10/ 1/2007	9.750	6,730.00	32,688.73	39,418.73
10/ 1/2008	9.750	7,386.00	32,032.55	39,418.55
10/ 1/2009	9.750	8,106.00	31,312.42	39,418.42
10/ 1/2010	9.750	8,897.00	30,522.08	39,419.08
10/ 1/2011	9.750	9,764.00	29,654.63	39,418.63
10/ 1/2012	9.750	10,716.00	28,702.64	39,418.64
10/ 1/2013	9.750	11,761.00	27,657.83	39,418.83
10/ 1/2014	9.750	12,908.00	26,511.13	39,419.13
10/ 1/2015	9.750	14,166.00	25,252.60	39,418.60
10/ 1/2016	9.750	15,547.00	23,871.41	39,418.41
10/ 1/2017	9.750	17,063.00	22,355.58	39,418.58
10/ 1/2018	9.750	18,727.00	20,691.94	39,418.94
10/ 1/2019	9.750	20,553.00	18,866.06	39,419.06
10/ 1/2020	9.750	22,557.00	16,862.14	39,419.14
10/ 1/2021	9.750	24,756.00	14,662.83	39,418.83
10/ 1/2022	9.750	27,170.00	12,249.12	39,419.12
10/ 1/2023	9.750	29,819.00	9,600.05	39,419.05
10/ 1/2024	9.750	32,726.00	6,692.69	39,418.69
10/ 1/2025	9.750	35,917.00	3,501.91	39,418.91
		<u>392,509.00</u>	<u>1,143,885.46</u>	<u>1,536,395.46</u>

September 29, 1986

SCHEDULE "A"

38,269.63

19,134.81  
212.61  
19,347.42

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

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

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

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

\_\_\_\_\_  
09/26/86  
MIPSD3-A



(SPECIMEN BOND - SERIES 1986 B)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
MIDLAND PUBLIC SERVICE DISTRICT  
SEWER REVENUE BOND, SERIES 1986 B

No. BR-1

\$263,096

KNOW ALL MEN BY THESE PRESENTS: That MIDLAND PUBLIC SERVICE DISTRICT, a public corporation of the State of West Virginia in Randolph 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 West Virginia Water Development Authority (the "Authority") or registered assigns the sum of TWO HUNDRED SIXTY-THREE THOUSAND NINETY-SIX DOLLARS (\$263,096), 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 April 1, 1987. 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 Kanawha Valley Bank, N.A., Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, at any time, 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 July 28, 1986.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain new sewage collection and

9

transportation facilities of the Issuer (the "Project"); (ii) to pay interest on the Bonds of this series (the "Bonds") during the construction of the Project and for approximately 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 West Virginia Code of 1931, as amended (the "Act"), and a Resolution and Supplemental Resolution, both duly adopted by the Issuer on the 23rd day of September, 1986 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is issued contemporaneously with the Sewer Revenue Bonds, Series 1986 A, of the Issuer (the "Series 1986 A Bonds") issued in the aggregate principal amount of \$392,509, which Series 1986 A Bonds are on a parity with respect to liens and sources of and security for payment to the Bonds and the Sewer Revenue Bonds, Series 1986 C, of the Issuer (the "Series 1986 C Bonds"), issued in the aggregate principal amount of \$260,975, which Series 1986 C Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1986 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1986 B Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any fiscal year

of principal of and interest on the Bonds, the Series 1986 A Bonds, the Series 1986 C Bonds, and all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds, the Series 1986 A Bonds or the Series 1986 C Bonds, provided however, that so long as there exists in the Series 1986 A and B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds and the Series 1986 A Bonds in any fiscal year, and in the reserve account established for the Series 1986 C Bonds or any other obligations outstanding prior to or on a parity with the Bonds or the Series 1986 C Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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

IN WITNESS WHEREOF, MIDLAND PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed hereon and attested by its Secretary, and has caused this Bond to be dated September 29, 1986.

[SEAL]

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1986 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: September 29, 1986

KANAWHA VALLEY BANK, N.A.,  
as Registrar

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

TABLE II

MIDLAND PUBLIC SERVICE DISTRICT  
DEBT SERVICE SCHEDULE  
8.38% BORROWING RATE

MATURITY DATE	COUPON	PRINCIPAL	INTEREST	DEBT SERVICE
10/ 1/1987	0.000	0.00	21,496.26	21,496.26
10/ 1/1988	8.380	999.00	22,047.44	23,046.44
10/ 1/1989	8.380	1,083.00	21,963.73	23,046.73
10/ 1/1990	8.380	1,174.00	21,872.97	23,046.97
10/ 1/1991	8.380	1,272.00	21,774.59	23,046.59
10/ 1/1992	8.380	1,378.00	21,668.00	23,046.00
10/ 1/1993	8.380	1,494.00	21,552.52	23,046.52
10/ 1/1994	8.380	1,619.00	21,427.32	23,046.32
10/ 1/1995	8.380	1,755.00	21,291.65	23,046.65
10/ 1/1996	8.380	1,902.00	21,144.58	23,046.58
10/ 1/1997	8.380	2,061.00	20,985.20	23,046.20
10/ 1/1998	8.380	2,234.00	20,812.48	23,046.48
10/ 1/1999	8.380	2,421.00	20,625.28	23,046.28
10/ 1/2000	8.380	2,624.00	20,422.40	23,046.40
10/ 1/2001	8.380	2,844.00	20,202.50	23,046.50
10/ 1/2002	8.380	3,082.00	19,964.18	23,046.18
10/ 1/2003	8.380	3,341.00	19,705.91	23,046.91
10/ 1/2004	8.380	3,621.00	19,425.93	23,046.93
10/ 1/2005	8.380	3,924.00	19,122.49	23,046.49
10/ 1/2006	8.380	4,253.00	18,793.66	23,046.66
10/ 1/2007	8.380	4,609.00	18,437.26	23,046.26
10/ 1/2008	8.380	4,995.00	18,051.02	23,046.02
10/ 1/2009	8.380	5,414.00	17,632.44	23,046.44
10/ 1/2010	8.380	5,868.00	17,178.75	23,046.75
10/ 1/2011	8.380	6,359.00	16,687.01	23,046.01
10/ 1/2012	8.380	6,892.00	16,154.13	23,046.13
10/ 1/2013	8.380	7,470.00	15,576.58	23,046.58
10/ 1/2014	8.380	8,096.00	14,950.59	23,046.59
10/ 1/2015	8.380	8,774.00	14,272.15	23,046.15
10/ 1/2016	8.380	9,510.00	13,536.88	23,046.88
10/ 1/2017	8.380	10,307.00	12,739.95	23,046.95
10/ 1/2018	8.380	11,170.00	11,876.22	23,046.22
10/ 1/2019	8.380	12,106.00	10,940.17	23,046.17
10/ 1/2020	8.380	13,121.00	9,925.69	23,046.69
10/ 1/2021	8.380	14,220.00	8,826.15	23,046.15
10/ 1/2022	8.380	15,412.00	7,634.52	23,046.52
10/ 1/2023	8.380	16,704.00	6,342.99	23,046.99
10/ 1/2024	8.380	18,103.00	4,943.19	23,046.19
10/ 1/2025	8.380	19,620.00	3,426.16	23,046.16
10/ 1/2026	8.380	21,265.00	1,782.01	23,047.01
		263,096.00	657,212.95	920,308.95

SMITH BARNEY, HARRIS UPHAM & CO. INCORPORATED  
FILENAME: QMID , 29-SEP-86,

Midland PSD 86-B SEWER REVENUE  
 ISSUE dated September 29, 1986  
 \$263,096

FACTS

Maximum Annual Debt Service = \$23,047.00  
 \*Monthly Deposit = \$1,921.00 ~~\$1,921.00~~  
 Total amount deposited 9/30/86  
 - Capitalized interest \$44,309.83  
 A- Total months deposits covered 23 ( $\$44,309.83 \div 1,921.00$ )

BREAKDOWN OF DEBT SERVICE

	D.S. AMT.	CASH BAL.
		4430983
Debt Service due April 1, 1987 - Registered interest	(1114621)	3316362
Debt Service due October 1, 1987 - Registered interest	(1102372)	2213990
Debt Service due April 1, 1988 - Registered interest	(1102372)	1111618

DETERMINING PRO-RATED DEPOSIT

	CASH BAL.
Cash Balance @ April 1, 1988 after Debt Service payment	1111618
B- Deposits starting August - September 1988	282754
Debt Service due October 1, 1988 - Registered principal + interest	(1202272)
Cash balance @ October 1, 1988 after Debt Service payment	192100

Deposits starting ~~August~~ August - September 1988 (2 months)  
 $\$2,827.54 \div 2 \text{ mos.} = * \$1,414.00$   
 Deposits starting October 1988 + thereafter = \$1,921.00

FOR EXPLANATIONS TO CAPES - SEE SERIES A.

Deposits should theoretically start in ~~August~~ September 1986 23 months after that would end in July 1988. Therefore, the first deposit would begin in August 1988.

**JACKSON, KELLY, HOLT & O'FARRELL**

(IN KENTUCKY, JACKSON, KELLY, WILLIAMS & PALMORE)

**ATTORNEYS AT LAW**

1600 LAIDLEY TOWER

P. O. BOX 583

**CHARLESTON, WEST VIRGINIA 25322**

TELEPHONE 304-340-1000

TELECOPIER 304-340-1130

WRITER'S DIRECT DIAL NO.

**340-1318**

MORGANTOWN OFFICE  
618 MONONGAHELA BUILDING  
MORGANTOWN, WEST VIRGINIA 26505  
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LEXINGTON, KENTUCKY 40504  
TELEPHONE 606-223-3080

OWENSBORO OFFICE  
225 ST. ANN STREET  
OWENSBORO, KENTUCKY 42301  
TELEPHONE 502-926-8332

October 10, 1986

TO THE ATTACHED DISTRIBUTION LIST

Re: Midland Public Service District  
Sewer Revenue Bonds, Series 1986 A,  
Series 1986 B and Series 1986 C

Gentlemen:

Enclosed please find a Bond Payment breakdown schedule for the Midland Public Service District's recent bond issues. This document sets forth the payment schedules and procedures for making those payments. Also enclosed are the breakdown sheets prepared by Jim Greer at the Municipal Bond Commission. These sheets will demonstrate the procedure used by the Commission for determining monthly debt service.

Additionally, I have enclosed the revised schedule for the Series B Bonds.

If you have questions or comments regarding any of these documents, please contact me at 340-1318.

Very truly yours,

  
Samme L. Gee

SLG/tp  
Enclosure

RECEIVED  
OCT 14 1986  
MBC

JACKSON, KELLY, HOLT & O'FARRELL

DISTRIBUTION LIST

Vincent A. Collins, Esq.  
Steptoe & Johnson  
P. O. Box 2190  
Clarksburg, WV 26302

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West Virginia Water Development Authority  
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Dunbar, WV 25064

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

Mr. Richard L. Rockwell  
Project Coordinator  
Midland Public Service District  
P. O. Box 544  
Elkins, WV 26241

Richard H. Talbott, Jr., Esq.  
Brown, Harner & Busch, L.C.  
P. O. Box 1333  
Elkins, WV 26241

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY  
BOND PAYMENT PROCEDURE

MIDLAND PUBLIC SERVICE DISTRICT

Closing date: September 29, 1986

1. From the proceeds of the Bonds, the Governmental Agency must make the following deposits:

A. \$699,132 shall be deposited in the Bond Construction Trust Fund.

B. Capitalized Interest in the amount of \$110,415 must be deposited in the Local Bonds (the interest-bearing bonds) Sinking Fund at the West Virginia Municipal Bond Commission\*\* (the "MBC") to make the April 1987, October 1987, and April, 1988 interest payments.

C. The Reserve Account Requirements in the amount of \$39,420 for the Series 1986 A Bonds and \$23,046 for the Series 1986 B Bonds must be deposited in the Reserve Account for the Local Bonds at the MBC.

D. The Reserve Account Requirement in the amount of \$6,692 must be deposited in the Reserve Account for the Supplemental Bonds (Series 1986 C) at the MBC.

2. From the fees and charges received for the System and other System revenues (see the definition of Gross Revenues

\*\*West Virginia Municipal Bond Commission  
1800 Washington Street, East  
Charleston, West Virginia 26305

in the Bond Resolution), the Governmental Agency must make the following deposits and payments:

- A. Monthly deposit in the Revenue Fund, all the Gross Revenues of the System.
- B. Pay Operating Expenses of the System.
- C. Monthly make the following payments to the

MBC:

[Local Bonds  
(9.75% and/or  
8.38% bond)]

1. Beginning May 1, 1988 and monthly through September 1, 1988, send \$3,016 to the MBC for deposit in the Sinking Fund for the Series 1986 A Bonds. Starting October 1, 1988, and thereafter, monthly send \$3,285 to the MBC for deposit in the Series 1986 A Bonds Sinking Fund.
2. Beginning August 1, 1988 and on September 1, 1988, send \$1,414 to the MBC for deposit in the Sinking Fund for the Series 1986 B Bonds. Starting October 1, 1988, and thereafter, monthly deposit \$1,921 with the MBC for deposit in the Series 1986 B Bonds Sinking Fund.

3. Beginning September 1, 1987 make up any deficiencies in the Series 1986 A and B Bonds Reserve Requirements.

[Supplemental Bond  
(zero-interest bond)]

4. Beginning September 1, 1987 send \$557.64 to the MBC for deposit in the Series 1986 C Bonds Sinking Fund (1/12 of the annual principal payment).
5. Beginning September 1, 1987 make up any deficiencies in the Series 1986 C Bonds Reserve Requirement.

D. Monthly make the following payment to the Depository Bank:

Beginning the first month following the first full month after commencement of operation of the System and each month thereafter, deposit 2 1/2% of the Gross Revenues (exclusive of any payments to the Series 1986 A and B Reserve Account) in the Renewal and Replacement Fund.

Note: The Renewal and Replacement Fund payment must be made before making the payments required by Paragraph C (4) and (5).

The MBC will assign account numbers shortly after the Closing. When making deposits to the MBC, you must list the account number and the amount for each individual deposit.

TABLE II

MIDLAND PUBLIC SERVICE DISTRICT  
DEBT SERVICE SCHEDULE  
8.4% BORROWING RATE

4.38% \* *Edward R. Akers*

MATURITY DATE	COUPON	PRINCIPAL	INTEREST	DEBT SERVICE
10/ 1/1987	0.800	0.00	22,222.93	22,222.93
10/ 1/1988	8.400	993.00	22,100.15	23,094.15
10/ 1/1989	8.400	1,077.00	22,016.65	23,093.65
10/ 1/1990	8.400	1,168.00	21,926.18	23,094.18
10/ 1/1991	8.400	1,266.00	21,828.07	23,094.07
10/ 1/1992	8.400	1,372.00	21,721.73	23,093.73
10/ 1/1993	8.400	1,488.00	21,606.48	23,094.48
10/ 1/1994	8.400	1,613.00	21,481.49	23,094.49
10/ 1/1995	8.400	1,748.00	21,346.00	23,094.00
10/ 1/1996	8.400	1,895.00	21,199.16	23,094.16
10/ 1/1997	8.400	2,054.00	21,039.98	23,093.98
10/ 1/1998	8.400	2,227.00	20,867.45	23,094.45
10/ 1/1999	8.400	2,414.00	20,680.38	23,094.38
10/ 1/2000	8.400	2,616.00	20,477.60	23,093.60
10/ 1/2001	8.400	2,836.00	20,257.86	23,093.86
10/ 1/2002	8.400	3,074.00	20,019.64	23,093.64
10/ 1/2003	8.400	3,333.00	19,761.42	23,094.42
10/ 1/2004	8.400	3,613.00	19,481.45	23,094.45
10/ 1/2005	8.400	3,916.00	19,177.96	23,093.96
10/ 1/2006	8.400	4,245.00	18,849.01	23,094.01
10/ 1/2007	8.400	4,602.00	18,492.43	23,094.43
10/ 1/2008	8.400	4,988.00	18,105.86	23,093.86
10/ 1/2009	8.400	5,407.00	17,686.87	23,093.87
10/ 1/2010	8.400	5,861.00	17,232.68	23,093.68
10/ 1/2011	8.400	6,354.00	16,740.36	23,094.36
10/ 1/2012	8.400	6,887.00	16,206.62	23,093.62
10/ 1/2013	8.400	7,466.00	15,628.12	23,094.12
10/ 1/2014	8.400	8,093.00	15,000.97	23,093.97
10/ 1/2015	8.400	8,773.00	14,321.16	23,094.16
10/ 1/2016	8.400	9,510.00	13,584.23	23,094.23
10/ 1/2017	8.400	10,309.00	12,785.39	23,094.39
10/ 1/2018	8.400	11,175.00	11,919.43	23,094.43
10/ 1/2019	8.400	12,113.00	10,980.73	23,093.73
10/ 1/2020	8.400	13,131.00	9,963.24	23,094.24
10/ 1/2021	8.400	14,234.00	8,860.24	23,094.24
10/ 1/2022	8.400	15,430.00	7,664.58	23,094.58
10/ 1/2023	8.400	16,726.00	6,368.46	23,094.46
10/ 1/2024	8.400	18,131.00	4,963.48	23,094.48
10/ 1/2025	8.400	19,654.00	3,440.47	23,094.47
10/ 1/2026	8.400	21,304.00	1,789.54	23,093.54
		263,096.00	659,796.46	922,893.46

September 29, 1936

SCHEDULE "A"

*Handwritten notes:*  
11,500.00 13,825.00  
12,614.99  
11,462.12 12,614.99

\* Interest + Debt Service to be adjusted.

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

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

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

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

\_\_\_\_\_  
09/26/86  
MIPSD3-B



(SPECIMEN BOND - SERIES 1986 C)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
MIDLAND PUBLIC SERVICE DISTRICT  
SEWER REVENUE BOND, SERIES 1986 C

No. CR-1

\$260,975

KNOW ALL MEN BY THESE PRESENTS: That MIDLAND PUBLIC SERVICE DISTRICT, a public corporation of the State of West Virginia in Randolph 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 West Virginia Water Development Authority (the "Authority") or registered assigns the sum of TWO HUNDRED SIXTY THOUSAND NINE HUNDRED SEVENTY-FIVE DOLLARS (\$260,975), in annual installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, without interest.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part of any time, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with the Supplemental Loan Agreement between the Issuer and the Authority, dated July 28, 1986.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain new sewage collection and transportation facilities of the Issuer (the "Project"); (ii) to fund a reserve account for the Bonds; and (iii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution and Supplemental Resolution, both duly adopted by the Issuer on the 23rd day of September, 1986 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for

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

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Net Revenues all payments then due and owing on account of the Series 1986 A Bonds and Series 1986 B Bonds herein described, moneys in the Reserve Account created under the Bond Legislation for the Bonds of this Series (the "Series 1986 C Bonds Reserve Account"), and unexpended proceeds of the Bonds of this series (the "Bonds"). Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 1986 C Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each fiscal year equal to at least 115% of the amount required to pay the maximum amount due in any fiscal year of principal of and interest on the Bonds, the Series 1986 A Bonds, the Series 1986 B Bonds, and all other obligations secured by or payable from such revenues prior to or on a parity with the Series 1986 A Bonds, the Series 1986 B Bonds or the Bonds, provided however, that so long as there exists in the Series 1986 C Bonds Reserve Account and the reserve account established for the Series 1986 A Bonds and the Series 1986 B Bonds, amounts at least equal to the maximum amount of principal and interest which will become due on the Bonds and the Series 1986 A Bonds and the Series 1986 B Bonds in any fiscal year, and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation or to the appurtenant sinking fund, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the holder of the Bonds, which lien is subordinate to the lien in favor of the holders of the Series 1986 A Bonds.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE OUTSTANDING SEWER REVENUE BONDS, SERIES 1986 A, OF THE ISSUER (THE "SERIES 1986 A BONDS") AND SEWER REVENUE BONDS, SERIES 1986 B, OF THE ISSUER (THE "SERIES 1986 B BONDS"), ISSUED CONCURRENTLY HERewith AND DESCRIBED IN THE BOND LEGISLATION.

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

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

IN WITNESS WHEREOF, MIDLAND PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed hereon and attested by its Secretary, and has caused this Bond to be dated September 29, 1986.

[SEAL]

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1986 C Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: September 29, 1986

KANAWHA VALLEY BANK, N.A.,  
as Registrar

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

C B O N D

Table III

MIDLAND PUBLIC SERVICE DISTRICT  
DEBT SERVICE SCHEDULE  
0.00% Borrowing Rate

Maturity Date	Debt Service		
	Principal	Interest	Debt Service
10/ 1/ 1987	0.00	-0-	0.00
10/ 1/ 1988	6,691.54	-0-	6,691.54
10/ 1/ 1989	6,691.67	-0-	6,691.67
10/ 1/ 1990	6,691.67	-0-	6,691.67
10/ 1/ 1991	6,691.67	-0-	6,691.67
10/ 1/ 1992	6,691.67	-0-	6,691.67
10/ 1/ 1993	6,691.67	-0-	6,691.67
10/ 1/ 1994	6,691.67	-0-	6,691.67
10/ 1/ 1995	6,691.67	-0-	6,691.67
10/ 1/ 1996	6,691.67	-0-	6,691.67
10/ 1/ 1997	6,691.67	-0-	6,691.67
10/ 1/ 1998	6,691.67	-0-	6,691.67
10/ 1/ 1999	6,691.67	-0-	6,691.67
10/ 1/ 2000	6,691.67	-0-	6,691.67
10/ 1/ 2001	6,691.67	-0-	6,691.67
10/ 1/ 2002	6,691.67	-0-	6,691.67
10/ 1/ 2003	6,691.67	-0-	6,691.67
10/ 1/ 2004	6,691.67	-0-	6,691.67
10/ 1/ 2005	6,691.67	-0-	6,691.67
10/ 1/ 2006	6,691.67	-0-	6,691.67
10/ 1/ 2007	6,691.67	-0-	6,691.67
10/ 1/ 2008	6,691.67	-0-	6,691.67
10/ 1/ 2009	6,691.67	-0-	6,691.67
10/ 1/ 2010	6,691.67	-0-	6,691.67
10/ 1/ 2011	6,691.67	-0-	6,691.67
10/ 1/ 2012	6,691.67	-0-	6,691.67
10/ 1/ 2013	6,691.67	-0-	6,691.67
10/ 1/ 2014	6,691.67	-0-	6,691.67
10/ 1/ 2015	6,691.67	-0-	6,691.67
10/ 1/ 2016	6,691.67	-0-	6,691.67
10/ 1/ 2017	6,691.67	-0-	6,691.67
10/ 1/ 2018	6,691.67	-0-	6,691.67
10/ 1/ 2019	6,691.67	-0-	6,691.67
10/ 1/ 2020	6,691.67	-0-	6,691.67
10/ 1/ 2021	6,691.67	-0-	6,691.67
10/ 1/ 2022	6,691.67	-0-	6,691.67
10/ 1/ 2023	6,691.67	-0-	6,691.67
10/ 1/ 2024	6,691.67	-0-	6,691.67
10/ 1/ 2025	6,691.67	-0-	6,691.67
10/ 1/ 2026	6,691.67	-0-	6,691.67
	260,975.00	-0-	260,975.00

September 29, 1986

SCHEDULE "A"

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

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

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

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

\_\_\_\_\_  
09/26/86  
MIPSD3-C



# STEPTOE & JOHNSON

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September 29, 1986

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CARL F. STUCKY, JR.  
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GORDON H. COPLAND  
RANDALL C. LIGHT  
RICHARD M. YURKO, JR.  
GARY W. NICKERSON  
W. RANDOLPH FIFE

## Midland Public Service District Sewer Revenue Bonds, Series 1986 A

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

Gentlemen:

We are bond counsel to Midland Public Service District (the "Governmental Agency"), a public service district and public corporation and political subdivision created and existing under Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (the "Local Statute").

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement, dated July 28, 1986, (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated September 29, 1986 (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are in the principal amount of \$392,509, originally issued in the form of one bond, registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, beginning April 1, 1987, at the rate of 9.75% per annum, and with principal installments payable on October 1 in each of the years 1987 through 2025, inclusive, all as set forth in "Schedule X," attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

The Local Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia,

including particularly, the Local Statute, for the purposes of (i) financing a portion of the costs of acquisition and construction of new sewage collection and transportation facilities of the Governmental Agency (the "Project") (ii) to pay interest on the Bonds of this series (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) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of the Local Statute, under which the Local Bonds are issued, and the Loan Agreement that has been undertaken, including all schedules and exhibits to the Loan Agreement. The Local Bonds have been authorized by a bond resolution and a supplemental resolution (collectively, the "Local Act") duly adopted by the Governmental Agency, which contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

1. The Loan Agreement has been duly authorized by and executed on behalf of the Governmental Agency and is a valid and binding special obligation of the Governmental Agency enforceable in accordance with the terms thereof.
2. The Loan Agreement inures to the benefit of the Authority and cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the Governmental Agency without the consent of the Authority.
3. The Governmental Agency is a duly organized and presently existing public service district and political subdivision of the State of West Virginia, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.
4. The Governmental Agency has legally and effectively adopted the Local Act and all other necessary resolutions in connection with the issuance and sale of the Local Bonds.
5. The Local Bonds are valid and legally enforceable special obligations of the Governmental Agency, payable from the net revenues of the System referred to in the Local Act and secured by a lien on and pledge of the net revenues of said System, on a parity in all respects with the Governmental Agency's Sewer Revenue Bonds, Series 1986 B, issued concurrently herewith, all

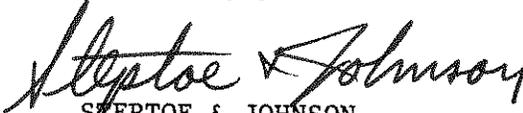
in accordance with the terms of the Local Bonds and the Local Act, and the Local Bonds have been duly issued and delivered to the Authority.

6. The Local Bonds are, under the Local Statute, exempt from taxation by the State of West Virginia and the other taxing bodies of the State, and under existing statutes and court decisions of the United States of America, as presently written and applied, the interest on the Local Bonds is exempt from federal income taxation and is exempt from personal income taxes imposed directly thereon by the State of West Virginia; provided that no opinion is expressed with respect to application of the alternative minimum tax to the interest on the Local Bonds as a part of the untaxed reported profit of corporations.

Please be further advised that the rights of the holders of the Local Bonds and the enforceability of the Local Bonds, the Local Act and the Loan Agreement may be subject to remedies with respect to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights (to the extent constitutionally applicable) and that the enforcement thereof may also be subject to the exercise of judicial discretion in appropriate cases.

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

Very truly yours,

  
STEPTOE & JOHNSON

09/27/86  
MIPSD1-J



# STEPTOE & JOHNSON

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September 29, 1986

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W. RANDOLPH FIFE

## Midland Public Service District Sewer Revenue Bonds, Series 1986 B

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

Gentlemen:

We are bond counsel to Midland Public Service District (the "Governmental Agency"), a public service district and public corporation and political subdivision created and existing under Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (the "Local Statute").

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement, dated July 28, 1986, (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated September 29, 1986 (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are in the principal amount of \$263,096, originally issued in the form of one bond, registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, beginning April 1, 1987, at the rate of 8.38% per annum, and with principal installments payable on October 1 in each of the years 1987 through 2025, inclusive, all as set forth in "Schedule X," attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

The Local Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia,

including particularly, the Local Statute, for the purposes of (i) financing a portion of the costs of acquisition and construction of new sewage collection and transportation facilities of the Governmental Agency (the "Project") (ii) to pay interest on the Bonds of this series (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) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of the Local Statute, under which the Local Bonds are issued, and the Loan Agreement that has been undertaken, including all schedules and exhibits to the Loan Agreement. The Local Bonds have been authorized by a bond resolution and a supplemental resolution (collectively, the "Local Act") duly adopted by the Governmental Agency, which contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

3. The Governmental Agency is a duly organized and presently existing public service district and political subdivision of the State of West Virginia, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.

4. The Governmental Agency has legally and effectively adopted the Local Act and all other necessary resolutions in connection with the issuance and sale of the Local Bonds.

5. The Local Bonds are valid and legally enforceable special obligations of the Governmental Agency, payable from the net revenues of the System referred to in the Local Act and secured by a lien on and pledge of the net revenues of said System, on a parity in all respects with the Governmental Agency's Sewer Revenue Bonds, Series 1986 A, issued concurrently herewith, all

in accordance with the terms of the Local Bonds and the Local Act, and the Local Bonds have been duly issued and delivered to the Authority.

6. The Local Bonds are, under the Local Statute, exempt from taxation by the State of West Virginia and the other taxing bodies of the State, and under existing statutes and court decisions of the United States of America, as presently written and applied, the interest on the Local Bonds is exempt from federal income taxation and is exempt from personal income taxes imposed directly thereon by the State of West Virginia; provided that no opinion is expressed with respect to application of the alternative minimum tax to the interest on the Local Bonds as a part of the untaxed reported profit of corporations.

Please be further advised that the rights of the holders of the Local Bonds and the enforceability of the Local Bonds, the Local Act and the Loan Agreement may be subject to remedies with respect to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights (to the extent constitutionally applicable) and that the enforcement thereof may also be subject to the exercise of judicial discretion in appropriate cases.

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

Very truly yours,

  
STEPTOE & JOHNSON

09/27/86  
MIPSD1-K



# STEPTOE & JOHNSON

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RICHARD M. YURKO, JR.  
GARY W. NICKERSON  
W. RANDOLPH FIFE

## Midland Public Service District Sewer Revenue Bonds, Series 1986 C

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

Gentlemen:

We are bond counsel to Midland Public Service District (the "Governmental Agency"), a public service district and public corporation and political subdivision created and existing under Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (the "Local Statute").

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a supplemental loan agreement, dated July 28, 1986 (the "Supplemental Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of supplemental, subordinate revenue bonds of the Governmental Agency, dated September 29, 1986 (the "Supplemental Bonds"), to be purchased by the Authority in accordance with the provisions of the Supplemental Loan Agreement. The Supplemental Bonds are in the principal amount of \$260,975, issued in the form of one bond registered as to principal to the Authority, without interest thereon, with principal payable in installments on October 1 in each of the years 1987 through 2025, inclusive, all as set forth in "Schedule X," attached to the Supplemental Loan Agreement.

The Supplemental Loan Agreement is supplemental to a loan agreement also dated July 28, 1986, also between the Governmental Agency and the Authority (the "Loan Agreement"). The Supplemental Bonds are junior, subordinate and inferior as to lien and source of and security for payment to the bonds issued pursuant to the Loan Agreement and designated "Sewer Revenue Bonds, Series 1986 A" and "Sewer Revenue Bonds, Series 1986 B" (collectively, the "Local Bonds") which Local Bonds are issued simultaneously herewith.

The Supplemental Bonds are issued, together with the Local Bonds, under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, the Local Statute, for the purposes of (i) financing a portion of the costs of acquisition and construction of new sewage collection and transportation facilities of the Governmental Agency (the "Project"), and (ii) to fund a reserve account for the Bonds; and (iii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of the Local Statute, under which the Supplemental Bonds are issued, and the Supplemental Loan Agreement that has been undertaken, including all schedules and exhibits to the Supplemental Loan Agreement. The Supplemental Bonds have been authorized by a bond resolution and a supplemental resolution (collectively, the "Local Act") duly adopted by the Governmental Agency, which contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Supplemental Loan Agreement. The Supplemental Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Supplemental Loan Agreement.

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

1. The Supplemental Loan Agreement has been duly authorized by and executed on behalf of the Governmental Agency and is a valid and binding special obligation of the Governmental Agency enforceable in accordance with the terms thereof.
2. The Supplemental Loan Agreement inures to the benefit of the Authority and cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the Governmental Agency without the consent of the Authority.
3. The Governmental Agency is a duly organized and presently existing public service district and political subdivision of the State of West Virginia, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Supplemental Loan Agreement and to issue and sell the Supplemental Bonds, all under the Local Statute and other applicable provisions of law.

4. The Governmental Agency has legally and effectively adopted the Local Act and all other necessary resolutions in connection with the issuance and sale of the Supplemental Bonds.

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

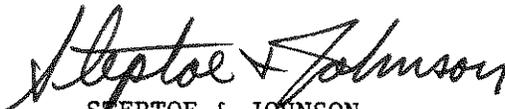
6. The Governmental Agency has reserved the right to issue additional bonds ranking on a parity with the Supplemental Bonds, as provided in the Local Act.

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

No opinion is given herein as to the enforceability of remedies with respect to the Supplemental Bonds under any applicable bankruptcy, insolvency, moratorium or other laws affecting creditors' rights.

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

Very truly yours,

  
STEPTOE & JOHNSON



# STEPTOE & JOHNSON

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September 29, 1986

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W. RANDOLPH FIFE

Midland Public Service District  
Sewer Revenue Bonds,  
Series 1986 A, Series 1986 B

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

Gentlemen:

We have examined a transcript of proceedings relating to the issuance of \$655,605 aggregate principal amount of Sewer Revenue Bonds, Series 1986 A and Series 1986 B (collectively, the "Governmental Agency Bonds"), of Midland Public Service District (the "Governmental Agency"), and a Certificate as to Arbitrage executed by the Chairman of the Governmental Agency on this date.

We are of the opinion that the facts, estimates and circumstances set forth in the Certificate as to Arbitrage are sufficient to satisfy the requirements of Section 103(c) of the Internal Revenue Code of 1954, as amended, and Treasury Regulations promulgated thereunder, particularly Sections 1.103-13, 1.103-14 and 1.103-15, to support the conclusion that the Governmental Agency Bonds are not "arbitrage bonds" as therein defined. No matters have come to our attention which make unreasonable or incorrect the representations made in said Certificate.

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West Virginia Water Development Authority  
Page 2

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

Very truly yours,

  
STEPTOE & JOHNSON

09/27/86  
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JOHN E. BUSCH  
RICHARD H. TALBOTT, JR.

September 29, 1986

Midland Public Service District  
Sewer Revenue Bonds,  
Series 1986 A, Series 1986 B and Series 1986 C

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

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

Gentlemen:

I am attorney for Midland Public Service District, in Randolph County, West Virginia (the "Governmental Agency"). As such attorney, I have examined copies of the approving opinions of Steptoe & Johnson, as bond counsel, a loan agreement and supplemental loan agreement, both dated July 28, 1986, by and between the West Virginia Water Development Authority (the "Authority") and the Governmental Agency (collectively, the "Loan Agreement"), the Local Act (as defined therein) and other documents relating to the above-captioned Governmental Agency Bonds of the Governmental Agency. Terms used in said opinions, Local Act and Loan Agreement are not otherwise defined herein have the same meanings herein.

I am of the opinion that:

1. The Loan Agreement has been duly authorized, executed and delivered by the Governmental Agency and, assuming due authorization, execution and delivery by the Authority, constitutes a valid and binding agreement of the Governmental Agency in accordance with its terms.
2. The members of the public service board of the Governmental Agency have been duly and properly appointed, have taken the requisite oaths, and are authorized to act on behalf of the Governmental Agency.
3. The Local Act has been duly adopted by the Governmental Agency and is in full force and effect.
4. The execution and delivery of the Governmental Agency Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Loan Agreement, and the carrying out of the terms

thereof, do not and will not in any material respect conflict with or constitute on the part of the Governmental Agency a breach of or default under any agreement or other instrument to which the Governmental Agency is a party or any existing law, regulation, court order or consent decree to which the Governmental Agency is subject.

5. The Governmental Agency has received all the permits, licenses, approvals and authorizations necessary for the issuance of the Governmental Agency Bonds, construction of the Project, operation of the System and imposition of rates and charges, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution as to such rates and the receipt of all requisite orders and approvals from the Public Service Commission of West Virginia. The time for appeal of the order of the Public Service Commission of West Virginia approving such rates and charges has expired prior to the date hereof:

6. To the best of my knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Loan Agreement or the validity of the Governmental Agency Bonds or the collection or pledge of the Net Revenues.

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

Very truly yours,

  
Richard H. Talbott, Jr.

RHT/jmc



MIDLAND PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 1986 A, Series 1986 B and Series 1986 C

GENERAL CERTIFICATE OF GOVERNMENTAL AGENCY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. CONTRACTORS' INSURANCE, ETC.
10. GRANTS
11. LOAN AGREEMENT
12. RATES
13. SIGNATURES AND DELIVERY
14. GOVERNMENTAL AGENCY BONDS PROCEEDS
15. PUBLICATION AND POSTING OF NOTICE OF BORROWING AND PETITION
16. PRIVATE USE OF FACILITIES
17. SPECIMEN GOVERNMENTAL AGENCY BONDS

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Midland Public Service District in Randolph County, West Virginia (the "Governmental Agency"), and the undersigned ATTORNEY for the Governmental Agency, hereby certify in connection with the \$916,580 aggregate principal amount Midland Public Service District Sewer Revenue Bonds, Series 1986 A, Series 1986 B and Series 1986 C (collectively, the "Governmental Agency Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning as in the Bond Resolution of the Governmental Agency adopted September 23, 1986, and a Supplemental Resolution adopted concurrently therewith (collectively, the "Local Act").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Governmental Agency Bonds, receipt of the Grant Receipts or the Gross Revenues, or in any way contesting or affecting the validity

of the Governmental Agency Bonds or the Grants or any proceedings of the Governmental Agency taken with respect to the issuance or sale of the Governmental Agency Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Governmental Agency Bonds or the existence or the powers of the Governmental Agency insofar as they relate to the authorization, sale and issuance of the Governmental Agency Bonds, receipt of the Grant Receipts or such pledge or application of moneys and security or the collection of the Gross Revenues or pledge of the Net Revenues.

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 Governmental Agency Bonds have been obtained and remain in full force and effect, and competitive bids for construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the Official West Virginia Code of 1931, as amended, which bids remain in full force and effect.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Governmental Agency since the approval and execution and delivery by the Governmental Agency of the Loan Agreement and the Governmental Agency has met all conditions prescribed in all previous loan agreements, if any, entered into between the Governmental Agency and the Authority. There are no outstanding debt obligations of the Governmental Agency, or obligations for which full and irrevocable provision for payment has not been made, which are secured by revenues or assets of the System.

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

Orders of County Commission creating and enlarging Public Service District.

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

Certified copies of oaths of office of current members of Public Service Board.

Rules of Procedure of Public Service Board.

Affidavit of Publication of Notice of Borrowing and Petition Form.

Bond Resolution.

Supplemental Resolution.

Minutes on 1986 Organizational Meeting and Adoption of Bond Resolution and Supplemental Bond Resolution.

Loan Agreement.

EPA Grant Agreement, as amended.

WDA Grant Agreement.

State of West Virginia Grant Agreement.

Randolph County Commission Grant Commitment.

Public Service Commission Final Orders entered August 22, 1986 (two orders), and August 26, 1986.

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Governmental Agency is "Midland Public Service District" and it is a public service district duly created by The County Commission of Randolph County and presently existing under the laws of, and a political subdivision of, the State of West Virginia. The governing body of the Governmental Agency is its Public Service Board consisting of 3 members whose names and dates of commencement and termination of current terms of office are as follows:

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Ronald L. Nestor	September 15, 1986	January 1, 1990
R. Scott Criss	September 15, 1986	January 1, 1992
Patricia A. Arnett	September 15, 1986	January 1, 1988

The names of the duly elected, qualified and acting members of the Public Service Board of the Governmental Agency for the calendar year 1986 are as follows:

Chairman - Ronald L. Nestor  
Secretary/Treasurer - R. Scott Criss

The duly appointed and acting Attorney for the Governmental Agency is Richard H. Talbott, Jr., Esquire, of Elkins, West Virginia.

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

8. MEETINGS, ETC.: All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the Governmental Agency in any way connected with the construction, acquisition, operation and financing of the Project or the System were authorized or adopted at regular or special meetings of the Governing Body of the Governmental Agency duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including Chapter 6, Article 9A, of the Official West Virginia Code of 1931, as amended, and a quorum of duly elected, qualified and acting members of the Governing Body was present and acting at all times during all such meetings.

9. CONTRACTORS' INSURANCE, ETC.: All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Local Act.

10. GRANTS: As of the date hereof, the EPA has committed to the Governmental Agency the approximate amount of \$3,181,570. Said commitment of EPA is as of this date is still in force and effect. The Other Grants are committed to the Issuer and as of this date remain in force and effect.

11. LOAN AGREEMENT: As of the date hereof, (i) the representations of the Governmental Agency contained in the Loan Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreement does not contain any untrue statement of a material fact or omit to state any material

fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and (iii) to the best knowledge of the undersigned, no event affecting the Governmental Agency has occurred since the date of the Loan Agreement which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information in the Loan Agreement not misleading.

12. RATES: The Governmental Agency has received an Order of the Public Service Commission of West Virginia entered August 22, 1986, granting a certificate of convenience and necessity for the Project and approving rates and charges for the services of the System, and has adopted a resolution prescribing such rates and charges.

13. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Chairman did officially sign all of the Governmental Agency Bonds of the aforesaid issue, all dated September 29, 1986, by his manual signature, and the undersigned Secretary did officially cause the official seal of the Governmental Agency to be imprinted upon each of said Governmental Agency Bonds and to be attested by his manual signature, and the Registrar did officially authenticate and deliver the Governmental Agency Bonds to a representative of the Authority as the original purchaser of the Governmental Agency Bonds under the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

14. GOVERNMENTAL AGENCY BONDS PROCEEDS: On the date hereof the Governmental Agency received from the Authority the agreed aggregate purchase price of the Governmental Agency Bonds, being \$916,580 (100% of par value), there being no interest accrued on any series.

15. PUBLICATION AND POSTING OF NOTICE OF BORROWING AND PETITION: The Governmental Agency has published and posted a notice with respect to the acquisition and construction of the Project and issuance of the Governmental Agency Bonds and has provided a petition form permitting registered voters who may be opposed to such acquisition and construction or borrowing to sign such petition, in accordance with Chapter 16, Article 13A, Section 25 of the Official West Virginia Code of 1931, as amended (in effect at such time). Less than 50% of the registered voters in the area to be served by the Project have signed such petition.

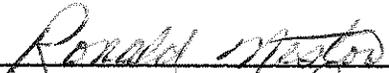
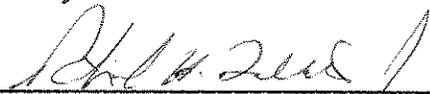
16. PRIVATE USE OF FACILITIES: Less than 10% of the facilities constituting the System will be available for use by any single private entity, and such facilities will at all times be

available to serve all members of the general public within the service area on an equal basis.

17. SPECIMEN GOVERNMENTAL AGENCY BONDS: Delivered concurrently herewith are true and accurate specimens of the Governmental Agency Bonds.

WITNESS our signatures and the official seal of MIDLAND PUBLIC SERVICE DISTRICT on this 29th day of September, 1986.

[CORPORATE SEAL]

<u>SIGNATURE</u>	<u>OFFICIAL TITLE</u>
 _____	Chairman
 _____	Secretary
 _____	Attorney for Governmental Agency

09/27/86  
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MIDLAND PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 1986 A, Series 1986 B and Series 1986 C

CERTIFICATE AS TO ARBITRAGE

I, RONALD L. NESTOR, Chairman of the public service board of Midland Public Service District, in Randolph County, West Virginia (the "Governmental Agency"), being one of the officials of the Governmental Agency duly charged with the responsibility for the issuance of \$656,605 aggregate principal amount of Sewer Revenue Bonds, Series 1986 A and Series 1986 B, of the Governmental Agency dated September 29, 1986 (collectively, the "Governmental Agency Bonds"), hereby certify as follows:

1. This certificate is being executed and delivered pursuant to Sections 1.103-13, 1.103-14 and 1.103-15 of the Income Tax Regulations (the "Regulations") promulgated under Section 103(c) of the Internal Revenue Code of 1954, as amended ("Section 103(c)"). I am one of the officers of the Governmental Agency charged with the responsibility of issuing the Governmental Agency 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 Governmental Agency.

2. This certificate may be relied upon as the certificate of the Governmental Agency.

3. The Governmental Agency has not been notified by the Internal Revenue Service of any listing or proposed listing of it as an issuer the certification of which may not be relied upon by holders of obligations of the Governmental Agency or that there is any disqualification of the Governmental Agency by the Internal Revenue Service because a certification made by the Governmental Agency contains a material misrepresentation.

4. This certificate is based upon facts, circumstances, estimates and expectations of the Governmental Agency in existence on September 29, 1986, the date on which the Governmental Agency 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 Governmental Agency set forth herein are reasonable.

5. In the Resolution pursuant to which the Governmental Agency Bonds are issued, the Governmental Agency has covenanted to

make no use of the proceeds of the Governmental Agency Bonds which would cause the Governmental Agency Bonds to be "arbitrage bonds" within the meaning of the Regulations or Section 103(c).

6. The Governmental Agency Bonds were sold on September 29, 1986, to the West Virginia Water Development Authority (the "Authority") for an aggregate purchase price of \$655,605 (100% of par).

7. The Governmental Agency Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of paying a portion of the costs of acquisition and construction of certain sanitary sewage facilities (the "Project") and costs of issuance thereof.

8. The Governmental Agency shall, within 30 days following delivery of the Governmental Agency Bonds, enter into agreements which require the Governmental Agency to expend in excess of \$100,000 on the Project. Acquisition, construction and equipping of the Project will proceed with due diligence to completion, and, with the exception of proceeds constituting capitalized interest and proceeds deposited in a reserve account for the Governmental Agency Bonds, all of the proceeds from the sale of the Governmental Agency Bonds together with any investment earnings thereon will be spent from payment of Costs of the Project on or before March 29, 1987. Construction of the Project is expected to be completed by December 29, 1987.

9. The total cost of the Project is estimated at \$5,112,637. The amount of Project costs not expected to be reimbursed or paid from grants and tap fees is estimated to be at least \$916,580. Except for the proceeds of the Governmental Agency Bonds, the Series 1986 C Bond proceeds in the amount of \$260,975, the Grants and tap fees, no other funds of the Governmental Agency will be available to meet costs of the Project, and no balances are available to meet such costs in any account which may, without legislative or judicial action, be invaded to pay such expenditures without a legislative, judicial or contractual requirement that such account be reimbursed.

10. Pursuant to Article IV of the Local Act, the following special funds or accounts have been created:

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

(3) Series 1986 A and B Bonds Sinking Fund, and within the Series 1986 A and B Bonds Sinking Fund, the Series 1986 A and B Bonds Reserve Account; and

(4) Series 1986 C Bonds Sinking Fund, and within the Series 1986 C Bonds Sinking Fund, the Series 1986 C Bonds Reserve Account.

11. Pursuant to Article VI of the Local Act the proceeds of the Governmental Agency Bonds will be deposited as follows:

(1) The sum of \$110,415 will be deposited in the Series 1986 A and B Bonds Sinking Fund to pay interest on the Series 1986 A and Series 1986 B Bonds for a period of approximately 21 months.

(2) The sum of \$62,514 will be deposited in the Series 1986 A and B Reserve Account, which sum is equal to the maximum annual debt service on the Series 1986 A and Series 1986 B Bonds.

(3) The balance of the proceeds of the Governmental Agency Bonds will be deposited in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project, including costs of issuance of the Bonds and related costs, estimated to not exceed \$10,000.

12. All moneys in the Series 1986 A and B Bonds Sinking Fund (including any income earned thereon) will be held for the payment of the interest to accrue on the Governmental Agency Bonds on or prior to the maturity thereof. Moneys held in the Series 1986 A and Series 1986 B Sinking Fund will be used solely to pay principal of and interest on the Governmental Agency Bonds and will not be available to meet costs of construction of the Project.

13. Except for the Series 1986 A and Series 1986 B Sinking Fund, there are no other funds or accounts established or held by the Governmental Agency which are reasonably expected to be used to pay debt service on the Governmental Agency Bonds or which are pledged as collateral for the Governmental Agency Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Governmental Agency Bonds, if the Governmental Agency encounters financial difficulties.

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

15. With the exception of the amounts deposited in the Series 1986 A and B Bonds Sinking Fund for payment of interest on the Governmental Agency Bonds and in the Series 1986 A and B Bonds Reserve Account, all of the proceeds of the Governmental Agency Bonds will be expended on the Project within 15 months from the date of issuance thereof.

16. Any money deposited in the Series 1986 A and B Sinking Fund for payment of the principal of or interest on the Governmental Agency Bonds (other than the Series 1986 A and B Reserve Account therein) will be spent within a 13-month period beginning on the date of receipt.

17. The Governmental Agency shall pay to the United States the excess of the aggregate amount earned from the date of issue of the Governmental Agency Bonds on all nonpurpose obligations in which gross proceeds of the Governmental Agency Bonds are invested (other than amounts attributable to the excess described in this paragraph) over the amount which would have been earned if such nonpurpose obligations were invested at a rate equal to the yield (determined on the basis of the issue price) on the Governmental Agency Bonds, plus any income attributable to such excess, whether or not such income exceeds the yield on the Governmental Agency Bonds (the "Rebate Amount"), determined in accordance with and subject to the exceptions set forth in Section 103(c) of the Code. The amount which is required to be paid to the United States shall be paid in installments which are made at least once every 5 years, in an amount and in the manner set forth in Section 103(c). The Rebate Amount shall be zero if the gross proceeds of the Governmental Agency Bonds are expended for the governmental purpose for which the Governmental Agency Bonds were issued by no later than the date which is 6 months after the date of issuance of the Governmental Agency Bonds, as set forth in Section 103(c).

At least once a year beginning on the date of issue of the Governmental Agency Bonds and upon retirement of the last obligation of the Governmental Agency Bonds, the Governmental Agency covenants to make a determination of the Rebate Amount. The first determination of the Rebate Amount shall be made the date which is 1 year after the date of issue of the Governmental Agency Bonds. The determination of the Rebate Amount for each succeeding year shall be made on the date which is 1 year after the date of the previous determination of the Rebate Amount. The determination of the Rebate Amount made each year shall be computed for the period beginning on the date of issue of the Governmental Agency Bonds to the date on which the determination of the Rebate Amount is made.

The Governmental Agency shall, in accordance with applicable Treasury Regulations, make installment payments in an amount at least equal to 90% of the Rebate Amount, as of the close of the computation period.

Records of the determinations of the Rebate Amount shall be retained by the Governmental Agency until 6 years after the retirement of the last obligation of the Governmental Agency Bonds.

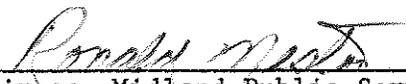
Each installment payment of the Rebate Amount shall be filed with the Internal Revenue Service office designated in applicable Treasury Regulations and accompanied by a statement summarizing the Governmental Agency's determination of the Rebate Amount.

17. The Governmental Agency will take all further actions necessary to comply with the Internal Revenue Code of 1986, and Treasury Regulations to be promulgated thereunder.

18. The original proceeds of the Governmental Agency Bonds will not exceed the amount necessary for the purposes of the issue.

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

IN WITNESS WHEREOF, I have set my hand this 29th day of September, 1986.

  
\_\_\_\_\_  
Chairman, Midland Public Service  
District

09/27/86  
MIPSD1-0



MIDLAND PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 1986 A, Series 1986 B and Series 1986 C

ENGINEER'S CERTIFICATE

I, WILLIAM D. SWECKER, Registered Professional Engineer, West Virginia License No. 5053, Elkins, West Virginia, hereby certify as follows:

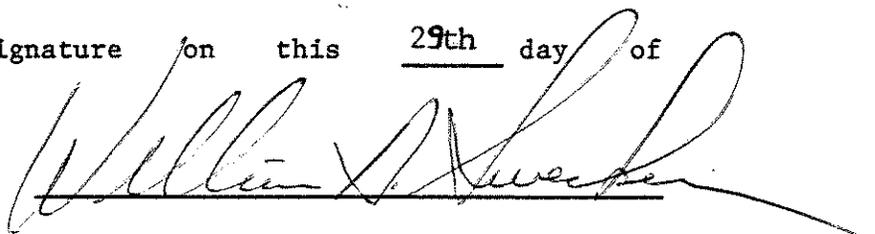
1. I am engineer for the construction and acquisition of certain public service properties for the collection and transportation of sewage and industrial wastes (the "Project") for Midland Public Service District (the "Governmental Agency"). Certain costs of such construction and acquisition are being permanently financed in part by proceeds of the above-captioned bonds (the "Governmental Agency Bonds") and out of certain grant proceeds from the United States Environmental Protection Agency ("EPA") and others.

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, as described in the Application submitted to the West Virginia Water Development Authority (the "Application") and approved by all necessary governmental bodies and is situate wholly or chiefly within the boundaries of Midland Public Service District; (ii) the Project is adequate for the purpose for which it was designed and all necessary governmental approvals and permits for the construction thereof have been or will be obtained; (iii) my firm has examined and reviewed all plans, specifications, bid documents and construction contracts relating to the Project and all bids for construction of the Project have been received in an amount and are otherwise compatible with the plan of financing described in 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; (iv) the Governmental Agency has obtained all permits required by the laws of the State of West Virginia and the United States of America necessary for construction of the Project and operation of the System, including permits from the EPA and the West Virginia Department of Natural Resources; (v) the construction and funding for the Project should proceed to a successful conclusion within the time schedules proposed; (vi) the useful life of the facilities constituting the Project is not less than 40 years; (vii) the rates and charges for

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the sewerage system of the Governmental Agency comply with the applicable provisions of 4.1(b) of the Loan Agreement by and between West Virginia Water Development Authority and the Governmental Agency; and (viii) the net proceeds of the Governmental Agency Bonds, together with the proceeds of grants irrevocably committed therefor, are sufficient to pay in full all Costs of the Project as the same shall become due and payable.

WITNESS my signature on this 29th day of September, 1986.



By WILLIAM D. SWECKER

09/19/86  
MIPSD1-F





KENNETH E. MALONEY  
CERTIFIED PUBLIC ACCOUNTANT  
P.O. BOX 520  
KINGWOOD, W. VA. 26537-0520

PHONE (304) 329-2752

September 29, 1986

Midland Public Service District  
Sewer Revenue Bonds,  
Series 1986 A, Series 1986 B and Series 1986 C

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

Gentlemen:

Based upon the rates and charges as set forth in the Order of the Public Service Commission entered August 22, 1986 (Case No. 86-025-S-CN), and projected operation and maintenance expenses and anticipated customer usage as furnished to me by William Swecker, P.E., it is my opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewerage system of the District, will pay all repair, operation and maintenance expenses and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the bonds to be issued to Water Development Authority and all other obligations secured or payable from the revenues of the System prior to or on a parity with the Sewer Revenue Bonds, Series 1986.

Cordially,

  
Kenneth E. Maloney, CPA



Randolph County Courtroom in the Courthouse, in Elkins, West Virginia, on September 8, 1964, at 10:00 o'clock A. M., and the Clerk of this Court shall cause a Notice of said hearing to be published at least once in the Randolph Enterprise-Review, a newspaper of general circulation published in this County, at least ten days prior to the date set for said hearing, which Notice shall set forth the time and place of said hearing, and a boundary description of all of the territory proposed to be included in said Public Service District, after first being indemnified by said petitioner or any of them, the payment of the costs and expense of publishing the hearing Notice.

IN RE - - - W. GRADY WHITMAN, NOTARY PUBLIC APPLICATION

Upon the application of W. Grady Whitman for appointment as Notary Public in and for the County of Randolph, it was shown to the satisfaction of this Court that the said applicant is a resident of the County from which he seeks appointment, that he is competent to perform the duties of such office, and that he is a person of good moral character.

NO FURTHER BUSINESS appearing in these proceedings, it is ORDERED that Court do now adjourn.

Attest: Owen Crickard President

TUESDAY, SEPTEMBER EIGHTH 1964

STATE OF WEST VIRGINIA,  
COUNTY OF RANDOLPH, TO WIT:

At a Regular Session of the County Court, held in and for the aforesaid County and State, at the Court House thereof, on Tuesday, September 8, 1964, at 10:00 o'clock A.M.

Present: Owen Crickard, President, P. G. Whetsell and Barrett Liggett, Commissioners thereof.

The following orders were made and entered of record:

IN RE - - - EMMETT TINGLER, CONSTABLE

It appearing that a vacancy exists in the office of Constable of Dry Fork District, Randolph County, West Virginia, it is hereby ORDERED that Emmett Tingler be and he is hereby appointed Constable for Dry Fork District, Randolph County, West Virginia; whereupon, the said Emmett Tingler appeared in Open Court and took the oath prescribed by law as such Constable, and entered into and acknowledged a bond in the penalty of Three Thousand Five Hundred Dollars (\$3,500.00), with Fidelity and Casualty Company of New York as surety thereon, which bond is approved and ordered recorded and filed.

IN RE - - DECORATION OF COURT HOUSE & FLOAT FOR FOREST FESTIVAL

It is ORDERED that Dale Taylor be given the Contract to decorate the County Court House and build the Festival Float for the Mountain State Forest Festival, for the sum of Four Hundred Dollars (\$400.00).

IN RE - - - CHARLES H. CHAPMAN, NOTARY PUBLIC APPLICATION

Upon the application of Charles H. Chapman for appointment as Notary Public in and for the County of Randolph, it was shown to the satisfaction of this Court that said applicant is a resident of the County from which he seeks appointment, that he is competent to perform the duties of such office and that he is a person of good moral character.

IN RE - - - MIDLAND WATER SERVICE DISTRICT-CREATION OF A PUBLIC SERVICE DISTRICT

This matter came on again to be considered upon the petition in writing heretofore filed with the Court, signed by a number of residents and legal voters residing within the below described boundary, requesting the creation of a public service district for the purpose of furnishing treated water to customers residing within said district; upon the notice of a public hearing required by statute to be held in this matter, and upon the certificate of publication of said notice evidencing its publication in the Randolph Enterprise-Review Newspaper. Thereupon, the Court proceeded to hold said public hearing. And again came Harry H. Cupp and Elden G. Goddin, residents of the proposed water service district, by John F. Brown, Jr., their counsel, and moved the Court to create said public service district and there being no opposition thereto or protest made, and the Court being of opinion that it is in the best interests of the public welfare, and the construction, acquisition, maintenance and operation of a treated water supply system will be conducive to the preservation of public health, comfort and convenience of such area, and the rights of no individual will be adversely affected thereby, thereupon, on motion of B. L. Liggett, seconded by F. C. Whetsell, it is accordingly ORDERED that a public service district be and the same is hereby created, which shall be known as "Midland Water Service District", located partly within Leadsville District and partly within Beverly District, Randolph County, West Virginia, more particularly bounded and defined as follows:

Beginning at a point in the southern corporate boundary line of the City of Elkins, which point is 700 feet due west of the western right of way line of U. S. Highway 219-250 as now constituted, and running thence parallel to the western right of way line of said highway and 700 feet distant therefrom in a generally north to south direction to a point in the northern right of way line of State Secondary Road 219/17, locally known as the Arnold Hill Road; thence with the northern right of way line of said State Secondary Road 219/17 in an easterly direction 700 feet to the northwest corner of the intersection of said Secondary Road and said U. S. Highway 219-250; thence leaving said road-way in an easterly direction to a point in the southeast corner of the intersection of State Secondary Road 25 with State Secondary Road 22; thence due north crossing State Secondary Road 25/1 to a point 500 feet north of the northern right of way line of State Secondary Road 25/1; thence parallel with said Secondary Road 25/1 and 500 feet distant from its northern right of way in a general northwesterly direction to a point 500 feet distant and east of said U. S. Route 219/250.

of the City of Elkins in a general southwesterly direction to the beginning.

Thereupon, the said Harry H. Cupp and Elden G. Goddin, by their counsel, moved the Court for the appointment of a Public Service Board, consisting of three members to be selected in accordance with Section 3, Article 13-A, Chapter 16, Code of West Virginia, and upon motion of B. L. Liggett, seconded by F. G. Whetsell, the following board members were appointed for the following terms of office running from September 1, 1964:

Harry H. Cupp - 2 year term;  
L. G. Hinkle - 4 year term;  
Elden G. Goddin - 6 year term.

Thereupon came the said Harry H. Cupp, L. G. Hinkle and Elden G. Goddin, in person and qualified as members of the Public Service Board by taking the oath of office administered by the Clerk of this Court.

IN RE -- - COAL - COURT HOUSE AND JAIL

It is ORDERED that James Proudfoot be awarded the contract to furnish coal for the Court House and Jail for the season of 1964-65, at a price of Six Dollars and Fifty Cents (\$6.50) per ton, delivered in the bins of said Court House and Jail.

NO FURTHER BUSINESS appearing in these proceedings, it is ORDERED that Court do now adjourn until Tuesday, September 22, 1964, at 1:30 o'clock P.M.

Attest: James W. McCloud President

3A 274

State of West Virginia,  
Randolph County, to wit:

I, James W. McCloud, Clerk of the County Commission in and for the aforesaid County and State, the same being a Court of Record and having an Official Seal, do hereby certify that the foregoing is a true and correct copy from Court Order Records of my office. AND I DO FURTHER CERTIFY that under the laws of the State of West Virginia, I am the legal custodian of said records.

Given under my hand and the Official Seal of my office, in my office, in the City of Elkins, Randolph County, West Virginia, this the 17th day of January, 1986.

Rose Lloyd Deputy  
Clerk

Court do now adjourn.

Attest: Barrett L. Liggett President

TUESDAY, DECEMBER TWENTY SIXTH 1972

STATE OF WEST VIRGINIA,  
RANDOLPH COUNTY COURT, SS:

At a Regular Session of the County Court, held in and for the aforesaid County and State, at the Court House thereof, on Tuesday, December 26, 1972.

Present: Barrett L. Liggett, President and John W. Scallon and Fred S. Poling, Commissioners thereof.

The following orders were made and entered of record:

IN RE - - - MIDLAND PUBLIC SEWER SERVICE DISTRICT

At a Regular Meeting of the County Court of Randolph County held December 12, 1972, at 10:00 o'clock a. m. , at a regular session of said County Court, in the presence of a majority of the members of said Court, there was tendered for filing a copy of a legal notice pursuant to the Court's Order of November 14, 1972, advising resident of Beverly and Leadsville District in Randolph County, West Virginia, of the proposed creation of Midland Public Sewer Service District, and the joint operation of a water and sewer system by Midland Public Service Water and Sewer District, and the establishment of new and enlarged boundaries for said district. The Court being satisfied that proper notice of the proposed enlargement of the water district and creation of a combined water and sewer district had been given, the Court proceeded to hear comments from persons assembled desiring to speak concerning said matters.

After hearing the comments at said public meeting, and by counsel for and the directors of Midland Water Service District, it is the finding of the Court that the establishment of Midland Public Sewer District, and the enlargement of the boundaries of Midland Water Service District, and the joint operation of said water and sewer system will be conducive to the preservation of public health, comfort and convenience of the area hereafter described, and it is accordingly ORDERED and ADJUDGED that:

1. There shall be created a Public Sewer Service District as hereafter named, to serve persons in the boundaries hereafter described.
2. Said district shall be Midland Public Service Water and Sewer District which shall have control of the operation of a water and sewer system within the boundaries hereafter described and in the manner provided by law; and
3. The boundaries of the present Midland Water Service District shall be and they are hereby enlarged and the new boundaries of Midland Public Service Water and Sewer District shall be the following:

BEGINNING at the cement bridge at the southwest boundary of the corporate limits in the City of Elkins and following said corporate boundary and the Tygart Valley River in a northwesterly direction to its intersection with the railroad bridge crossing said river and carrying the Huttonsville branch of the Western Maryland Railway; thence following the railroad right of way in a generally southern direction to a point south of the Elkins-Randolph County Airport at or near the point

219/17 (the Arnold Hill Road) to the intersection of said road with former Route 219-250, known as the old Beverly-Elkins Road; thence in a straight line a distance of approximately 2,000 feet to present Route 219-250, known as the new Elkins-Beverly Road; at a point 2,000 feet south of where said road is intersected by the Kings Run Road; thence in a straight line in a northeasterly direction to Secondary Route 25, known as the Chenoweth Creek Road at a point 1,000 feet east of the Walter Lesser property; thence crossing said Chenoweth Creek Road at said point and running in a northeasterly direction to the junction of U. S. Route 33 at the Isner Creek Road; thence in a northwesterly direction to Route 219-250 at the southeastern corporate limits of the City of Elkins, thence with said Corporation limits to the place of beginning.

It is further ORDERED that the existing officers of Midland Water Service District shall keep and maintain the same offices in Midland Water Service District, for the terms previously established and in the manner provided by law, to operate both water and sewer systems.

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NO FURTHER BUSINESS appearing in these proceedings, it is ORDERED that Court do now adjourn.

Attest: *Barrett L. Leggett* President

State of West Virginia,  
Randolph County, to wit:

I, James W. McCloud, Clerk of the County Commission in and for the aforesaid County and State, the same being a Court of Record and having an Official Seal, do hereby certify that the foregoing is a true and correct copy from Court Order Records of my office. AND I DO FURTHER CERTIFY that under the laws of the State of West Virginia, I am the legal custodian of said records.

Given under my hand and the Official Seal of my office, in my office, in the City of Elkins, Randolph County, West Virginia, this the 17th day of January, 1986.

*James W. McCloud*  
Clerk

STATE OF WEST VIRGINIA,  
RANDOLPH COUNTY COMMISSION, TO WIT:

At a Special Session of the Randolph County Commission held in and for the aforesaid County and State, at the Court House thereof, on Wednesday, October 16, 1985.

Present: Thomas A. Wamsley, Acting President and Eugene C. Smith, Commissioner thereof and James W. McCloud, County Clerk.

The following orders were made and entered of record:

IN RE - - - ACTING PRESIDENT, RANDOLPH COUNTY COMMISSION

Upon Motion of Eugene C. Smith, it is ORDERED that Thomas A. Wamsley be appointed Acting President for this meeting in the absence of James F. Parsons, President.

IN RE - - - MIDLAND PUBLIC SERVICE DISTRICT

Motion was made by Eugene C. Smith and seconded by Thomas A. Wamsley, to authorize the President of the County Commission to sign all correspondence for the Small Cities Grant for Midland Public Service District. Motion carried.

IN RE - - - MIDLAND WATER SERVICE DISTRICT - CHANGE OF NAME

Motion by Eugene C. Smith and seconded by Thomas A. Wamsley to change the name of Midland Water Service District to read Midland Public Service District. Motion carried.

NO FURTHER BUSINESS APPEARING IN THESE PROCEEDINGS, it is ORDERED that Court do now adjourn.

Attest: Thomas A. Wamsley  
ACTING PRESIDENT

A true copy from Court Order Book "U" at page 69 Of my office.

Attest: James W. McCloud Deputy County Clerk

STATE OF WEST VIRGINIA,  
RANDOLPH COUNTY COMMISSION, SS:

At a Regular Session of the Randolph County Commission held in and for the aforesaid County and State, at the Court House thereof, on September 15, 1986.

Present: James F. Parsons, President and Eugene C. Smith, Commissioner thereof.

The following order was made and entered of record:

UPON MOTION of Eugene C. Smith and seconded by James F. Parsons, it is ORDERED by the County Commission that the following members be re-appointed to the Midland Public Service District:

R. Scott Criss	-	Term Expires	January 1, 1992
Ronald L. Nestor	-	Term Expires	July 1, 1990
Patricia A. Arnett	-	Term Expires	July 1, 1988.

Attest: James F. Parsons, President

State of West Virginia,  
Randolph County, to wit:

I, James W. McCloud, Clerk of the County Commission in and for the aforesaid County and State, the same being a Court of Record and having an Official Seal, do hereby certify that the foregoing is a true and correct copy from Court Order Records of my office. AND I DO FURTHER CERTIFY that under the laws of the State of West Virginia, I am the legal custodian of said records.

Given under my hand and the Official Seal of my office, in my office, in the City of Elkins, Randolph County, West Virginia, this the 15th day of September, 1986.

James W. McCloud  
Clerk  
BY Rose Lloyd, Deputy  
Deputy



OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA

COUNTY OF RANDOLPH, TO WIT:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of Member of Midland Public Service District to the best of my skill and judgement. SO HELP ME GOD.

Signature of Affiant

Ronald W. Justice

Subscribed and sworn to before me, this the 23<sup>rd</sup> day of

September, 19 86.

Sharon K. Rockwell  
Notary Public

OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA

COUNTY OF RANDOLPH, TO WIT:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of Member of Midland Public Service District to the best of my skill and judgement. SO HELP ME GOD.

Signature of Affiant

Walt Lins

Subscribed and sworn to before me, this the 23<sup>rd</sup> day of

September, 19 86.

Sharon R. Russell  
Notary Public

OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA

COUNTY OF RANDOLPH, TO WIT:

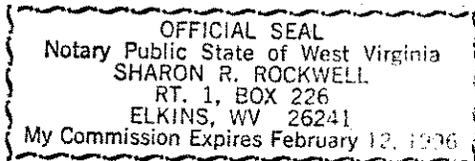
I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of Member of Midland Public Service District to the best of my skill and judgement. SO HELP ME GOD.

Signature of Affiant Patricia A. Bennett

Subscribed and sworn to before me, this the 1<sup>st</sup> day of

October, 19 86.

Sharon R. Rockwell  
Notary Public





RULES OF PROCEDURE

MIDLAND PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: MIDLAND PUBLIC SERVICE DISTRICT

Section 2. The principal office of this Public Service District will be located at Ellsis, \_\_\_\_\_, West Virginia.

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

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

ARTICLE II

PURPOSE

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

ARTICLE III

MEMBERSHIP

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

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

#### ARTICLE IV

##### MEETINGS OF THE PUBLIC SERVICE BOARD

Section 1. The members of the Public Service Board of this District shall hold regular monthly meetings on the 4th Tuesday of each month at such place and hour as the members shall determine from time to time. If the day stated shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the Public Service Board may be called at any time by the Chairman or by a quorum of the Board.

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

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

##### PUBLIC NOTICE OF MEETINGS

Section 4. Pursuant to Section 3, Article 9A, Chapter 6 of the West Virginia Code of 1931, as amended, notice of the time and place of all regularly scheduled sessions of such Public Service Board, and the time, place and purpose of all special

sessions of such Public Service Board, shall be made available, in advance, to the public and news media as follows:

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

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

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

MIDLAND PUBLIC SERVICE DISTRICT

NOTICE OF SPECIAL SESSION

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

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

2.

\_\_\_\_\_  
Secretary

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

## ARTICLE V

### OFFICERS

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

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

## ARTICLE VI

### DUTIES OF OFFICERS

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

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

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

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

## ARTICLE VII

### AMENDMENTS TO RULES OF PROCEDURE

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

10/21/86  
MIPSD1-V



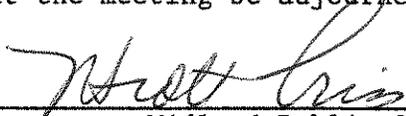
MINUTES OF ORGANIZATION MEETING FOR CURRENT YEAR

On Jan. 28, 1986, a meeting was held at the City of Elkins, Randolph County, West Virginia, to nominate and reelect officers for the year 1986 for Midland Public Service District Board.

The meeting was called to order by Chairman, Ronald L. Nestor, and the following people were nominated and elected to the following offices:

Chairman	-	Ronald L. Nestor
Secretary	-	R. Scott Criss
Treasurer	-	Patricia A. Arnett

After business of electing officers was completed, the motion was made and seconded that the meeting be adjourned.

  
\_\_\_\_\_  
Secretary, Midland Public Service  
Board, Midland Public Service  
District

09/25/86  
MIPSD1-P



Midland Public Service District  
Case No. 86-025-S-CN  
AFFIDAVIT

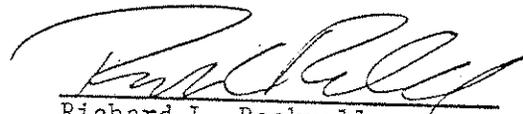
STATE OF WEST VIRGINIA,  
COUNTY OF RANDOLPH, TO-WIT:

This day personally appeared before the undersigned authority, Richard L. Rockwell, who, after being by me first duly sworn, deposes and says that he is the Project Manager for the sewage project being undertaken by the Midland Public Service District.

Affiant further says that he caused to be posted at the locations noted on Attachment "A" hereto, a copy of the notice attached hereto as Attachment "B", on or about the 17<sup>th</sup> day of April, 1986, and that said notices remained in such locations for a period of at least thirty (30) days.

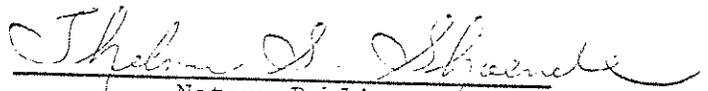
And further affiant saith not.

Dated at Elkins, West Virginia, this 27 day of May,  
1986.

  
Richard L. Rockwell

Taken, subscribed and sworn to before a Notary Public in and for said County and State this 27<sup>th</sup> day of May, 1986.

My Commission expires: 12/13/93

  
Notary Public

Attachment A

LIST OF LOCATIONS OF POSTING OF NOTICE

Randolph County Vocational Center  
Midland School  
Monongahela Power Company Offices  
Bank of Mill Creek - Elkins Branch  
Heck's Department Store (Given to Manager)  
Browning's Foodland (Given to Manager)  
Village Square Pancake House  
Western Steer Steakhouse (Given to Manager)  
Hess Short Stop  
Solo Gas Station  
Big Tee Family Restaurant (Elkins Shopping Plaza)  
Cupp's Suburban Furniture Store (Given to Manager)  
Elkins Bowling Recreation Center

NOTICE

\$1,000,000.00 Sewer Revenue Bonds and \$4,500.00 Sewerage System  
Interim Borrowing

NOTICE IS HEREBY GIVEN to the resident of Midland Public Service District, Randolph County, West Virginia, that Midland Public Service District intends to acquire, construct, operate and maintain certain public service properties, constituting sewer facilities and consisting of gravity collection lines, pump stations, proportionate share of a wastewater treatment plant and all appurtenant facilities (the "Project") in Midland Service District.

The District contemplates financing the Project in part through the issuance of its Sewer Revenue Bonds in the aggregate principal amount of not more than \$1,000,000.00 (the "Bonds") bearing interest at a rate not to exceed 12% and with maturities not to exceed 40 years, in part from grants from the United States Environmental Protection Agency and West Virginia Water Development Authority and in part from fees to be charged to customers of the Project and, if available, revenues generated from the Project prior to completion of construction. The estimated cost of the Project, according to William Swecker, Consulting Engineer, is \$4,976,547.00. The Project is expected to serve 435 customers when completed.

At or prior to commencement of construction of the Project, the District contemplates borrowing, on an interim basis from time to time, sums not to exceed \$4,500,000.00 in the aggregate, such borrowings to be in the form of bond anticipation notes, grant anticipation notes, construction notes or some combination of the foregoing (collectively, the "Notes"). The Notes shall bear interest at the rate not to exceed 12% per annum, and shall have maturities not to exceed 30 months. All such interim borrowing will be temporary, and repayment of the Notes will be made from proceeds of the Bonds, the aforesaid grants, construction charges, revenues of the Project or a combination of the foregoing.

As security for payment of the Notes, the District may obtain a letter or letters of credit from a commercial bank or banks for an amount not to exceed \$1,000,000.00. In connection with obtaining such letter or letters of credit, the District may enter into agreements with such banks, obligating the District to reimburse such banks for any draw under the letter or letters of credit and to issue its sewerage system refunding notes in an amount equal to such draw to evidence such reimbursement obligation. Such refunding notes, if any, will bear interest at such rate or rates, not exceeding 12% per annum, payable on such dates; will mature on such date, not more than 24 months from the date of issuance thereof; will be redeemable; will be payable from the same sources as the Notes described above and will be subject to such other terms, all as will be set forth in said reimbursement agreement.

The anticipated rates to be charged the District for sewer service are \$4.80 per 1,000 gallons for the first 3,000 gallons per month of water used; \$4.35 per 1,000 gallons for the second 3,000 gallons per month of water used; \$4.05 per 1,000 gallons for the next 4,000 gallons per month of water used; \$3.80 per 1,000 gallons for all additional water used with a minimum monthly bill of \$14.40. On all accounts not paid in full within 20 days of

date of bill, 10% will be added to the net amount shown. A one-time tap fee of \$25.00 will be charged to each user of the system prior to commencement of construction of the Project, and \$200.00 following commencement of construction of the Project.

For a period of 30 days following publication of this Notice, a form will be available in the office of the Clerk of the County Commission of Randolph County, at the Randolph County Courthouse, Randolph Avenue, Elkins, West Virginia, and in the office of the District, located at Glenmore Addition, Elkins, West Virginia, for the registered voters who are residents of that portion of the District which will be served by the Project to sign indicating their opposition to the District's borrowing money or issuing the Bonds upon the terms or for the purpose stated herein. These forms will be available during regular business hours. West Virginia Code, Chapter 16, Article 13A, Section 25, which authorizes such form, provides for the signing of such form only by registered voters who are residents of that portion of the District which will be served by the Project.

s/s Ronald L. Nestor  
Chairman, Public Service Board,  
Midland PSD

AFFIDAVIT

STATE OF WEST VIRGINIA,  
COUNTY OF RANDOLPH, TO-WIT:

This day personally appeared before the undersigned authority, Ronald L. Nestor, who, after being by me first duly sworn, deposes and says that he is Chairman of the Board of Midland Public Service District; that in accordance with the procedure outlined in Chapter 16, Article 13A, Section 25 of the West Virginia Code (Senate Bill No. 95), the Board caused a notice to be published in the Elkins Inter-Mountain, a newspaper of general circulation in Randolph County, West Virginia, concerning the proposed construction and operation of a public sewage system and the manner in which the Board proposes to finance the construction of such a system. Notice was published in accordance with the affidavit of the publisher which is attached hereto as a part hereof, and posted as revealed by the affidavit of Richard L. Rockwell.

As provided in the notice, a form was made available at the Office of the Clerk of the County Commission of Randolph County, in the Randolph County Courthouse, Elkins, West Virginia, and at the District Office for registered voters who were residents of the portion of the Midland Public Service District which would be served by the project, to sign indicating opposition to the District's proposed financing of the project.

Affiant further says that a total of ten votes were received in opposition to the project, nine of which were represented by registered voters.

As the project is currently projected to serve approximately 435 customers, the ten votes represent an opposition rate of less than three percent (3%).

And further affiant saith not.

Dated at Elkins, West Virginia, this 27<sup>th</sup> day of May, 1986.

Ronald L. Nestor  
Ronald L. Nestor

Taken, subscribed and sworn to before a Notary Public in and for said County and State this 27<sup>th</sup> day of May, 1986.

My Commission expires: 12/13/93

Thelma S. Harmon  
Notary Public

Legal Notice

MIDLAND PUBLIC SERVICE DISTRICT, RANDOLPH COUNTY, WEST VIRGINIA  
\$1,000,000 Sewer Revenue Bonds and \$4,500,000 Sewerage System Interim Borrowing

NOTICE IS HEREBY GIVEN to the residents of Midland Public Service District, Randolph County, West Virginia, that Midland Public Service District intends to acquire, construct, operate and maintain certain public service properties, constituting sewer facilities and consisting of gravity collection lines, pump stations, proportionate share of wastewater treatment plant and all appurtenant facilities (the "Project") in Midland Public Service District.

The District contemplates financing the Project in part through the issuance of its Sewer Revenue Bonds in the aggregate principal amount of not more than \$1,000,000 (the "Bonds"), bearing interest at a rate not to exceed 12% and with maturities not to exceed 40 years, in part from grants from the United States Environmental Protection Agency and West Virginia Water Development Authority and in part from fees to be charged to customers of the Project and, if available, revenues generated from the Project prior to completion of construction. The estimated cost of the Project, according to William Swicker, Consulting Engineer, is \$4,976,547. The Project is expected to serve 435 customers when completed.

At or prior to commencement of construction of the Project, the District contemplates borrowing, on an interim basis from time to time, sums not to exceed \$4,500,000 in the aggregate, such borrowings to be in the form of bond anticipation notes, grant anticipation notes, construction notes, notes evidencing a line of credit or some combination of the foregoing (collectively, the "Notes"). The Notes shall bear interest at a rate not to exceed 12% per annum, and shall have maturities not to exceed 30 months. All such interim borrowing will be temporary, and repayment of the Notes will be made from proceeds of the Bonds, the aforesaid grants, construction charges, revenues of the Project or a combination of the foregoing.

As security for payment of the Notes, the District may obtain a letter or letters of credit from a commercial bank or banks for an amount not to exceed \$1,000,000. In connection with obtaining such letter or letters of credit, the District may enter into agreements with such banks, obligating the District to reimburse such banks for any draw under the letter or letters of credit and to issue its sewerage system refunding notes in an amount equal to such draw to evidence such reimbursement obligation. Such refunding notes, if any, will bear interest at such rate or rates, not exceeding 12% per annum, payable on such dates; will mature on such date, not more than 24 months from the date of issuance thereof; will be redeemable; will be payable from the same sources as the Notes described above and will be subject to such other terms, all as will be set forth in said reimbursement agreement.

The anticipated rates to be charged by the District for sewer service are: \$4.00 per 1,000 gallons for the first 3,000 gallons per month of water used; \$4.35 per 1,000 gallons for the next 3,000 gallons per month of water used; \$4.05 per 1,000 gallons for the next 4,000 gallons per month of water used; and \$3.80 per 1,000 gallons for all additional water used per month, with a minimum monthly bill of \$14.40. On all accounts not paid in full within 20 days of date of bill, 10% will be added to the net amount shown. A one-time tap fee of \$25.00 will be charged to each user of the system prior to commencement of construction of the Project, and \$200.00 following commencement of construction of the Project.

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s/s Ronald L. Nestor  
Chairman, Public Service Board, Midland PSD

I, Charles R. Olson, Publisher of THE INTER-MOUNTAIN, a newspaper published at Elkins, in said county, do hereby certify that the annexed advertisement was published on the following dates:

April 18 April 25

19 86 as required by law.

Given under my hand this 25 day of April 19 86

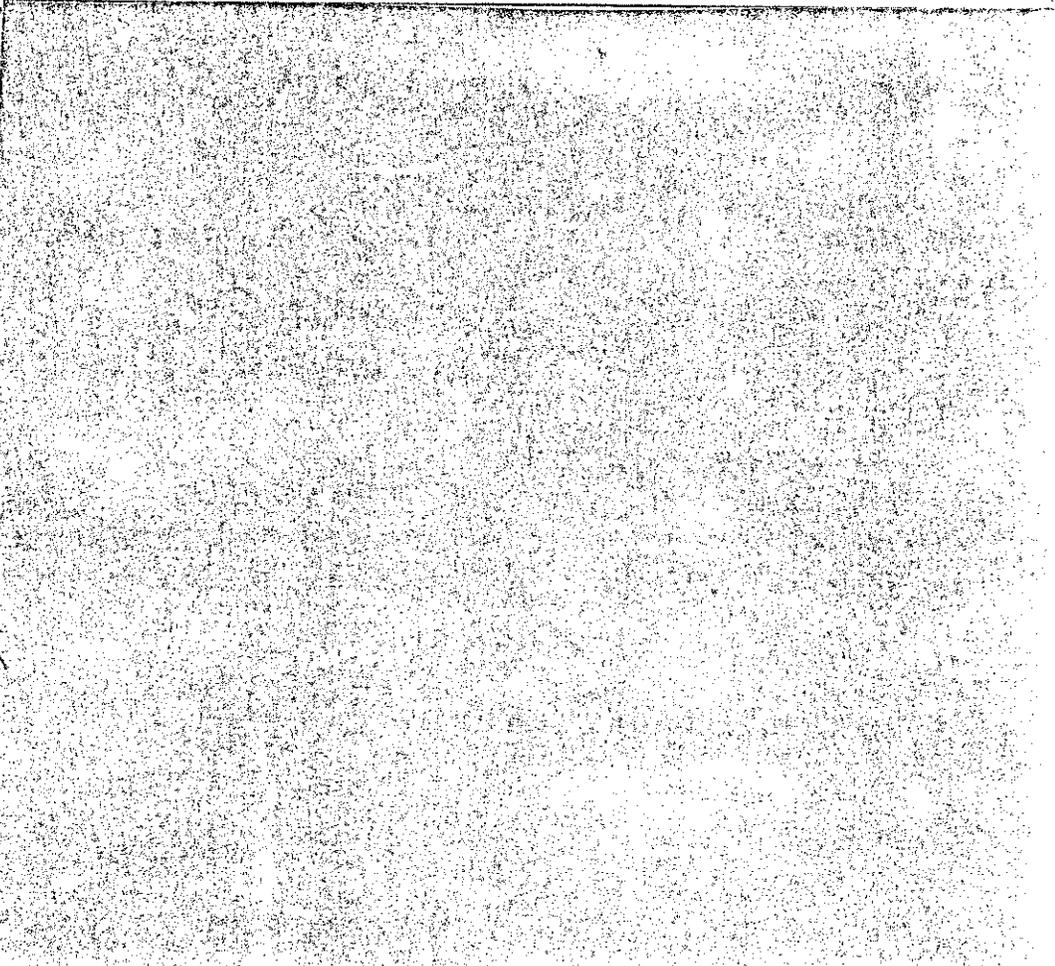
Charles R. Olson  
Publisher

Printer's Fee: \$ 9450

me this 25 day of April 19 86

E. Russell Hanson  
Notary Public

24 day of April 19 84



TUESDAY, AUGUST TWENTY FIFTH 1964

Court sat this day, pursuant to the adjournment of Friday, August 14, 1964, at 3:00 o'clock P.M., at the Court House thereof.

Present: Owen Crickard, President, Floyd G. Whetsell and Barrett L. Liggett, Commissioners thereof.

The following orders were made and entered of record:

IN RE - - - CORNELIA S. BANKHEAD, NOTARY QUALIFICATION

Cornelia S. Bankhead, who was on the 11th day of August, 1964, duly commissioned a Notary Public in and for Randolph County by the Governor of the State of West Virginia, this day appeared before the Court and qualified as such Notary Public by taking the oath prescribed by law, and entered into and acknowledged a bond in the penalty of Five Hundred Dollars (\$500.00), with John F. Brown, Jr., as surety thereon, which bond is approved and ordered to be recorded and filed.

IN RE - - - THOMAS ROBERT EIDELL, NOTARY APPLICATION

Upon the application of Thomas Robert Eidell, for appointment as Notary Public in and for the County of Randolph, it was shown to the satisfaction of this Court that the said applicant is a resident of the County from which he seeks appointment, that he is competent to perform the duties of such office, and that he is a person of good moral character.

IN RE - - - CREATION OF A PUBLIC SERVICE DISTRICT TO BE KNOWN AS "MIDLAND WATER SERVICE DISTRICT"

This day came Harry H. Cupp and Elden G. Goddin, residents of Randolph County, West Virginia, by John F. Brown, Jr., their counsel, and presented to the Court the Petition in writing of residents and voters living in an area immediately south of the City of Elkins along U. S. Highway 219-250 as far as the Elkins-Randolph County Airport, along the Chenoweth Creek Road, and in the Glenmoyer Addition and W. R. and Blanche Schoonover Addition sections, which Petition requested the Court to declare a certain area therein defined as a "Public Service District" for water purposes, all in accordance with Chapter 16, Article 13-A of the Code of West Virginia. Thereupon, counsel for the petitioners represented to the Court that it was the intention of the petitioners to organize and form a water service district, according to law, for the purpose of making available to residents in the area a public water supply, purchasing the water from the City of Elkins or the Town of Beverly, whichever is more economically feasible, and distributing the same to the various customers or participants living within the proposed Public Service District.

It appearing to the Court that said Chapter 16, Article 13-A, of the Code of West Virginia, does provide for the creation and formation by this Court of such Public Service District as now requested by the petitioners, thereupon, on motion of F. G. Whetsell, seconded by B. L. Liggett, it is accordingly ORDERED that said petition be and the same is hereby filed.

It is further ORDERED that a public hearing on said petition be held in the

MA 274



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# MIDLAND WATER PUBLIC SERVICE DISTRICT

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P.O. BOX 544 • ELKINS, WV 26241 • (304) 636-1431

\*\*\*\*\*REGULAR MONTHLY MEETING HELD SEPTEMBER 23, 1986 - 7:00 p.m.\*\*\*\*\*

PRESENT: Ronald Nestor, Chairman  
R. Scott Criss, Sec./Treas.  
Thelma Shoemake, District Manager  
Bill Swecker, District Engineer  
Dick Talbott, Attorney  
Richard & Sharon Rockwell, Project Coordinators  
Vincent A. Collins, Bond Counsel - Steptoe & Johnson  
C. W. Licwov, Maintenance

MEETING WAS CALLED TO ORDER BY CHAIRMAN, RONALD NESTOR\*\*\*\*\*  
TWO BOARD MEMBERS WERE PRESENT - QUORUM WAS DECLARED\*\*\*\*\*  
ANNOUNCEMENT - MEETING IS BEING TAPED\*\*\*\*\*  
SEWAGE MINUTES FROM PREVIOUS MEETING HELD AUGUST 26, 1986 WERE MAILED TO BOARD  
MEMBERS PRIOR TO MEETING FOR THEIR REVIEW - MOTION WAS MADE TO ACCEPT MINUTES AS  
WRITTEN BY R. SCOTT CRISS; 2ND BY RONALD NESTOR\*\*\*\*\*

## VISITORS

THOMAS M. & ROBERTA CAIN - The Cain's appeared at meeting to protest the proposed location of the sewer lines through their property. Several alternatives were discussed and Board agreed to look at all possibilities. Board members will go with Bill Swecker to look at property in question.

ANTHONY MINKE & WILLIAM R. VALENTINE - Due to the length of the discussion with the Cains, Mr. Minke and Mr. Valentine did not stay to address the Board. Their location and problems were briefly discussed by Dick Rockwell.

## SEWAGE

### OLD BUSINESS

- (1.) PROPERTY ACQUISITIONS FOR LIFT STATIONS - Dick Talbott  
Mr. Talbott stated that he is awaiting the appraisals from Marvin Marstiller - expects to receive these soon.
- (2.) EXISTING LINE TRANSFER OF OWNERSHIP - Dick Rockwell  
All developers or property associations have been contacted and final agreements are being worked out.
- (3.) VIDEO TAPING RIGHT OF WAYS - Bill Swecker  
Bids will be opened at 11:00 a. m. on October 6, 1986 at the Midland Office. DNR wants an addendum added that the contractor will take no longer than ten days. Mr. Swecker also stated that the Pre-Construction Conference would also be October 6, 1986 at 1:00 p.m. at the Court House.

(4.) STATUS OF RIGHT OF WAYS - Dick Rockwell

Sent To Talbott for recording	<u>157</u>
Sent To Talbott for problems	<u>46</u>
Waiting on mail	<u>6</u>
Still negotiating	<u>7</u>

Copies of letters showing the problem right-of-ways were given to Board and each individual was briefly discussed. Board members agreed to contact individuals that they knew personally.

(5.) ADDITIONAL GRANT MONEY FROM RANDOLPH COUNTY COMMISSION - Dick Rockwell

Mr. Rockwell says that the \$5,000 promised by the Commission is expected by the end of this week.

(6.) P.S.C. HEARING - Dick Talbott

No one had received any further information on this matter.

(7.) INTERIM FINANCING DISCUSSION - Dick Rockwell

Mr. Rockwell had resolution forms from Citizens National Bank, but stated he wishes to discuss these forms with financial advisors, Young & Moore before executing. Discussed further under new business.

(8.) OTHER OLD BUSINESS - - - - -

TEABERRY HILLS - Bill Swecker stated he attended a meeting with DNR and the City of Elkins about the Teaberry Hills problem. The City of Elkins will update their facilities to take care of the Teaberry Hills problem now, but would like Midland to consider the possibility of assuming this area when their new project makes it feasibly possible. There was considerable discussion on this matter but the Board did not wish to make any definite commitments at this time. It was decided Bill Swecker will draft a letter stating Midland will work with them any way that we can, if and when, funds are available and if the people in Teaberry Hills are willing to work with us.

NEW BUSINESS

(1.) AWARDING CONTRACTS - Dick Talbott, Bill Swecker

Both stated that we need to send out Notice of Award on Friday, September 26, 1986. We have 10 days from that date to give the "Notice to Proceed". Motion was made to send the "Notice of Award" and the "Notice of the Pre-Construction Conference" on Friday, September 26, 1986 by R. Scott Criss; 2nd by Ronald Nestor.

(2.) WDA CLOSING - Vince Collins

Mr. Collins says he wishes to delay the closing until Monday, September 29, 1986, at 11:00 a.m., however, this date will depend upon whether or not we have our PART B approval back from EPA. He asked that the chairman, Ronald Nestor, secretary/treasurer, Scott Criss and attorney, Richard Talbott all be present for the closing. Also must bring SEAL and CHECK.

Mr. Collins also went over the following items:

- 1.) RULES OF PROCEDURE - Motion was made to adopt these rules by R. Scott Criss; 2nd by Ronald Nestor. Point was made that we must post a "NOTICE OF MEETINGS" on front door of office and at the Court House.
- 2.) BOND & NOTE RESOLUTION - Mr. Collins informed the Board that we will have 3 Bond Issues for a total of \$916,580 at a 7% interest rate and for a period of 40 years. Motion was made to adopt BOND RESOLUTION by Ronald Nestor; 2nd by R. Scott Criss.
- 3.) SUPPLEMENTAL RESOLUTION - This resolution deals with the amounts and terms of the bonds. Motion was made to adopt SUPPLEMENTAL RESOLUTION by R. Scott Criss; 2nd by Ronald Nestor. Mr. Nestor had some question about using Kanawha Valley Bank as the Registrar Bank and Mr. Rockwell was asked to contact Citizens National Bank of Elkins to see if they would be interested in performing this function.
- 4.) CHECK FOR WDA - Mr. Collins informed the Board that a check must be presented to WDA at the loan closing. The amount is to represent monies which have been advanced to Midland to pay engineering design costs.
- 5.) SCHEDULE A - Mr. Collins requested a copy of the Schedule A - Bill Swecker will send requested copies immediately.
- 6.) RATE SCHEDULE - Mr. Collins requested a copy of the Rate Schedule - Dick Talbott had this information with him and gave copies to Mr. Collins.
- 7.) INTERIM FINANCING - Mr. Collins stated that Midland has three possibilities: 1. TAX FREE GAN ISSUE, 2. TAXABLE GAN ISSUE, 3. BORROW LOCAL BANK - LINE OF CREDIT. The possibility of a GAN ISSUE will depend entirely on the outcome of the new TAX LAWS now being written.

(3.) INVESTMENT IN STATE POOL - Dick Rockwell

Mr. Rockwell stated that he had been in touch with Marie Prezioso of Youn & Moore and that these arrangements are being made.

(4.) FINANCIAL REPORT - Sharon Rockwell

Copy of financial report was given to Board Members.

(5.) PAYMENT OF INVOICES - Sharon Rockwell

Invoices due:	Project Coordinators #012	-	\$975.
	P. C. Contingency #002	-	171.76
	Inter Mountain	-	528.04
	Charleston Gazette	-	333.81
			<u>\$2,008.61</u>

Motion was made by R. Scott Criss; 2nd by Ronald Nestor to pay these invoices when we get the \$5,000 from the Randolph Co. Comm. later this week.

(6.) OTHER NEW BUSINESS - - - - -

NEWSPAPER AD - Mr. Rockwell asked for the Boards approval to run an ad in the newspaper letting the people know the status of our sewer project and to ask any potential users not yet signed to please do so. Mr. Rockwell also asked for approval to bill this ad through the Project Coordinators contingency item. Board members approved these requests.

SEWAGE PORTION OF MEETING ADJOURNED AT 10:45 p.m.

Meetings are taped and on file in office for reference. Minutes by srr



SEWAGE TREATMENT CONTRACT

THIS CONTRACT FOR THE SALE AND PURCHASE OF SEWAGE TREATMENT SERVICE, Made this 17<sup>th</sup> day of December, 1985, in duplicate originals, by and between THE SANITARY BOARD OF THE CITY OF ELKINS, WEST VIRGINIA, a statutory corporation, Party of the First Part hereinafter referred to as "Elkins", and the MIDLAND PUBLIC SERVICE DISTRICT, a statutory corporation, Party of the Second Part, hereinafter referred to as "Midland".

W I T N E S S E T H:

WHEREAS, the parties have recognized and do now recognize the need to provide wastewater treatment facilities in the area outlined in the "Elkins, Leadsville, Midland '201' Wastewater Facilities Plan", and the subsequent "re-evaluation of alternative", dated August 1983, prepared by Kelly, Gidley, Blair & Wolfe, Inc.; and

WHEREAS, Elkins is presently undertaking to construct a new wastewater treatment facility in accordance with the recommendations of the aforementioned facilities plan; and

WHEREAS, Midland is undertaking to construct a new collection and interceptor sewer system in previously unsewered areas south of Elkins, Randolph County, West Virginia, and to discharge wastewater from such areas to the Elkins' proposed new wastewater treatment facility; and

WHEREAS, it is the desire of both parties to cooperate with each other in seeking state and federal funding to construct the facilities necessary to reduce and prevent pollution of the streams and waterways of Randolph County, West Virginia, thereby protecting the health of its inhabitants and servicing the public health and welfare of all and further to cooperate with each other in order to avoid, to the

extent possible, the construction of duplicate facilities to achieve such purposes.

NOW, THEREFORE, the parties agree as follows:

I. Construction.

1. Elkins agrees to:

- (a) Construct a new advanced secondary wastewater plant with an initial capacity of 2.38 million gallons per day as approved by the West Virginia Department of Natural Resources, the United States Environmental Protection Agency, and other governmental agencies or bodies having jurisdiction thereof;
- (b) Operate and maintain said new wastewater treatment plant in conformance and compliance with the U.S. Environmental Protection Agency's National Pollution Discharge Elimination System Program and other state and federal statutes, rules and regulations present and future;
- (c) Treat wastewater from the Midland Collection System in a quantity not to exceed 0.4 million gallons per day;
- (d) Permit Midland to construct a sewage transportation line or lines within the boundaries of the City of Elkins.
- (e) Operate and maintain its facilities in conformance and compliance with applicable state and federal statutes, rules and regulations present and future and in such manner as to eliminate as far as possible any water pollution from residents and businesses within the area of its jurisdiction.

2. Midland agrees to:

- (a) Construct a wastewater collection system within its boundaries sufficient to collect and transport

- wastewater from its boundaries to a point at or near Elkins' new Wastewater Treatment Plant as agreed to by the parties;
- (b) Transport its wastewater to the point of connection with Elkins in a quantity not to exceed 0.4 million gallons per day;
  - (c) Take such action as may be necessary to insure Elkins that wastewater deposited in the Elkins collection plant shall either be domestic wastewater or pretreated industrial wastewater of a quality not to exceed a daily average of 250 mg/l of BOD 5 nor 250 mg/l of suspended solids per day which such wastewater shall not contain any substances which would disrupt the performance of Elkins' new Sewage Treatment Plant;
  - (d) Notify Elkins in writing of its desire and need for increased capacity in the treatment facilities. It is understood by both parties that any future increase of capacity of the collection and treatment facilities in Elkins due solely to Midland's need for such increased capacity will financially be the responsibility of Midland;
  - (e) Operate and maintain its facilities in conformance and compliance with applicable state and federal statutes, rules and regulations, present and future, and in such manner as to eliminate as far as possible any water pollution from residents and businesses within its area of jurisdiction.

II. Financing of Capital Costs.

- 1. Midland agrees to be responsible for payment for its proportionate share of the City of Elkins local share of the capital costs of the construction of the new Wastewater Treatment Plant and to

pay for its proportionate share of the cost of the same in the manner hereinafter set forth.

2. Midland agrees to be solely responsible for the financing of its collection system which will transport wastewater from its service area to the point of connection with the City of Elkins' new Treatment Plant, as hereinbefore set forth, which said financing shall include, but not be limited to, the cost of any line or lines which are to be constructed within the City of Elkins, and any costs necessary to connect Midland's system to Elkins' system.

III. Payment of Capital and Operating Expenses.

1. For the purposes of this Article:

(i) "Year shall be twelve (12) month period from July 1 to July 30;

(ii) "Operating Costs" shall include the cost of all labor, power, vehicle expense, maintenance, administrative overhead, chemicals, supervision, supplies, rents, repairs and miscellaneous treatment and disposal expenses as those expenses are defined by the Uniform System of Accounts for Class A and B Sewer Utilities, all of which costs are necessary for the operation of the new wastewater treatment plant in order to properly and adequately treat the wastewater of the parties hereto or other parties who may be permitted to connect to said wastewater treatment system. Such costs shall not include any cost for increasing plant capacity after initial construction unless mutually agreed to by the parties;

(iii) "Capital Costs" shall mean the cost of construction of the new wastewater treatment plant and any appurtenant facilities used in the treatment of Midland's wastewater including, the cost of all property and easements deemed necessary or convenient therefor; engineering and legal expense; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incident to the financing thereof and the construction of the plant and the placing of it in operation.

Operating Costs and Capital Costs shall be kept in accordance with the Uniform System of Accounts for Class A and B Sewer Utilities as prescribed by the National Association of Regulatory Utility Commissioners.

2. Midland agrees to pay its proportionate share of the City of Elkins local share of the capital costs of the construction of the new wastewater treatment plant. Midland's proportionate share has been determined to be seventeen percent (17%). Such proportionate share has been determined by dividing Midland's design flow of wastewater into the wastewater treatment plant by the total design capacity of the plant. Elkins' local share is estimated to be \$1,650,000.00 based upon the best engineering estimates available at this time and upon the assumption that Elkins will finance its local share through West Virginia Water Development Authority (WDA) bond financing. Based upon the estimate of \$1,650,000.00 the amount of Midland's proportionate share would be \$280,500.00, which is 17% of \$1,650,000.00. The parties recognize that the amount of Elkins local share and Midland's proportionate share may change based upon actual costs but in any case Midland's proportionate share shall remain 17%.

Notwithstanding payment by Midland or any other party of any costs of construction of said new wastewater treatment plant, title to said plant shall be vested solely and only in Elkins subject to Midland's right to use the same. Elkins shall have the right to expand and improve said wastewater treatment plant at any time and to permit parties from other areas to use the same without obtaining Midland's consent; provided, however, that unless otherwise agreed by the parties a capacity of up to 0.4 million gallons per day of wastewater shall be made available to Midland.

3. Midland agrees to pay its proportionate share of the annual operating costs, as hereinbefore defined, of said new wastewater treatment plant and any appurtenant facilities used in the treatment of Midland's wastewater. Such proportionate share will be determined by

dividing Midland's actual flow of wastewater into the wastewater treatment plant by the total flow of wastewater into the plant. Midland shall pay to Elkins monthly one-twelfth (1/12) of its estimated annual share which monthly estimated amount for the first year of operation shall be \$1,491.75.

4. Midland shall pay to Elkins its proportionate share of the City of Elkins local share of the capital costs of the construction of the new wastewater treatment plant, and of any and all other pertinent and related facilities which are used by Midland. Elkins shall bill Midland for Midland's proportionate share of said capital costs including the final payment as incurred by Elkins on a monthly basis and Midland shall make payment within ten (10) days after receipt of each such monthly bill. In the event Elkins advances capital costs funds to finance Midland's portion of said capital costs, Midland shall pay to Elkins the reasonable interest costs attributable to such advanced funds. Such interest shall be at a rate equal to Elkins' rate of interest on its 1985 sewer revenue bonds, if such advances are necessary because Midland's financing of the project is incomplete, otherwise the greater of said rate or the then prevailing prime rate of interest as posted by Chase Manhattan Bank.

5. Within thirty (30) days after the end of each year, Elkins shall determine the actual operating costs of the wastewater treatment plant and Midland's proportionate share thereof for the preceding year. If Midland's actual proportionate share is determined to have been greater than the amount Midland paid during that year, Elkins shall bill Midland for the difference and Midland shall pay such amount within ten (10) days from receipt of such bill. If Midland's actual proportionate share is determined to have been less than the amount Midland paid during such year, Elkins shall refund to Midland the difference within ten (10) days from the date of such determination. Elkins shall at least annually arrive at the projected annual operating costs for the succeeding year, advise Midland of such projected costs,

and adjust the monthly payments by Midland therefor as required. If Midland objects to such projected costs, the parties shall meet to resolve the issue within 10 days of written notice by Midland of such objection.

6. Elkins will make available to Midland its books and records concerning both capital costs and operating costs for Midland's examination at all reasonable times.

IV. Miscellaneous.

1. If the design loadings or scope of either party's facility change materially from previously agreed upon values, the affected party will notify the other party of the changes so that neither party will suffer monetary or other damages. It is recognized and agreed that it may be necessary to revise executed agreements if changes in design loadings or scope occur.

2. The parties hereto shall comply with applicable federal and state and local treatment guidelines for commercial and industrial waste to render it compatible with the treatment process utilized at the treatment plant contemplated herein.

3. Both parties further agree to abide by all federal and state statutes, rules and regulations and grant provisions applicable to this wastewater treatment plant project.

4. The term of this Agreement is for forty (40) years of the life or the city's new treatment facility, whichever is longer.

IN WITNESS WHEREOF, the parties hereto have made and executed this Agreement of Intent by their appropriate officers as of the day and

year first above written.

THE SANITARY BOARD OF  
THE CITY OF ELKINS

By: Joseph E. Martin III  
ITS CHAIRMAN

ATTEST:

W. C. Carter  
ITS SECRETARY

MIDLAND PUBLIC SERVICE DISTRICT

By: Ronald Maston  
ITS CHAIRMAN

ATTEST:

Walter Lewis  
ITS SECRETARY

STATE OF WEST VIRGINIA, ..

COUNTY OF RANDOLPH, TO-WIT:

I, Virginia Bailey, a Notary Public in and for said County and State, do hereby certify that JOSEPH E. MARTIN III, who signed the foregoing Sewage Treatment Contract, bearing date of the 17<sup>th</sup> day of December, 1985, as Chairman of the Sanitary Board of the City of Elkins, a statutory corporation, has this day, in my said County, before me, acknowledged the said writing to be the act and deed of said corporation.

Given under my hand this 17 day of December, 1985.

My Commission expires: Sept 18, 1989.

Virginia Bailey  
NOTARY PUBLIC

STATE OF WEST VIRGINIA,

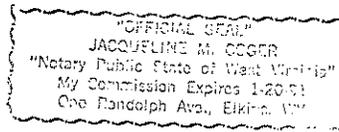
COUNTY OF RANDOLPH, TO-WIT:

I, Jacqueline M. Cogger, a Notary Public in and for said County and State, do hereby certify that Ronald Nastor, who signed the foregoing Sewage Treatment Contract, bearing date the 17th day of December, 1985, as Chairman of Midland Water and Sewer Public Service District, a statutory corporation, has this day, in my said County, before me, acknowledged the said writing to be the act and deed of said corporation.

Given under my hand this 17th day of December, 1985.

My Commission expires: January 20, 1991.

Jacqueline M. Cogger  
NOTARY PUBLIC



ADDENDUM TO SEWAGE TREATMENT CONTRACT

THIS ADDENDUM TO A SEWAGE TREATMENT CONTRACT, Made this 25<sup>th</sup> day of February, 1986, in duplicate originals, by and between the SANITARY BOARD OF THE CITY OF ELKINS, WEST VIRGINIA, a statutory corporation, Party of the First Part, hereinafter referred to as "Elkins", and THE MIDLAND PUBLIC SERVICE DISTRICT, a statutory corporation, Party of the Second Part, hereinafter referred to as "Midland".

WITNESSETH: THAT WHEREAS, by Sewage Treatment contract dated December 17, 1985, the parties hereto entered into an agreement for the sale and purchase of sewage treatment services, and

WHEREAS, the parties hereto desire to modify the provisions of said agreement of December 17, 1985.

NOW THEREFORE, THIS AGREEMENT WITNESSETH: That for and in consideration of the mutual covenants and agreements undertaken by the parties, Section III, Paragraphs 3 and 4 of said agreement of December 17, 1985, are hereby amended by deleting paragraphs 3 and 4 of Section III and substituting therefor the following:

3. Midland agrees to pay its proportionate share of the annual operating costs, as hereinbefore defined, of said new wastewater treatment plant and any appurtenant facilities used in the treatment of Midland's wastewater. Such proportionate share will be determined by dividing Midland's actual flow of wastewater into the wastewater treatment plant by the total flow of wastewater into the plant. Midland shall pay to Elkins monthly one-twelfth (1/12) of its estimated annual share which monthly estimated amount for the first year of operation shall be \$1,491.75. Such payment to commence in the month following the month in which Midland first delivers wastewater to said treatment plant.

4. Midland shall pay to Elkins its proportionate share of the City of Elkins local share of the capital costs of the construction of the new wastewater treatment plant, and of any and all other pertinent

and related facilities which are used by Midland. Elkins shall bill Midland for Midland's proportionate share of said capital costs including the final payment as and when such costs are incurred by Elkins on a monthly basis and Midland shall make payment within ten (10) days after receipt of each such monthly bill. In the event Elkins advances capital costs funds to finance Midland's portion of said capital costs, Midland shall pay to Elkins the reasonable interest costs attributable to such advanced funds. Such interest shall be at a rate equal to Elkins' rate of interest on its 1986 sewer revenue bonds, if such advances are necessary because Midland's financing of the project is incomplete, otherwise the greater of said rate or the then prevailing prime rate of interest as posted by Chase Manhattan Bank.

In all other respects, said agreement of December 17, 1985, shall remain in full force and effect as written.

IN WITNESS WHEREOF, the parties hereto have made and executed this agreement by their respective officers as of the day and year first above written.

THE SANITARY BOARD OF THE  
CITY OF ELKINS

By Joseph E. Martin  
Its Chairman

ATTEST:

Carl W. Carter  
Its Secretary

MIDLAND PUBLIC SERVICE DISTRICT

By Raymond Carter  
Its Chairman

ATTEST:

Walter Lewis  
Its Secretary

STATE OF WEST VIRGINIA,

COUNTY OF RANDOLPH, TO-WIT:

I, Virginia B. Bailey, a Notary Public in and for said County and State, do hereby certify that JOSEPH E. MARTIN III, who signed the foregoing Addendum to Sewage Treatment Contract, bearing date of the 25 day of February, 1986; as Chairman of the Sanitary Board of the City of Elkins, a statutory corporation, has this day, in my said County, before me, acknowledged the said writing to be the act and deed of said corporation.

Given under my hand this 25 day of February, 1986.

My Commission expires: Sept. 18, 1987.

Virginia B. Bailey  
NOTARY PUBLIC

STATE OF WEST VIRGINIA,

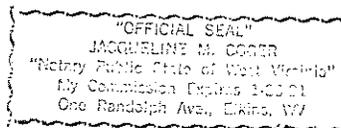
COUNTY OF RANDOLPH, TO-WIT:

I, Jacqueline M. Coger, a Notary Public in and for said County and State, do hereby certify that Ronald L. Nestor, who signed the foregoing Addendum to Sewage Treatment Contract, bearing date the 25th day of February, 1986, as Chairman of Midland Water and Sewer Public Service District, a statutory corporation, has this day, in my said County, before me, acknowledged the said writing to be the act and deed of said corporation.

Given under my hand this 25th day of February, 1986.

My Commission expires: Jan 20 1991.

Jacqueline M. Coger  
NOTARY PUBLIC







UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
REGION III  
6TH AND WALNUT STREETS  
PHILADELPHIA, PENNSYLVANIA 19106

OCT 05 1984

CERTIFIED MAIL

RE: C-540327-02  
Midland Water & Sewer  
Service District

Mr. Ronald Nestor, Chairman  
Midland Water & Sewer Service District  
P.O. Box 544  
Elkins, West Virginia 26241

Dear Mr. Nestor:

We are pleased to inform you of the award of a Step 2/3 Federal grant for the preparation of construction drawings and specifications, and construction of wastewater treatment works for the referenced project, as described in your application and approved by the West Virginia Department of Natural Resources.

The grant award is for an amount not to exceed \$3,181,570. and is subject to the conditions set forth in Part III of the Assistance Agreement.

Copies of the applicable Federal Regulations are forwarded for your reference.

The original and a copy of the Assistance Agreement are enclosed. The original copy of the Agreement should be signed and returned to Mr. Frank Snock, Chief, Grants Management Section, within twenty-one days of your receipt. The copy should also be signed and retained for your files.

Sincerely,

Greene A. Jones, Director  
Water Management Division

Enclosures

cc: Mr. Warren Means, WVDNR  
Mr. Edgar Henry, WDA  
Mr. Wesley King, COE  
Swecker Engineering

U.S. ENVIRONMENTAL PROTECTION AGENCY  
 EPA ASSISTANCE AGREEMENT  
 PART I - ASSISTANCE INFORMATION

1. ASSISTANCE ID NO. 40327-02-0  
 2. LOU NUMBER Three - C  
 3. DATE OF AWARD SEP 28 1984  
 4. MAILING DATE OCT 05 1984

6. AGREEMENT TYPE Cooperative Agreement		3. PAYMENT METHOD <input type="checkbox"/> Advance <input checked="" type="checkbox"/> Reimbursement <input type="checkbox"/> Letter of Credit	
7. TYPE OF ACTION Continuation		8. PAYEE Midland Water & Sewer Service District P.O. Box 544 Elkins, West Virginia 26241	
9. RECIPIENT Midland Water & Sewer Service District P.O. Box 544 Elkins, West Virginia 26241		10. RECIPIENT TYPE Public Service District	
11. PROJECT MANAGER AND TELEPHONE NO. Ronald Nestor, Chairman (304) 636-1431		12. CONSULTANT (BWT Construction Grants Only) Swecker Engineering & Surveying 525 Randolph Avenue Elkins, West Virginia 26241 (304) 636-0343	
13. ISSUING OFFICE (City/State) Philadelphia, Pennsylvania		14. EPA PROJECT/STATE OFFICER AND TELEPHONE NO. R. Fenton Roudabush, Chief Virginia - West Virginia Section (215) 597-9131	
15. EPA CONGRESSIONAL LIAISON & TEL. NO. Patricia Gaskins 202/382-5184		16. STATE APPL ID (Clearinghouse)	
18. STATUTORY AUTHORITY Clean Water Act, Title II		20. REGULATORY AUTHORITY 40 CFR, Parts 30 & 35	
21. STEP 2 + 3 & STEP 3 (BWT Construction Only)		17. FIELD OF SCIENCE N/A	
21. STEP 2 + 3 & STEP 3 (BWT Construction Only)		18. PROJECT STEP (WWT CG Only) II/III	
21. STEP 2 + 3 & STEP 3 (BWT Construction Only)		a. Treatment Level I	
21. STEP 2 + 3 & STEP 3 (BWT Construction Only)		b. Project Type WWT	
21. STEP 2 + 3 & STEP 3 (BWT Construction Only)		c. Treatment Process N/A	
21. STEP 2 + 3 & STEP 3 (BWT Construction Only)		d. Sludge Design N/A	
22. PROJECT TITLE AND DESCRIPTION Design and construction of collection system and wastewater pumping facilities. The eligible project includes associated costs as defined in 40 CFR 35.2250 up to the amounts shown in Part II of the Assistance Agreement.			
23. PROJECT LOCATION (Areas Impacted by Project)			
City/Town Midland Public Service District		County Randolph	
State WV		Congressional District 2nd	
24. ASSISTANCE PROGRAM (CFDA Program No. & Title) 66.418		25. PROJECT PERIOD 10/84 - 09/88	
26. BUDGET PERIOD		27. COMMUNITY POPULATION (BWT CG Only) 2,150	
28. TOTAL BUDGET PERIOD COST N/A		29. TOTAL PROJECT PERIOD COST 4,242,100	
30. FUNDS			
FORMER AWARD		THIS ACTION	
30. EPA Amount This Action		3,181,570	
31. EPA In-Kind Amount			
32. Unexpended Prior Year Balance			
33. Other Federal Funds			
34. Recipient Contribution			
35. State Contribution			
36. Local Contribution			
37. Other Contribution			
38. Allowable Project Cost		4,242,100	
39. FISCAL			
Program Element GLAW80	FY 84	Appropriation 68X0103.G	Dec. Control No. W84012
Account Number 4GLA036006		Object Class 41.11	Obligation/Disb. Amount \$3,181,570



GENERAL CONDITIONS

The recipient covenants and agrees that it will expeditiously initiate and timely complete the project work for which assistance has been awarded under this agreement, in accordance with all applicable provisions of 40 CFR Chapter I, Subpart B. The recipient warrants, represents, and agrees that it, and its contractors, subcontractors, employees and representatives, will comply with: (1) all applicable provisions of 40 CFR Chapter I, Subchapter B, INCLUDING BUT NOT LIMITED TO the provisions of Appendix A to 40 CFP Part 30, and (2) any special conditions set forth in this assistance agreement or any assistance amendment pursuant to 40 CFR 30.425.

6. SPECIAL CONDITIONS

(For cooperative agreements include identification or summarization of EPA responsibilities that reflect or contribute to substantial involvement.)

The grantee is subject to all the requirements of 40 CFR Part 35, Subpart I, Part 30, Part 33 and other pertinent regulations. The grantee is directed to certain following special considerations of those requirements.

(1) Regulations Affecting Federal Grant Payments

- (a) Payments shall not be made for Step III professional services until the grantee complies with the procurement requirements of 40 CFR Part 33, Subpart A.
- (b) The Regional Administrator shall not pay more than 50% of the Federal share unless the grantee has furnished a satisfactory final plan of operation, and shall not pay more than 90% unless the grantee has furnished a satisfactory operation and maintenance manual (40 CFR 35.2206).
- (c) Payments shall be made in accordance with 40 CFR 35.2300.
- (d) The grantee may submit requests for payment for allowable costs incurred in accordance with the following schedule:

<u>Payment No.</u>	<u>Date</u>	<u>Payment</u>	<u>Cumulative Amount</u> (not to be exceeded)
1	01/85	16,650	16,650
2	04/85	51,260	67,910
3	08/85	65,560	133,470
4	12/85	200,000	333,470
5	03/86	350,000	683,470
6	06/86	500,000	1,183,470
7	09/86	500,000	1,683,470
8	12/86	500,000	2,183,470
9	03/87	430,000	2,613,470
10	06/87	200,000	2,813,470
11	08/87	346,100	3,159,570
12	09/88	22,000	3,181,570

(2) Project Schedule Changes

For any changes in the project which increase the cost, delay or accelerate the project or alter the project in other ways (40 CFR 35.2204), the grantee must receive a formal grant amendment from the Regional Administrator before implementing the changes. Of particular interest is any change in completion of final design drawings and specifications, date of advertisement for bids, the building completion date as referenced in 40 CFR 35.2216, and the initiation of project operation date. The latter date is considered, at the time of this grant, to be 09/87. The grantee further agrees to provide the Regional Administrator, upon request, with a revised schedule for payment.

PART IV

NOTE: The Agreement must be completed in duplicate and the Original returned to the Grants Administration Division for Headquarters awards and to the appropriate Grants Administrations Office for State and local awards within 3 calendar weeks after receipt or within any extension of time as may be granted by EPA.

Receipt of a written refusal or failure to return the properly executed document within the prescribed time, may result in the withdrawal of the offer by the Agency. Any change to the Agreement by the recipient subsequent to the document being signed by the EPA Award Official which the Award Official determines to materially alter the Agreement shall void the Agreement.

OFFER AND ACCEPTANCE

The United States of America, acting by and through the U.S. Environmental Protection Agency (EPA), hereby offers assistance/amendment to the Midland Water & Sewer Service District

for 75 % of all approved costs incurred up to and not exceeding \$ 3,181,570

for the support of approved budget period effort described in application (including all application modifications) C-540327-02-0. Midland Water & Sewer Service District included herein by reference.

ISSUING OFFICE (Grants Administration Office)	AWARD APPROVAL OFFICE
ORGANIZATION/ADDRESS Environmental Protection Agency Grants Management Section (3PM32) Curtis Building, 6th & Walnut Streets Philadelphia, Pennsylvania 19106	ORGANIZATION/ADDRESS Environmental Protection Agency Water Management Division (3WM00) Curtis Building, 6th & Walnut Streets Philadelphia, Pennsylvania 19106

THE UNITED STATES OF AMERICA BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY		
SIGNATURE OF AWARD OFFICIAL <i>Thomas P. Eichler</i>	TYPED NAME AND TITLE Thomas P. Eichler Regional Administrator	DATE SEP 28 1984

This Agreement is subject to applicable U.S. Environmental Protection Agency statutory provisions and assistance regulations. In accepting this award or amendment and any payments made pursuant thereto, (1) the undersigned represents that he is duly authorized to act on behalf of the recipient organization; and (2) the recipient agrees (a) that the award is subject to the applicable provisions of 40 CFR Chapter I, Subchapter B and of the provisions of this agreement (Parts I thru IV), and (b) that acceptance of any payments constitutes an agreement by the payee that the amounts, if any found by EPA to have been overpaid will be refunded or credited in full to EPA.

BY AND ON BEHALF OF THE DESIGNATED RECIPIENT ORGANIZATION		
SIGNATURE	TYPED NAME AND TITLE	DATE



STATE OF WEST VIRGINIA  
WATER DEVELOPMENT AUTHORITY  
1201 DUNBAR AVENUE  
DUNBAR, WV 25064

(304) 348-3612

September 29, 1986

COPY

TO: FILE

FROM: Edgar N. Henry, Director 

RE: EPA Grant - Phone Call on September 29, 1986

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A phone call was placed to Fenton Roudabush, who is Chief of the Virginia/West Virginia Section, Construction Grants Branch, EPA in Philadelphia, regarding the grant award to the Midland PSD. The "Telegraphic Message" (copy attached) received by the WDA on September 29, 1986, indicates project approval and advises that bidding procedures have been reviewed and approved. The okay was given to award contracts. The eligible costs and grant level, however, are not addressed.

During the phone call, Mr. Roudabush stated that the eligible costs are \$4,242,100, with the grant being \$3,181,570. The grant level is identical to the level shown on the "Schedule A" submitted to the WDA with the Midland PSD's loan application.

db

**TELEGRAPHIC MESSAGE**

NAME OF AGENCY U.S. EPA - Region III 841 Chestnut Building Philadelphia, PA 19107		PRECEDENCE  ACTION:  INFO:	SECURITY CLASSIFICATION
ACCOUNTING CLASSIFICATION 6860200	DATE PREPARED Sept. 26, 1986		TYPE OF MESSAGE <input type="checkbox"/> SINGLE <input type="checkbox"/> BOOK <input type="checkbox"/> MULTIPLE-ADDRESS
FOR INFORMATION CALL			
NAME Bruce Smith (3WM21)	PHONE NUMBER (215) 597-9388		
THIS SPACE FOR USE OF COMMUNICATION UNIT			

MESSAGE TO BE TRANSMITTED (Use double spacing and all capital letters)

**TO:**

MR. RONALD NESTOR, CHAIRMAN  
MIDLAND WATER & SEWER SERVICE DISTRICT  
P. O. BOX 544  
ELKINS, WEST VIRGINIA 26241

**RECEIVED**  
SEP 29 1986  
WATER DEVELOPMENT AUTHORITY

DEAR MR. NESTOR:

YOU ARE HEREBY ADVISED THAT THE BIDDING PROCEDURES FOR CONTRACT NUMBERS A,B,C,D, & E OF PROJECT C-540327-02 HAVE BEEN REVIEWED AND APPROVED. THE CONTRACT MAY NOW BE AWARDED TO THE LOW, RESPONSIVE BIDDERS, VALLEY DEVELOPMENT OF WEST VIRGINIA, INC., SUNRISE CONSTRUCTION CO., AND DAVE SUGAR INC., RESPECTIVELY, AS INDICATED BY THE PROPOSALS YOU HAVE SUBMITTED.

CERTAIN CONSTRUCTION ACTIVITIES HAVE BEEN ASSIGNED TO THE WEST VIRGINIA DEPARTMENT OF NATURAL RESOURCES. YOU WILL BE CONTACTED BY A REPRESENTATIVE OF THIS AGENCY IN THE NEAR FUTURE.

SINCERELY,

*R. Fenton Roudabush*

R. FENTON ROUDABUSH, CHIEF  
VIRGINIA/WEST VIRGINIA SECTION  
CONSTRUCTION GRANTS BRANCH

CC: MIKE JOHNSON, DNR - ED HENRY, WV WATER DEVELOPMENT AUTHORITY

3WM21:SMITH:smp:9-26-86

3WM21

Smith *BAS*  
*9/26/86*

PAGE NO.	NO. OF PGS.

SECURITY CLASSIFICATION

SCHEDULE A

ESTIMATED TOTAL COST OF PROJECT AND SOURCES OF FUNDS

A. Cost of Project

1. Construction	\$ 4,019,099.00
2. Technical Services	\$ 382,854.00
3. Legal and Fiscal	\$ 55,000.00
4. Administrative	\$ 80,000.00
5. Site and Other Lands	\$ 40,000.00
6. Step I and/or Step II or Other Loan Repayment (Specify Type: Step II & Design Allowance )	\$ 82,273.00 *
7. Interim Financing Costs	\$ 100,000.00
8. Contingency	\$ 187,788.00
9. Total of Lines 1 through 8	

**RECEIVED**

AUG 1 1986

WATER DEVELOPMENT AUTHORITY

\$ 4,947,014.00

B. Sources of Funds

10. Federal Grants: <sup>1</sup> (Specify Source)	EPA	\$ 3,181,570.00
11. State Grants: <sup>1</sup> (Specify Source)	Block Grant	\$ 381,650.00
	Tap Fees	\$ 10,825.00
	County Assistance	\$ 11,000.00
12. Other Grants: <sup>1</sup> (Specify Source)		\$
13. Any Other Source: <sup>2</sup> (Specify)	WDA Hardship Grant	\$ 611,012.00
14. Total of Lines 10 through 13		\$ 4,196,057.00
15. Proceeds Required from Bond Issue (Line 9 less Line 14)		\$ 750,957.00
16. Cost of Financing <sup>3</sup>		
(a) Capitalized Interest	\$ 110,415.00	
(construction period plus six months)		
(b) Funded Reserve Account	\$ 55,208.00	
(c) Other Costs: <sup>4</sup>	\$	
	\$	
	\$	
Total Cost of Financing		\$ 165,623.00
17. Size of Bond Issue (Line 15 plus Total from Line 16)		\$ 916,580.00

<sup>1</sup>Attach supporting documentation, if available. If not yet available, state such.

<sup>2</sup>Include the proceeds of any parity or subordinate bond issue to be used for such purpose.

<sup>3</sup>Do not include the Authority's costs of financing.

<sup>4</sup>For example, fees of bond counsel for the Governmental Agency.

\* Includes \$44,398.00 - Design Allowance



WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

HARDSHIP GRANT AGREEMENT

1. GRANT RECIPIENT (NAME AND ADDRESS): COUNTY: Randolph  
Midland Public Service District  
P. O. Box 544  
Elkins, WV 26241
2. GRANT RECIPIENT REPRESENTATIVE (NAME, TITLE AND ADDRESS):  
Mr. R. Scott Criss, Board Member  
Midland Public Service District  
P. O. Box 544  
Elkins, WV 26241
3. GRANT PAYEE (NAME AND ADDRESS):  
Midland Public Service District  
P. O. Box 544  
Elkins, WV 26241
4. APPROVED AMOUNT OF GRANT: \$ 611,012.00

5. PAYMENTS WILL USUALLY BE INITIATED BY THE WDA UPON RECEIPT OF A COPY OF THE EPA APPROVED GRANT PAYMENT REQUEST IN AMOUNTS PROPORTIONATELY SIMILAR TO PAYMENTS MADE BY THE EPA.

ALL GRANTS ARE SUBJECT TO STATE APPROPRIATION AND AVAILABILITY OF FUNDS. CONTRACT SHALL EXTEND UNTIL JUNE 30, 1987, AND IS SUBJECT TO RENEWAL.

6. TYPE OF ACTIVITY FOR WHICH GRANT FUNDS ARE TO BE USED:  
Construction of two lift stations, 18,000 LF of force main, 81,500 LF of gravity sewer line and 344 manholes.

7. TOTAL COSTS	\$ <u>4,947,014.00</u>
ELIGIBLE COSTS	\$ <u>4,019,099.00</u>
FEDERAL (EPA) GRANT AMOUNT	\$ <u>3,181,570.00</u>
STATE (WDA) HARDSHIP GRANT AMOUNT	\$ <u>611,012.00</u>

8. GRANT OFFER AND ACCEPTANCE:

THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY HEREBY OFFERS A HARDSHIP GRANT TO Midland Public Service District, SUCH GRANT NOT TO EXCEED \$ 611,012.00 FOR SUPPORT OF COSTS DESCRIBED IN THIS GRANT AGREEMENT AND ITS APPLICATION WHICH IS HEREBY MADE A PART OF THIS AGREEMENT.

REPAYMENT OF LOANS. THE GRANT RECIPIENT AGREES TO PROVIDE IMMEDIATE PAYMENT IN FULL OF ANY LOANS AND SERVICE CHARGES DUE THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY IN ACCORDANCE WITH REGULATIONS OF THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY.

TERMINATION. THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY RESERVES THE RIGHT TO TERMINATE THIS AGREEMENT UPON GIVING THE RECIPIENT ORGANIZATION NOT LESS THAN SIXTY (60) DAYS PRIOR WRITTEN NOTICE. THE RECIPIENT ORGANIZATION MAY TERMINATE THIS AGREEMENT BY GIVING THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY SIXTY (60) DAYS PRIOR WRITTEN NOTICE. IN THE EVENT SUCH AGREEMENT IS TERMINATED BY THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY PURSUANT TO, AND NOT IN BREACH OF, THE PROVISIONS OF SUCH AGREEMENT, OR BY SUBSEQUENT AGREEMENT OF THE PARTIES, OR IN THE EVENT SUCH AGREEMENT IS TERMINATED BY THE APPLICANT WHETHER OR NOT IN BREACH OF THIS AGREEMENT, THE STATE GRANT WILL BE IMMEDIATELY WITHDRAWN.

SPECIAL PROVISIONS: Midland Public Service District AGREES TO THE FOLLOWING:

DURING THE CONSTRUCTION OF ITS SEWER FACILITY, THE GRANT RECIPIENT WILL PROVIDE AND MAINTAIN COMPETENT AND ADEQUATE ENGINEERING AND OVERSEEING SERVICES SATISFACTORY TO THE AUTHORITY COVERING THE SUPERVISION AND INSPECTION OF THE DEVELOPMENT AND CONSTRUCTION OF THE PROJECT AND BEARING THE RESPONSIBILITY FOR ENSURING THAT CONSTRUCTION CONFORMS WITH THE APPROVED FINANCING ARRANGEMENTS, SURVEYS, PLANS, PROFILES, CROSS SECTIONS AND SPECIFICATIONS AND CERTIFYING TO THE AUTHORITY, DURING AND AT COMPLETION OF CONSTRUCTION, THAT FINANCING AND CONSTRUCTION ARE IN ACCORDANCE WITH APPROVED FINANCIAL ARRANGEMENTS, SURVEYS, PLANS, PROFILES, CROSS SECTIONS AND SPECIFICATIONS OR APPROVED AMENDMENTS THERETO.

FINANCING OF THE SEWER PROJECT, INCLUDING THE ACQUISITION AND DOCUMENTATION OF ALL FUNDING AS WELL AS INITIATION OF CONSTRUCTION OF THE PROJECT, MUST TAKE PLACE WITHIN 120 DAYS OF THE DATE OF ISSUANCE OF THIS GRANT. FAILURE TO COMPLY WITH THIS REQUIREMENT WILL RESULT IN AUTOMATIC WITHDRAWAL OF THIS GRANT.

GENERAL. THIS GRANT AGREEMENT IS SUBJECT TO ALL STATUTORY PROVISIONS, ALL GRANT REGULATIONS OF THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AND ALL PROVISIONS OF THIS AGREEMENT AND FURTHER IS SUBJECT TO THE CONDITIONS SET FORTH IN GRANT AGREEMENT NO. C-540327-02 CONSUMMATED BETWEEN THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY AND Midland PSD

OFFERED ON September 28, 1984 AND ACCEPTED ON October 19, 1984

THE RECIPIENT ORGANIZATION AGREES THAT FUNDS AWARDED UNDER THIS AGREEMENT WILL BE USED SOLELY FOR THE PURPOSES OF THE PROJECT AS APPROVED.

9. NAME AND TITLE OF AWARD OFFICIAL: Edgar N. Henry  
TITLE: Director  
SIGNATURE: Edgar N. Henry  
DATE: August 11, 1986

STATE OF WEST VIRGINIA, COUNTY OF KANAWHA.

TAKEN, SUBSCRIBED AND SWORN TO BEFORE ME THIS 11th DAY OF August, 1986.

NOTARY: Barbara Butcher Meadows

COMMISSION EXPIRES: January 17, 1994

10. NAME AND TITLE OF RECIPIENT  
ORGANIZATION REPRESENTATIVE: R. Scott Criss  
TITLE: Board Member  
SIGNATURE: Scott Criss  
DATE: 8/27/86

STATE OF WEST VIRGINIA, COUNTY OF Randolph.

TAKEN, SUBSCRIBED AND SWORN TO BEFORE ME THIS 28<sup>th</sup> DAY OF August, 1986.

NOTARY: Theresa S. Shoemaker

COMMISSION EXPIRES: December 13 1993

NOTE: THE GRANT AGREEMENT MUST BE COMPLETED IN DUPLICATE AND RETURNED WITHIN 30 DAYS AFTER RECEIPT OR AS PROVIDED IN ANY TIME EXTENSION ARRANGED WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY. RECEIPT OF WRITTEN REFUSAL OR FAILURE TO RETURN WITHIN THE 30-DAY PERIOD WILL RESULT IN TERMINATION OF THE GRANT OFFER. NO AMENDMENTS MAY BE MADE TO THE AGREEMENT SUBSEQUENT TO SIGNING BY THE AUTHORITY.

ALL CORRESPONDENCE CONCERNING THIS OFFER AND AGREEMENT SHOULD BE ADDRESSED TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, 1201 DUNBAR AVENUE, DUNBAR, WV 25064.





STATE OF WEST VIRGINIA  
OFFICE OF THE GOVERNOR  
CHARLESTON 25305

August 30, 1985

ARCH A. MOORE, JR.  
GOVERNOR

The Honorable James F. Parsons  
President  
Randolph County Commission  
Randolph County Courthouse  
Elkins, West Virginia 26241

Dear Commissioner Parsons:

Thank you for your application to the Small Cities Block Grant program for fiscal year 1985. The State of West Virginia received 149 applications for funding totaling over \$63 million in community development projects. As you are aware, West Virginia's FY 85 allocation was somewhat less than \$17 million; less than a third of the amount requested for funding.

I recognize the desperate condition of sewer service in many West Virginia communities. After careful review of the many worthy projects submitted for consideration, I am pleased to announce my approval of your application in the amount of \$381,650 to improve the sewer service for Randolph County.

In order to most effectively utilize the limited dollars available, I hereby commit \$190,825 from our FY 85 allocation which will be immediately available to you. The remaining \$190,825 necessary to complete this project will be evaluated and committed in the coming fiscal year. I encourage you to immediately expedite this project and reach its completion as quickly as possible with this funding strategy in mind.

My Community Development staff will contact you to complete the necessary contracts in order to proceed with your project. It is my intention to personally present your grant award to you at the earliest possible date.

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

Sincerely,

Arch A. Moore, Jr.  
Governor

COMMISSION MEMBERS

James F. Parsons  
Thomas A. Wamsley  
Eugene E. Smith

VIRGIL HAMRICK  
Clerk  
JAMES McCLOUD  
Administrator

# Randolph County Commission



ELKINS, WEST VIRGINIA 26241

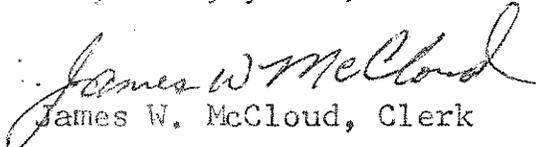
September 23, 1986

Midland Public Service District  
Glenmore Loop  
Elkins, WV 26241

Gentlemen:

This will, by letter dated August 30, 1985, advise that the Small Cities Block Grant which has been committed to the Randolph County Commission by the Office of Governor Moore in the amount of \$381,650.00, is intended by the Randolph County Commission to be released to the Midland Public Service District for its sewage project.

Very truly yours,

  
James W. McCloud, Clerk

JWMC/rl



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# MIDLAND WATER PUBLIC SERVICE DISTRICT

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P.O. BOX 544 • ELKINS, WV 26241 • (304) 636-1431

August 11, 1986

Ref: Committed Funds  
Randolph County

Public Service Commission

Attn: Greg Curry

Dear Mr. Curry,

In accordance with your request, attached is a statement of our Sewage Checking Account # 247-59 showing the \$11,000 Grant from the Randolph County Commission in three amounts of \$3,000 - \$4,000 and \$4,000. Also attached is evidence of these amounts in the form of deposit slips, bank statements and a copy of the checks.

If further information is required please let me know.

Very truly yours,



Richard L. Rockwell  
Project Coordinator

Rlr/err

SEWAGE CHECKING ACCOUNT # 247-59

BALANCE 9/22/77 EPA 22,700.00

DEPOSITS"

3/ /77	WDA	21,965.00
5/4/78	EPA	33,500.00
4/10/78	WDA	15,535.00
5/9/79	EPA	41,600.00
9/23/80	EPA	3,400.00
3/5/85	EPA	11,300.00
		1.00

CHECK #01	WACO	22,200.00	9-22
" 02	WACO	8,000.00	11/03
" 03	WACO	15,000.00	7/05
" 04	WACO	38,000.00	12/13
" 05	WACO	40,000.00	4/01
" 06	WACO	3,400.00	9/25
" 07	WACO	2,000.00	9/23
" 08	Midland Water	6,400.00	6/11
" 09	WACO	15,000.00	3/7/8

Sub-Total: 150,001.00

\$150,000.00

BALANCE 3-7-85 \$1.00

5/10/85

12/09/85

12/20/85

EPA DESIGN ALLOWANCE 23,700.00

3/6/86

\$34,701.00

CHECK #10	ELLIE NELSON	1,350.00	5/29/8
" 11	W.V. DNR	25.00	9/29/8
" 12	ROCKWELLS	1,590.00	10/23/
" 13	ROCKWELLS	1,065.00	12/10/
" 14	ROCKWELLS	870.00	12/19/
" 15	SWECKER ENG.	23,700.00	12/23/
" 16	ROCKWELLS	1,695.00	1/29/
" 17	ROCKWELLS	1,350.00	3/6/8
" 18	ROCKWELLS	1,425.00	3/25/
" 19	MIDLAND SEWER	25.00	3/25/8

\$33,095.00

BALANCE 3/25/86 \$1,606.00

Check # 20 ROCKWELLS 960.00 4/22/8

BALANCE 4/22/86 \$646.00

PASSBOOK SAVING ON TAP FEE ACCTOUNT # 515-867-2

425 PAID CUSTOMER \$10,625.00

Interest 12/31/85 92.24

Interest 3/31/86 96.42

BALANCE IN PASSBOOK \$10,813.66 ON 4/17/86



MIDLAND PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 1986 A, Series 1986 B and Series 1986 C

ACCEPTANCE OF DUTIES OF REGISTRAR

KANAWHA VALLEY BANK, N.A., a national banking association with principal office in the City of Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Midland Public Service District Sewer Revenue Bonds, Series 1986 A, Series 1986 B and Series 1986 C, all dated September 29, 1986, in the aggregate principal amount of \$916,580 and agrees to perform all duties of Registrar in connection with such Bonds, all as set forth in the Local Act authorizing issuance of the Bonds.

Dated this 29th day of September, 1986.

KANAWHA VALLEY BANK, N.A.

By

Charlotte S. Morgan  
Its ASSIST. CORPORATE TRUST OFFICER

09/27/86  
MIPSD1-Q



MIDLAND PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 1986 A, Series 1986 B and Series 1986 C

ACCEPTANCE OF DUTIES OF DEPOSITORY BANK

CITIZENS NATIONAL BANK, a national banking association, with principal office in the City of Elkins, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Resolution of Midland Public Service District, adopted September 23, 1986, authorizing issuance of the District's Sewer Revenue Bonds, Series 1986 A, Series 1986 B and Series 1986 C, dated September 29, 1986, in the aggregate principal amount of \$916,580 (collectively, the "Governmental Agency Bonds") and agrees to perform all duties of Depository Bank in connection with such Governmental Agency Bonds, all as set forth in said Resolution.

Dated this 29<sup>th</sup> day of September, 1986.

CITIZENS NATIONAL BANK

By Lewis Ware  
its Vice President & Trust Officer

09/25/86  
MIPSD1-R



MIDLAND PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 1986 A, Series 1986 B and Series 1986 C

CERTIFICATE OF REGISTRATION OF BONDS

I, CHARLOTTE S. MORGAN, ASSIST. CORP. TRUST OFFICER of Kanawha Valley Bank, N.A., as Registrar under the Local Act and Registrar's Agreement providing for the \$916,580 aggregate principal amount of Sewer Revenue Bonds, Series 1986 A, Series 1986 B and Series 1986 C, of Midland Public Service District (the "Governmental Agency"), hereby certify that on the 29th day of September, 1986, (i) the single fully registered Series 1986 A Bond of the Governmental Agency in the principal amount of \$329,509 designated "Sewer Revenue Bond, Series 1986 A," numbered AR-1; (ii) the single fully registered Series 1986 B Bond of the Governmental Agency in the principal amount of \$263,096 designated "Sewer Revenue Bond, Series 1986 B," numbered BR-1; and (iii) the single fully registered Series 1986 C Bond of the Governmental Agency in the principal amount of \$260,975 designated "Sewer Revenue Bond, Series 1986 C," numbered CR-1; were registered as to principal and interest (the Series 1986 C Bond being registered as to principal only) on the date hereof in the name of "West Virginia Water Development Authority" in the books of the Governmental Agency kept for that purpose at our office, by a duly authorized officer on behalf of the Kanawha Valley Bank, N.A., as Registrar.

WITNESS my signature as of this 29th day of September, 1986.

KANAWHA VALLEY BANK, N.A.

By Charlotte S. Morgan  
Its ASSIST. CORPORATE TRUST OFFICER

09/27/86  
MIPSD1-S



REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 29th day of September, 1986, by and between MIDLAND PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia (the "Governmental Agency"), and KANAWHA VALLEY BANK, N.A., a national banking association (the "Registrar").

WHEREAS, the Governmental Agency has, contemporaneously with the execution hereof, issued and sold its \$916,580 aggregate principal amount of Sewer Revenue Bonds, Series 1986 A Series 1986 B and Series 1986 C, in fully registered form (collectively, the "Governmental Agency Bonds"), pursuant to a Bond Resolution and a Supplemental Resolution, both adopted September 23, 1986 (collectively, the "Local Act");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Local Act, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Local Act provides for an appointment by the Governmental Agency of a Registrar for the Governmental Agency Bonds; and

WHEREAS, the Governmental Agency desires to appoint, and by the Local Act and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Local Act and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the 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 Governmental Agency Bonds, all as set forth in the Local Act, such duties including, among other things, the duties to authenticate, register and deliver Governmental Agency Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the

Governmental Agency Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the 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. The Governmental Agency hereby agrees to indemnify the Registrar against any loss, liability or expense incurred by the Registrar other than liability arising by reason of the bad faith, negligence or willful misconduct of the Registrar, and the Registrar hereby agrees to indemnify the Governmental Agency against any loss, liability or expense incurred by the Governmental Agency by reason of the bad faith, negligence or willful misconduct of the Registrar. Such expense, in either case, shall include the costs and expenses of defending against any claim or liability. Neither the Governmental Agency nor the Registrar shall be liable under or held in breach of this Registrar's Agreement if prevented, hindered or delayed in the performance or observance of any provision of this Registrar's Agreement by reason of any act of God, strikes, lockouts, riots, acts of war, epidemics, government action or regulation imposed after the fact, judicial order, earthquakes, floods, fires or other causes beyond their reasonable control.

5. 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 therewith.

6. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Local Act with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Local Act, the terms of the Local Act shall govern.

7. 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 Local Act will violate any order, decree or agreement to which it is a party or by which it is bound.

8. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: Midland Public Service District  
Post Office Box 544  
Elkins, West Virginia 26241  
Attention: Chairman

AGENT: Kanawha Valley Bank, N.A.  
One Valley Square  
Post Office Box 1793  
Charleston, West Virginia 25301  
Attention: Corporate Trust Department

9. The Registrar is hereby requested and authorized to authenticate and deliver the Governmental Agency Bonds in accordance with the Local Act.

IN WITNESS WHEREOF, MIDLAND PUBLIC SERVICE DISTRICT and KANAWHA VALLEY BANK, N.A. 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.

MIDLAND PUBLIC SERVICE DISTRICT

By *Ronald M. [Signature]*  
Its Chairman

KANAWHA VALLEY BANK, N.A.

By *Christine Morgan [Signature]*  
Its ASSIST. CORPORATE TRUST OFFICER

09/27/86  
MIPSD1-T

EXHIBIT A

[Included in transcript as Document No. 1]



**Kanawha Valley Bank NA**

One Valley Square • P.O. Box 1793 • Charleston, WV 25326 • Phone (304) 348-7000

September 29, 1986  
"Our 120th Year"

Chairman  
Midland Public Service District

RE: Midland Public Service  
District Sewer System  
Revenue Bonds - Series  
A; B; C - 1986

Dear Sir,

Kanawha Valley Bank's fee to serve as Authenticating Agent and Registrar for the above referenced issue is \$500.

Please remit to the attention of the undersigned.

Very truly yours,

Charlotte S. Morgan  
Assistant Corporate  
Trust Officer  
ONE FINANCIAL PLACE



ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the West Virginia Water Development Authority hereby sells, assigns and transfers unto Kanawha Valley Bank, N.A., Charleston, West Virginia, the Sewer Revenue Bond, Series 1986 A and Sewer Revenue Bond, Series 1986 B, of Midland Public Service District in the respective principal amounts of \$392,509 and \$263,096, numbered respectively, AR-1 and BR-1, standing in the name of West Virginia Water Development Authority on the books of said Governmental Agency.

Dated: September 29, 1986.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

  
Authorized Representative

09/27/86  
MIPSD1-U