UNION PUBLIC SERVICE DISTRICT

$2,139,656 Sewerage System Revenue Bonds,
1991 Series A

$4,229,604 Sewerage System Revenue Bonds, 1991 Series B

$237,602 Subordinate Sewerage System Revenue Bonds,
1991 Series C

DATE OF CLOSING: August 28, 1991

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The closing of the sale of $2,139,656 Union Public Service District Sewerage System Revenue Bonds, 1991 Series A, and $4,229,604 Union Public Service District Sewerage System Revenue Bonds, 1991 Series B, and $237,602 Union Public Service District Subordinate Sewerage System Revenue Bonds, 1991 Series C, all dated August 28, 1991, to the West Virginia Water Development Authority will take place at the offices of the West Virginia Water Development Authority, Dunbar, West Virginia, at 9:15 a.m. on August 28, 1991. All transactions at such closing will be deemed to have taken place simultaneously on August 28, 1991 and no document shall be deemed to have been delivered unless and until all transactions are complete and all documents are delivered.

1164H

State of West Virginia

CERTIFICATE

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

THIS IS A TRUE COPY OF CHAPTER 16, ARTICLE 13A OF THE WEST VIRGINIA CODE AND CHAPTER 16, ARTICLE 13A OF THE 1991 CUMMULATIVE SUPPLEMENT TO THE WEST VIRGINIA CODE AS INDICATED BY THE RECORDS OF THIS OFFICE.

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

twenty-sixth *day of*

August *19* 91

Ken Hechler

Secretary of State.

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

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

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

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

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

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

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

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

§ 16-13A-1. Legislative findings.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

§ 16-13A-5. General manager of board.

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

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

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

§ 16-13A-6. Employees of board.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

§ 16-13A-10. Budget.

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

§ 16-13A-11. Accounts; audit.

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

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

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

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

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

§ 16-13A-13. Revenue bonds.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Receivers, Rule 66.

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

Effect of rules on jurisdiction and venue, Rule 82.

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

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

§ 16-13A-18. Operating contracts.

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

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

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

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

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

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

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

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

§ 16-13A-20. Refunding revenue bonds.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) The anticipated rates which will be charged by the district: Provided, That if the rates are an estimate, the notice may be stated in terms of rates "not to exceed" a specific rate; and

(e) The date that the formal application for a certificate of public convenience and necessity is to be filed with the public service commission. The public service commission may grant its consent and approval for the certificate, or any other request for approval under this section, subject to such terms and conditions as may be necessary for the protection of the public interest, pursuant to the provisions of chapter twenty-four [§ 24-1-1 et seq.] of this code, or may withhold such consent and approval for the protection of the public interest.

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

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

ARTICLE 14.

BARBERS AND BEAUTICIANS.

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

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

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

ARTICLE 13A.

PUBLIC SERVICE DISTRICTS FOR WATER, SEWERAGE AND GAS SERVICES.

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

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

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

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

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

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

ARTICLE 22.

DETECTION AND CONTROL OF PHENYLKETONURIA, GALACTOSEMIA, HYPOTHYROIDISM, AND CERTAIN OTHER DISEASES IN NEWBORN CHILDREN.

Sec.

16-22-1. Findings.
16-22-2. Program to combat mental retardation or other severe health hazards; rules; facilities for making tests.
16-22-3. Tests for phenylketonuria, galactosemia and hypothyroidism and certain other diseases specified by the state public health commissioner; reports; assistance to afflicted children; public health commissioner to promulgate rules.

The Johnson-Walton Co., Dayton, Ohio—Charleston, W. Va.—N-8847

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IN RE: PROPERTY OWNERS OF UNION DISTRICT, KANAWHA COUNTY, WEST VIRGINIA ASKING FOR THE CREATION OF A PUBLIC SERVICE DISTRICT.

The County Court of Kanawha County, West Virginia, met this day in Regular Session held this 9th day of September, 1955 at 10:00 A. M., pursuant to the call of Hubert Kelly, President, Bruce E. Bartlett, Commissioner and _____ Commissioner, said call being;

"To consider a petition of residents and property owners of Union District, Kanawha County, West Virginia, asking for the creation of a public service district in the area therein described, and to adopt a proposed resolution and enter a proper order fixing a date of hearing on the creation of a public service district in Union District, Kanawha County, West Virginia, as set forth in said petition and to provide for the publication of a notice of such hearing."

The meeting was called to order and the roll being called there were present Hubert Kelly, President, presiding, and the following named commissioners:

Bruce Bartlett
S. Grover Smith

And were absent:

None

Bruce Bartlett introduced and caused to be read a proposed resolution and order entitled:

"A resolution and order fixing a date of hearing on the creation of public service district within Kanawha County, West Virginia; and providing for the publication of a notice of such hearing",

and moved that all rules otherwise requiring deferred consideration be suspended and said proposed resolution and order be adopted.

Kelly seconded the motion and after due consideration the President put the question on the motion, and the roll being called the following voted:

Aye: H. Kelly
Bruce Bartlett
S. Grover Smith

Nay: None

Whereupon the president declared the motion duly carried and said resolution and order duly adopted on motion and vote, the meeting was thereupon adjourned.

PAUL E. WEHRLE, CLERK

By /s/ C. L. Samples
Deputy

/s/ Hubert Kelly
President

A Resolution and Order fixing a date of hearing on the creation of a proposed public service district within Kanawha County, West Virginia: and providing for the publication of a notice of such hearing.

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

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

WHEREAS, pursuant to the provisions of Article 13A of Chapter 16 of the West Virginia Code this County Court upon presentation of such petition is required to fix a date of hearing on the creation of the proposed public service district:

NOW, therefore, Be It and It Is Hereby Resolved and Ordered by the County Court Of Kanawha County, West Virginia, as follows:

Section 1. That the County Court of Kanawha County, West Virginia, hereby finds and declares that there has been filed in the office of the County Court Clerk and presented by said County Court Clerk to this County Court a petition for the creation of a public service district within Kanawha County, West Virginia, which petition contains a description sufficient to identify the territory to be embraced within the proposed public service district and the name of the proposed public service district and which petition has been signed by at least one hundred legal voters resident within and owning real property within the limits of the proposed public service district, and said County Court further finds and declares that said petition in all respects meets the requirements of Article 13A of Chapter 16 of the West Virginia Code.

Section 2. That said petition, among other things, states as follows:

(a") The name and corporate title of said pbblic Service district shall be the "Union Public Service District.".

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

Beginning at a point in a Northerly direction 1,000 feet from the intersection of U. S. Route 35 and 40th Street Road, thence N. 77° 00' E. 19,000 feet, thence S. 40° 00' E. 5,500 feet, thence S 55° 00' W. 4,900 feet to a point, thence S. 85° 00' W. 10,000 feet to a point, thence S. 10° 00' W. 3,500 feet to a point, thece S. 76° 00' W. 4,000 feet to a point, thence N. 38° 00' W. 9,000 feet to a Point N. 57°00' E. 2,000 feet to beginning.

Comprising the communities of Armour Creek, Lake Chaweva, Cross Lanes, Silver Lake, Hillsdale, Flatwoods, Walnut Valley Acres, Fairview and Rocky Fork as shown on a map prepared by J. H. Milam, Consulting Engineer, June, 1955.

(c) The purpose of said public service district shall be to construct, or acquire by purchase or otherwise, and maintain, operate, improve and extend properties supplying water and sewerage services within such territory and also outside such territory to the extent permitted by law.

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

Section 3. That on October 4, 1955, at the hour of 11:00 o'clock A. M., this County Court shall meet in the County Court House at Charleston, West Virginia for the purpose of conducting a public hearing on the creaTion of the proposed public service district at which time and place all persons residing in or owning or having any interest in property in the proposed public service district may appear before this County Court and shall have an opportunity to be heard for and against the creation of said district, and at such Hearing, this County Court shall considerand determine the feasibility of the creation of the proposed public service district.

Section 4. That the County Court Clerk is hereby authorized and directed to cause notice of such hearing in substantially the form hereinafter set out to be published on September 14, 1955, in the Charleston Daily Mail, a newspaper of general circulation published in Kanawha County.

The Johnson-Watson Co., Dayton, Ohio—Charleston, W. Va.—N-4247

NOTICE OF PUBLIC HEARING
ON CREATION OF UNION
PUBLIC SERVICE DISTRICT

Notice is hereby given that a legally sufficient petition has been filed with the Clerks of the County Court of Kanawha County, West Virginia, and has been presented to the County Court of Kanawha for the creation of a public service district within Kanawha County, for the purpose of constructing or acquiring by purchase or otherwise and the maintenance, operation, improvement and extension of public service properties supplying water and sewerage services within said district and also outside said district to the extent permitted by law; to be named "Union Public Service District" and having the following described boundaries:

Beginning at a point in a Northerly direction 1,000 feet from the intersection of U. S. Route 35 and 40th Street Road, thence 77° 00' E. 19,000 feet, thence S 40° 00' E. 5,500 feet, thence S. 55°00' W. 4,900 feet to a point, thence S. 85° 00' W. 10,000 feet to a point, thence S. 10° 00' W. 3,500 feet to a point, thence S. 76° 00' W. 4,000 feet to a point, thence N. 38° 00' W. 9,000 feet to a point, N. 57° 00' E. 2,000 feet to beginning.

Comprising the communities of Armour Creek, Lake Chaweva, Cross Lanes, Silver Lake, Hillsdale, Flatwoods, Walnut Acres, Fairview, and Rocky Fork as shown on map prepared by J. H. Milam, Consulting Engineer, June, 1955.

All persons residing in or owning or having any interest in property in said proposed public service district are hereby notified that the County Court of Kanawha County will conduct a public hearing on October 4, 1955 at 11:00 o'clock A.M. in the County Court House at Charleston, West Virginia, at which time and place all interested persons may appear before the County Court and shall have an opportunity to be heard for and against the creation of the proposed public service district.

By order of the County Court this day September 8, 1955

/s/ Paul E. Wehrle
County Court Clerk

Adopted by the County Court September 8, 1955

/s/ Hubert Kelly
President

Attest: Paul E. Wehrle, Clerk
/s/
By C. L. Samples
Deputy

I, ALMA Y. KING, do hereby certify that this is a true copy from the original
Teste: ALMA Y. KING, Clerk
Kanawha County Commission
Date 8-19-99 By [signature] Deputy

STATE OF WEST VIRGINIA)
) SS
COUNTY OF KANAWHA)

I, Paul Wehrle, hereby certify that I am the duly qualified and acting Clerk of the County Court of Kanawha County, West Virginia, and that the foregoing constitutes a true, correct and complete transcript of the proceedings of said County Court as had under date of September 8, 1955, and a resolution and order then adopted relating to the proposed creation of The Union Public Service District, all as shown by the official records in my office.

IN WITNESS WHEREOF, I have hereunto affixed my official signature and the seal of said Court at Kanawha, West Virginia this September 8, 1955.

The Johnson-Watson Co., Dayton, Ohio—Charleston, W. Va.—N-6347

At a Regular Session of the County Court of Kanawha County, West Virginia, held at the Court House thereof on Saturday the first day of October, 1955. Present: Hubert Kelly, President, Bruce E. Bartlett and S. G. Smith, Sr., Commissioners thereof.

The Court met this day in regular session and there being no business to transact, adjourned until Monday the 3rd day of October, 1955 at 10:00 o'clock A. M.

Hubert Kelly
President

At a Regular Session of the County Court of Kanawha County, West Virginia held at the Court House thereof on Monday the 3rd day of August (October), 1955. Present: Hubert Kelly, President, Bruce E. Bartlett and S. G. Smith, Sr., Commissioners thereof.

IN RE: APPOINTMENT OF DR. C. KEITH LYONS AS PHYSICIAN FOR THE MENTAL HYGIENE COMMISSION OF KANAWHA COUNTY, WEST VIRGINIA

It appearing to the County Court that Dr. Brainard Hines who was heretofore appointed as one of the Mental Hygiene Physicians of the Kanawha County Mental Hygiene Commission is now deceased and it is necessary that another competent physician be appointed, it is ordered that Dr. C. Keith Lyons be, and he hereby is appointed and is authorized to make examinations of persons suspected of being lunitics and brought before the mental hygiene commission of this County and report his findings to the said commission.

Ordered this Court adjourn until Tuesday the 4th day of October, 1955 at 10:00 o'clock A. M.

Hubert Kelly
President

October 4, 1955

The County Court of Kanawha County, West Virginia, met in regular session pursuant to law and to the rules of said Court at the County Court House, Charleston, West Virginia, at 11:00 o'clock A. M. The meeting was called to order and the roll being called there were present Hubert Kelly, President, presiding and the following named Commissioners:

Bruce E. Bartlett
S. Grover Smith, Sr.,

Absent:

None

This being the date fixed by prior action of the County Court for conducting the public hearing on the creation of the proposed Union Public Service District, as contemplated and provided for in a resolution and order adopted by the County Court on the 9th day of September, 1955, the President announced that all persons residing in or owning or having any interest in property in such proposed public service district desiring to be heard for or against the creation of said district would be heard and all such interested persons desiring to be heard were given full opportunity.

The County Court then further discussed the creation of said public service district, whereupon Bruce E. Bartlett introduced and caused to be read a proposed resolution and order entitled:

A RESOLUTION AND ORDER CREATING UNION PUBLIC SERVICE DISTRICT IN KANAWHA COUNTY, WEST VIRGINIA

WHEREAS, the County Court of Kanawha County, West Virginia did heretofore by a resolution and order adopted September 9th, 1955, fix a date for a public hearing on the creation of the proposed Union Public Service District and in and by said resolution and order provide that all persons residing in or having any interest in the proposed public service district might appear before the County Court at this meeting and have the opportunity to be heard for an against the creation of said district; and

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

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

NOW, THEREFORE, Be It and It is Hereby Resolved and Ordered by the County Court of Kanawha County, West Virginia, as follows:

Section 1. That a public service district within Kanawha County, West Virginia, is hereby created, and said district shall have the following described boundaries:

"Beginning at a point in a Northerly direction 1,000 feet from the intersection of U. S. Route 35 and 40th Street Road, thence N. 77° 00' E. 19,000 feet, thence S. 40° 00' E. 5,500 feet, thence s. 55° 00' W. 4,900 feet to a point, thence S. 85°00' W. 10,000 feet to a point, thence S. 10°00' W. 3,500 feet to a point, thence S. 76°00' W. 4,000 feet to a point, thence N. 38° 00' W. 9,000 feet to a point N. 57°00' E. 2,000 feet to beginning.

Comprising the communities of Armour Creek, Lake Chaweva, Cross Lanes, Silver Lake, Hillsdale, Flatwoods, Walnut Valley Acres, Fairview and Rock Park as shown on a map prepared by J. H. Milam, Consulting Engineer, June, 1955.

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

Section 3. That the County Court of Kanawha County, West Virginia, has determined that the territory within Kanawha County, West Virginia, having the herein-

The Johnson-Watson Co., Dayton, Ohio—Charleston, W. Va.—N-6247

above described boundaries, is so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, imporvement and extension of properties supplying both water and sewerage services within such territroy by said public service district will be conducive to the preservation of public health, comfort and convenience of such area.

and moved that all rules otherwise requiring deferred consideration or several readings be suspended and said proposed resolution and order be adopted. S. Grover Smith, Sr., seconded the motion and after due consideration the President put the question on the motion and the roll being called, the following voted:

Aye: Hubert Kelly
Bruce E. Bartlett
S. Grover Smith, Sr.

Nay: None

Whereupon the President declared the motion duly carried and said resolution and order duly adopted.

S Grover Smith,Sr., introduced and caused to be read a proposed resolution and order, entitled:

A RESOLUTION AND ORDER APPOINTING MEMBERS TO THE PUBLIC SERVICE BOARD OF THE UNION PUBLIC SERVICE DISTRICT

WHEREAS, the County Court of Kanawha County, West Virginia, did heretofore by resolution and order adopted October 4th, 1955 create the Union Public Service District; and

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

NOW THEREFORE, Be It and It Is Hereby Resolved and Ordered by the County Court of Kanawha County, West Virginia, as follows:

Section 1. That the County Court of Kanawha County, West Virginia, hereby finds and determines that HIRAM KING, JOHN T. PAYNE, and MURRY G. McGUIRE, are persons residing within the Union Public Service District, and the aforesaid persons are hereby appointed as members of the Public Service Board of said district and their respective terms of office shall be as follows:

Hiram King,for a term of six years from the first day of the month in which this resolution and order is adopted;

John T. Payne, for a term of four years from the first day of the month in which this resolution and order is adopted; and

Murry G. McGuire, for a term of two years from the first day of the month in which this resolution and order is adopted.

Section 2. The aforesaid persons shall meet as soon as practicable, at the office of the Clerk of said County Court and shall qualify by taking an oath of office,

The Johnson-Weldon Co., Dayton, Ohio—Charleston, W. Va.—N-4247

and thereafter said appointees constituting the initial public service Board of the Union Public Service District shall meet and organize in compliance with the provisions of Article 13A of Chapter 16 of the West Virginia Code.

and moved that all rules otherwise requiring deferred consideration or several readings be suspended and said proposed resolution and order be adopted. Bruce E. Bartlett seconded the motion and after due consideration the President put the question on the motion and the roll being called the following voted:

Aye: Hubert Kelly
Bruce E. Bartlett
S. Grover Smith, Sr.

Nay: None

Whereupon the President declared the motion duly carried and said resolution and order duly adopted.

COUNTY COURT
LEVY ESTIMATE

Prescribed B y

TAX COMMISSIONER

STATE OF WEST VIRGINIA

FISCAL YEAR 1955-1956

KANAWHA COUNTY

THE LEVY ESTIMATE shall be made on this form Tuesday, August 2nd, 1955, and two certified copies thereof forwarded to the State Tax Commissioner, Charleston.

COUNTY COURT LEVY ESTIMATE

Chapter 132 Acts Regular Session 1939.

Section 9. Meeting of Local Levying Bodies. - Each locallevying body shall hold a session on the FIRST Tuesday in August for The transaction of business generally and particularly for the business herein required.

Section 10. Levy Estimate by County Court; Certification to Tax Commissioner and Publication. - The County Court shall, at the session provided for in section nine of this article, ascertain the fiscal condition of the county, and make an itemized statement setting forth:

(1) The amount due and the amount that will become due and collectible from every source during the current fiscal year except from the levy of taxes to be made for the year upon the county as a whole and upon any district of the county for which the levies are laid by the county court;

(2) The interest, sinking fund and amortization requirements for the current fiscal year of bonded indebtedness legally incurred upon a vote of the people, as provided by law, owing by the county as a whole and by any district;

(3) Other contractual indebtedness not bonded, legally incurred prior to the adoption of the tax limitation amendment, owing by the county as a whole and such debts owing by any district;

(4) All other expenditures to be paid out of the receipts for the current fiscal year, with proper allowance for delinquent taxes, exonerations and contingencies;

I, ALMA Y. KING, do hereby certify that this is a true copy from the original
Test: ALMA Y. KING, Clerk
Kanawha County Commission
Date 8-19-71 By

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

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

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

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

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

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

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

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

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

Also immediately after adoption of this Resolution and in July of each year thereafter, the Board shall instruct the

Secretary to, and the Secretary shall, distribute to each of the newspapers, television stations, radio stations and other news media listed below a notice identical to that posted.

News Media	Address
The Charleston Gazette	1001 Virginia Street East Charleston, WV 25301
The Charleston Daily Mail	1001 Virginia Street East Charleston, WV 25301
WCHS-TV	1301 Piedmont Road P. O. Box 11138 Charleston, WV 25339-1138
WOWK-TV	Suite 2 Municipal Parking Building Charleston, WV 25301
WSAZ-TV	111 Columbia Avenue Charleston, WV 25302
WBES-FM	One Players Club Drive Charleston, WV 25311
WCAW-AM/WVAF-FM	4110 MacCorkle Avenue, S.E. P. O. Box 4318 Charleston, WV 25304
WCHS-AM/WVNS-FM	1111 Virginia Street, E. Charleston, WV 25301
WQBE-AM/WQBE-FM	4250 Washington Street, W. P. O. Box 871 Charleston, WV 25323
WVSR-AM/WVSR-FM	817 Suncrest Place P. O. Box 3697 Charleston, WV 25336
WVPN-FM	600 Capitol Street Charleston, WV 25301

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

the newspapers, television stations, radio stations and other news media that customarily cover news of the area served by the Board.

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

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

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

Rule No. 2. Notice of Special Meeting. Not less than three (3) but not more than eight (8) days prior to the date set for any special meeting of the Board, the Board shall instruct the Secretary to, and the Secretary shall, post on the door of the regular meeting place of the Board, and at such other place, if any, where notices customarily are posted a notice setting forth the time, place and purpose or purposes of such special meeting. Business at such special meeting shall be limited to the purpose or purposes specified in said notice.

As soon as practical after the posting of said notice, but not less than three (3) days prior to the date set for such special meeting, the Secretary shall distribute to each of the newspapers, television stations, radio stations and other news media listed in Rule No. 1 hereof a notice identical to that posted. Amendments made to such list, as provided for in said Rule No. 1, shall be incorporated by reference in this Rule No. 2. A notice shall be considered distributed to a news medium when it has been addressed to such news medium at the address listed in said Rule No. 1, or at such other address as the news medium has in writing requested be used, marked or stamped with first class postage and deposited in the United States mail.

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

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

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

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

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

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

Introduced at Board Meeting: August 7, 1991

Adopted by Board: August 7, 1991

Chairman

Robert H. Fisch

[SEAL]

Secretary

Joe W. Williams

4951h

91-297

At a Regular Session of the County Commission of Kanawha County, West Virginia, held at the Courthouse thereof, on the 15th day of August, 1991, the following order was made and entered:

SUBJECT: REAPPOINTMENT OF JOE W. WILLIAMS TO THE UNION PUBLIC SERVICE DISTRICT

The following motion was offered by Henry C. Shores

The County Commission of Kanawha County, West Virginia, having been apprised of the expiration of the term of Joe W. Williams, a member of the Union Public Service District, doth ORDER that Joe W. Williams, 104 Orchard Drive, Nitro, WV 25143, be and he is hereby reappointed as a member of the Union Public Service District, for a six-year term commencing October 2, 1989, and expiring October 1, 1995.

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

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

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

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

William J. Reese, President

Louis H. Bloom, Commissioner

Henry C. Shores, Commissioner

Approved By: Betty L. Caplan
County Attorney

I, ALMA Y. KING, do hereby certify that this is a true copy from the original
Teste: ALMA Y. KING, Clerk
Kanawha County Commission
Date 8-19-91 By Alma Y. King
Deputy

89-419

BOOK 132 PAGE 644

At a Regular Session of the County Commission of Kanawha County, West Virginia, held at the Courthouse thereof, on the 20th day of July 1989, the following order was made and entered:

Subject: DR. CHARLES WARNER - REAPPOINTMENT TO THE UNION PUBLIC SERVICE DISTRICT

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

The County Commission of Kanawha County, West Virginia, having been apprised of the expiration of the term of Dr. Charles Warner, 542 Old Goff Mountain Road, Cross Lanes, West Virginia, 25313, doth ORDER that Dr. Charles Warner be and he hereby is reappointed to the Board of the Union Public Service District for a term of six (6) years, which said term will expire September 30, 1993.

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

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

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

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

Louis H. Bloom, President

Don Joe Hunt, Commissioner

William J. Reese, Commissioner

Approved By: [signature]
County Attorney

I, ALMA Y. KING, do hereby certify that this is a copy from the original
ALMA Y. KING, Clerk
Kanawha County Commission
Date 8-19-91 By [signature] Deputy

87-465

At a Regular Session of the County Commission of Kanawha County, West Virginia, held at the Courthouse thereof, on the 18th day of June 19 87 the following order was made and entered:

VOL 113 PAGE 553

Subject: ROBERT M. BRICK - APPOINTMENT TO THE UNION PUBLIC SERVICE DISTRICT

The following motion was offered by F. Douglas Stump, Commissioner

The County Commission of Kanawha County, West Virginia, having been apprised of the resignation of George A. Creighton, a member of the Union Public Service District; does hereby appoint Robert M. Brick, 5465 Big Tyler Road, Cross Lanes, West Virginia 25313, to fill the unexpired term of Mr. Creighton. Said term will begin July 1, 1987, and expire on October 1, 1991.

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

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

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

Louis H. Bloom, President

F. Douglas Stump, Commissioner

Don Joe Hunt, Commissioner

Approved By: _____
County Attorney

I, ALMA Y. KING, do hereby certify that this is a true copy from the original
Teste: ALMA Y. KING, Clerk
Kanawha County Commission
Date 8-19-91 By _____
Deputy

OFFICER'S OATH

LIBER 194[redacted] 65

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

I, Joe W. Williams, having been duly Appointed to the office of Union Public Service District, do solemnly swear that I will support the Constitution of the United States and the Constitution of this State, and that I will truly and faithfully discharge all the duties of said office, during my continuance therein, to the best of my skill and judgment, so help me, God.

Joe W. Williams

Subscribed and sworn to before the undersigned, Clerk of the County Commission of said county, this 20th day of August, 19 91.

ALMA Y. KING, Clerk

BY Linda M. Poling

Deputy, Clerk

I, ALMA Y. KING, do hereby certify that this is a true copy from the record
Teste: ALMA Y. KING, Clerk
Kanawha County Commission
Date 8-20-91 By Linda M. Poling
Deputy

00744

OFFICER'S OATH

LIBER 171 PAGE 621

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

I, Robert H. Brick, having been duly appointed to the office of the Union Public Service District

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

Robert H. Brick

Subscribed and sworn to before the undersigned, Clerk of the County Commission of said county, this 15th day of July, 19 87.

ALMA Y. KING, Clerk

BY Linda M. Pelling, Deputy Clerk

I, ALMA Y. KING, do hereby certify that this is a true copy from the record
Testa: ALMA Y. KING Clerk
Kanawha County Commission
Date 8-19-91 By Linda M. Pelling
Deputy

LIBER 184 984 OFFICER'S OATH 00746

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

I, DR. CHARLES WARNER, having been duly reappointed to the office of BOARD OF THE UNION PUBLIC SERVICE DISTRICT,

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

Chas C Warner

Subscribed and sworn to before the undersigned, Clerk of the County Commission of said county, this 26th day of October, 1989.

Beth Ann Surles Chief Deputy Clerk

I, ALMA Y. KING, do hereby certify that this is a true copy from the record
Teste: ALMA Y. KING Clerk
Kanawha County Commission
Date 2-19-98 By Linda M. King
Deputy

WDA-5
(July 1990)

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").

UNION PUBLIC SERVICE DISTRICT
(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

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

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

2.2 Subject to the terms, conditions and provisions of this Loan Agreement and of the Local Act, the Governmental Agency has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is

doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers.

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

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

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

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

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

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

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

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

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

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

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

(f) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the construction of the Project and operation of the System, and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

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

(h) The Governmental Agency shall have obtained any and all approvals of rates and charges required by State law and shall have taken any other action required to establish and impose such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

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

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

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

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

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

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

moneys and close Local Bond sales in such order and manner as it deems in the best interest of the Program.

ARTICLE IV

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(xvi) That, unless it qualifies for an exception to the provisions of Section 148 of the Code, which exception shall be set forth in an opinion of bond counsel, the Governmental Agency will furnish to the Authority, annually, at

such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information requested by the Authority;

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

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

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

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

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

4.2 The Loan shall be secured by the pledge and assignment by the Governmental Agency, as effected by the Local Act, of the fees, charges and other revenues of the Governmental Agency from the System as further set forth by and

subject only to such reservations and exceptions as are described in Schedules X and Y hereto or are otherwise expressly permitted in writing by the Authority.

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

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

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

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

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

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

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

ARTICLE V

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

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

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

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

next due, from the date of the default until the date of the payment thereof.

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

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

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

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

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

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

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

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

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

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

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

7.8 This Loan Agreement shall terminate upon the earlier of:

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

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

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

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

Union Public Service District

[Proper Name of Governmental Agency]

(SEAL)

By: Robert H. Rink

Its: Chairman

Attest:

Joe W. Williams

Its Secretary-Treasurer

Date: August 28, 1991

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: Daniel B. Yankoski

Director

Attest:

Barbara B. Meadows

Secretary-Treasurer

Date: August 28, 1991

WDA-5X
(July 1990)

SCHEDULE X
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds $4,229,604.00

Purchase Price of Local Bonds $4,229,604.00

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semiannual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 7.75 % per annum. Principal of the Local Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference.

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

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:

West Virginia Water Development Authority
Interest Bearing Local Loan from Series 1991 A Pool
Debt Service Schedule - Union Public Service District

Closing 8/28/91
Total Amount Borrowed: $4,229,604.00

Date	Coupon	Principal	Interest	Debt Service
10/1/91	7.75%	0.00	30,047.81	30,047.81
10/1/92	7.75%	0.00	327,794.31	327,794.31
10/1/93	7.75%	18,864.00	327,794.31	346,658.31
10/1/94	7.75%	20,326.00	326,332.35	346,658.35
10/1/95	7.75%	21,901.00	324,757.08	346,658.08
10/1/96	7.75%	23,598.00	323,059.76	346,657.76
10/1/97	7.75%	25,427.00	321,230.91	346,657.91
10/1/98	7.75%	27,398.00	319,260.32	346,658.32
10/1/99	7.75%	29,521.00	317,136.97	346,657.97
10/1/00	7.75%	31,809.00	314,849.10	346,658.10
10/1/01	7.75%	34,274.00	312,383.90	346,657.90
10/1/02	7.75%	36,930.00	309,727.66	346,657.66
10/1/03	7.75%	39,792.00	306,865.59	346,657.59
10/1/04	7.75%	42,876.00	303,781.71	346,657.71
10/1/05	7.75%	46,199.00	300,458.82	346,657.82
10/1/06	7.75%	49,780.00	296,878.40	346,658.40
10/1/07	7.75%	53,638.00	293,020.45	346,658.45
10/1/08	7.75%	57,794.00	288,863.50	346,657.50
10/1/09	7.75%	62,274.00	284,384.47	346,658.47
10/1/10	7.75%	67,100.00	279,558.23	346,658.23
10/1/11	7.75%	72,300.00	274,357.98	346,657.98
10/1/12	7.75%	77,903.00	268,754.73	346,657.73
10/1/13	7.75%	83,941.00	262,717.25	346,658.25
10/1/14	7.75%	90,446.00	256,211.82	346,657.82
10/1/15	7.75%	97,456.00	249,202.26	346,658.26
10/1/16	7.75%	105,009.00	241,649.42	346,658.42
10/1/17	7.75%	113,147.00	233,511.22	346,658.22
10/1/18	7.75%	121,916.00	224,742.33	346,658.33
10/1/19	7.75%	131,364.00	215,293.84	346,657.84
10/1/20	7.75%	141,545.00	205,113.13	346,658.13
10/1/21	7.75%	152,515.00	194,143.39	346,658.39
10/1/22	7.75%	164,334.00	182,323.48	346,657.48
10/1/23	7.75%	177,070.00	169,587.59	346,657.59
10/1/24	7.75%	190,793.00	155,864.67	346,657.67
10/1/25	7.75%	205,580.00	141,078.21	346,658.21
10/1/26	7.75%	221,512.00	125,145.76	346,657.76
10/1/27	7.75%	238,679.00	107,978.58	346,657.58
10/1/28	7.75%	257,177.00	89,480.96	346,657.96
10/1/29	7.75%	277,108.00	69,549.74	346,657.74
10/1/30	7.75%	298,584.00	48,073.87	346,657.87
10/1/31	7.75%	321,724.00	24,933.61	346,657.61
		4,229,604.00	9,647,899.49	13,877,503.49

Prepared 8/16/91

SCHEDULE Y
REVENUES

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

(i) to pay Operating Expenses of the System;

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

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

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

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

SCHEDULE Z

Additional and Supplemental Definitions

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

2. "Local Statute" means Chapter 16, Article 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 Division 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 Division of Natural Resources and approval of the "Part B" supplement to its EPA grant agreement.

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

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

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

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

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

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

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

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

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

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

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

WDA-4
(July 1990)

RECEIVED
JUL 16 91
WATER DEVELOPMENT AUTHORITY

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

AMENDED APPLICATION FOR A CONSTRUCTION LOAN

1. Full legal name of Applicant: Union Public Service District Kanawha County, West Virginia

2. Date of original Application for a Construction Loan (the "Original Application") (date signed by Applicant): July, 1991

3. (a) Date bids for Project were received: April 11, 1991
   (b) Expiration date of bids: August 9, 1991 *
   (c) Attach copies of apparent responsible, acceptable low bids. See Tab I

4. Complete attached Amended Schedule A: "Total Cost of Project, Sources of Funds and Cost of Financing," based on bids received. If construction of the Project has begun, indicate any changes to date from the cost of and sources of funds for the Project as bid. Revise and attach (as Amended Schedule B) a complete "Cash Flow Analysis" for the Project, based on bids received.

5. Set forth any other modifications to information included in or with the Original Application. Indicate to which paragraph of or exhibit to the Original Application the modified information applies.
   None

* A time extension has been requested of each Bidder to 9/17/91

* * * *

The undersigned, as a duly authorized representative of the Consulting Engineer, certifies that he has completed this Amended Application, including the exhibit documents attached, and consents to the use of such information by the Authority in connection with the financing of the Project.

James L. Dewey Jr.
(Signature)

Date: July 15, 1991

8-28-91

The undersigned officer of the Applicant hereby certifies to the West Virginia Water Development Authority that he is duly authorized to execute this Amended Application on behalf of the Applicant and that the information contained in this Amended Application and in the exhibit documents attached hereto is true, correct and complete to the best knowledge and belief of the undersigned.

Name of Applicant (Typed): Union Public Service District

By: (Signature) Robert [illegible]

Title: Chairman

Date: ~~July~~ August 28, 1981

AMENDED SCHEDULE A

NAME OF GOVERNMENTAL AGENCY: Union Public Service District

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

A. Cost of Project

Construction	$ 7,553,495.	
Technical Services	$ 1,115,491.	
Legal and Fiscal	$ 37,348.	
Administrative	$ 37,348.	
Site and Other Lands	$ 46,575.	
Step I and/or Step II (Design)		
or Other Loan Repayment		
(Specify Type: Current Debt & Interest Due Engineer	$ 1,643,040.	
Interim Financing Costs	$	
Contingency	$ 528,865	
Total of Lines 1 through 8		$10,962,162

B. Sources of Funds

Federal Grants:[1]	Environmental	$ 4,375,300.	
(Specify Source)	Protection Agency	$	
State Grants:[1]		$	
(Specify Source)		$	
		$	
		$	
Other Grants:[1]		$	
(Specify Source)		$	
Any Other Source[2]		$	
(Specify)		$	
Total of Lines 10 through 13			$ 4,375,300
Net Proceeds Required from Bond Issue (Line 9 less Line 14)			$ 6,586,862

C. Cost of Financing

Capitalized Interest (Construction period plus six months)	$	
Funded Reserve Account[3]	$	
Other Costs[4] Bond Counsel	$ 20,000.	
Total Cost of Financing (Lines 16 through 18)		$ 20,000
Size of Bond Issue (Line 15 plus Line 19)		$ 6,606,862

1 Attach supporting documentation not previously submitted. If not yet available, state such and expectations as to availability.

2 For example, interest earnings during construction, if applicable. Include the proceeds of any parity or subordinate bond issue to be used for such purpose and attach supporting documentation if available (if not yet available, state such and expectations as to availability).

3 Consult with bond counsel and the Authority before assuming a funded reserve.

4 For example, fees of bond counsel for the Governmental Agency.

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

SIGNATURE OF AUTHORIZED OFFICER OF APPLICANT

SIGNATURE OF ENGINEER

WDA-Supp. 5
(July 1990)

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").

UNION PUBLIC SERVICE DISTRICT
(Governmental Agency)

W I T N E S S E T H:

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

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

WHEREAS, the Governmental Agency is authorized and empowered by the statutes of the State to construct, operate and improve a water development project, as defined by the Act, and to finance the cost of constructing or acquiring the same by borrowing money to be evidenced by revenue bonds, 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 "Origination Fee" means the fee paid by a Governmental Agency with respect to its participation in the State's Revolving Fund program established pursuant to Title VI of the Water Quality Act of 1987, to provide funds for the acquisition and construction of wastewater Projects.

1.5 "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.

1.6 "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.

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

1.8 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 Division of Natural Resources (or in the process of preparation by such Director), has been approved by the West Virginia Bureau of Public Health and is consistent with the standards set by the West Virginia Water Resources Board for the waters of the State affected thereby.

2.2 Subject to the terms, conditions and provisions of this 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 or charges for the services of the System shall be sufficient to provide funds which, along with other revenues of the System, will pay all Operating Expenses and leave a balance each year equal to at least one hundred fifteen percent (115%) of the maximum amount required in any year for debt service on the Local Bonds and the Supplemental Bonds and all other obligations secured by 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 of 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 or independent public accountant and shall submit the report of said audit to the Authority, which report shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Supplemental Loan Agreement and that the Governmental Agency's revenues are adequate to meet its operation and maintenance expenses and debt service requirements;

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

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

(xiv) That the proceeds of the 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;

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

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

(xvii) 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.

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

ARTICLE V

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

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

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

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

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

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

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

right to cancel all or any of its obligations under this Supplemental Loan Agreement if (a) any representation made to the Authority by the Governmental Agency in connection with the Loan or the Supplemental Loan shall be incorrect or incomplete in any material respect or (b) the Governmental Agency has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of the Loan Agreement or this Supplemental Loan Agreement.

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.

Union Public Service District
[Proper Name of Governmental Agency]

(SEAL)

By Robert L. Brick
Its Chairman

Attest:

Date: August 28, 1991

Jack W. Williams
Its Secretary-Treasurer

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

(SEAL)

By Daniel B. Lyonkosky
Director

Attest:

Date: August 28, 1991

Barbara B. Meadows
Secretary-Treasurer

WDA-Supp. 5X
(July 1990)

SCHEDULE X
DESCRIPTION OF SUPPLEMENTAL BONDS

Principal Amount of Supplemental Bonds	$ 237,602.00
Purchase Price of Supplemental Bonds	$ 237,602.00

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

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

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

West Virginia Water Development Authority
Interest Free Local Loan from Series 1990 A and 1991 A Pool
Debt Service Schedule - Union Public Service District

Closing 8/28/91
Total Amount Borrowed: $237,602.00

Date	Interest Free Loan	Debt Service
10/1/91		
10/1/92	2,542.29	2,542.29
10/1/93	6,157.55	6,157.55
10/1/94	6,157.55	6,157.55
10/1/95	6,157.55	6,157.55
10/1/96	6,157.55	6,157.55
10/1/97	6,157.55	6,157.55
10/1/98	6,157.55	6,157.55
10/1/99	6,157.55	6,157.55
10/1/00	6,157.55	6,157.55
10/1/01	6,157.55	6,157.55
10/1/02	6,157.55	6,157.55
10/1/03	6,157.55	6,157.55
10/1/04	6,157.55	6,157.55
10/1/05	6,157.55	6,157.55
10/1/06	6,157.55	6,157.55
10/1/07	6,157.55	6,157.55
10/1/08	6,157.55	6,157.55
10/1/09	6,157.55	6,157.55
10/1/10	6,157.55	6,157.55
10/1/11	6,157.55	6,157.55
10/1/12	6,157.55	6,157.55
10/1/13	6,157.55	6,157.55
10/1/14	6,157.55	6,157.55
10/1/15	6,157.55	6,157.55
10/1/16	6,157.55	6,157.55
10/1/17	6,157.55	6,157.55
10/1/18	6,157.55	6,157.55
10/1/19	6,157.55	6,157.55
10/1/20	6,157.55	6,157.55
10/1/21	6,157.55	6,157.55
10/1/22	6,157.55	6,157.55
10/1/23	6,157.55	6,157.55
10/1/24	6,157.55	6,157.55
10/1/25	6,157.55	6,157.55
10/1/26	6,157.55	6,157.55
10/1/27	6,157.55	6,157.55
10/1/28	6,157.55	6,157.55
10/1/29	6,157.53	6,157.53
10/1/30	3,615.26	3,615.26
10/1/31	3,615.12	3,615.12
	237,602.00	237,602.00

Prepared 8/16/91

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, beginning thirteen (13) months prior to the first date of payment of principal of the Local Bonds, if the Reserve Account was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit) in an amount equal to the Reserve Requirement, by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) (or such other amount as shall be acceptable to the Authority and as shall fund the Reserve Account over not more than ten (10) years) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

(iv) beginning thirteen (13) months prior to the first date of payment of principal of the Supplemental Bonds, to provide debt service on the Supplemental Bonds by depositing in a sinking fund one-twelfth (1/12) of the principal payment next coming due on the Supplemental Bonds and, if the Supplemental Reserve Account was not funded concurrently with the issuance thereof in an amount equal to the Supplemental Reserve Requirement, by depositing in the Supplemental Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) (or such other amount as shall be acceptable to the Authority and as shall fund the Reserve Account over not more than ten (10) years) of the Supplemental Reserve Requirement or, if the Supplemental Reserve Account has been so funded (whether by Supplemental Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Supplemental Reserve Account at the Supplemental Reserve Requirement;

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

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

4739z

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 Division 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 Division 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.

WDA-4
(July 1990)

RECEIVED
JUL 16 91
WATER DEVELOPMENT AUTHORITY

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

AMENDED APPLICATION FOR A CONSTRUCTION LOAN

1. Full legal name of Applicant: Union Public Service District Kanawha County, West Virginia

2. Date of original Application for a Construction Loan (the "Original Application") (date signed by Applicant): July, 1991

3. (a) Date bids for Project were received: April 11, 1991
   (b) Expiration date of bids: August 9, 1991 *
   (c) Attach copies of apparent responsible, acceptable low bids. See Tab I

4. Complete attached Amended Schedule A: "Total Cost of Project, Sources of Funds and Cost of Financing," based on bids received. If construction of the Project has begun, indicate any changes to date from the cost of and sources of funds for the Project as bid. Revise and attach (as Amended Schedule B) a complete "Cash Flow Analysis" for the Project, based on bids received.

5. Set forth any other modifications to information included in or with the Original Application. Indicate to which paragraph of or exhibit to the Original Application the modified information applies.
   None

* A time extension has been requested of each Bidder to 9/17/91

* * * *

The undersigned, as a duly authorized representative of the Consulting Engineer, certifies that he has completed this Amended Application, including the exhibit documents attached, and consents to the use of such information by the Authority in connection with the financing of the Project.

James L. Dewey Jr.
(Signature)

Date: July 15, 1991

JD 8-28-91

The undersigned officer of the Applicant hereby certifies to the West Virginia Water Development Authority that he is duly authorized to execute this Amended Application on behalf of the Applicant and that the information contained in this Amended Application and in the exhibit documents attached hereto is true, correct and complete to the best knowledge and belief of the undersigned.

Name of Applicant (Typed): Union Public Service District

By: (Signature) Robert [illegible]

Title: Chairman

Date: ~~July~~ August 28, 1981

AMENDED SCHEDULE A

NAME OF GOVERNMENTAL AGENCY: Union Public Service District

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

A. Cost of Project

Construction	$ 7,553,495.	
Technical Services	$ 1,115,491.	
Legal and Fiscal	$ 37,348.	
Administrative	$ 37,348.	
Site and Other Lands	$ 46,575.	
Step I and/or Step II (Design) or Other Loan Repayment (Specify Type: Current Debt & Interest Due Engineer	$ 1,643,040.	
Interim Financing Costs	$	
Contingency	$ 528,865	
Total of Lines 1 through 8		$10,962,162

B. Sources of Funds

Federal Grants:[1] (Specify Source)	Environmental Protection Agency	$ 4,375,300.	
State Grants:[1] (Specify Source)		$	
		$	
		$	
		$	
Other Grants:[1] (Specify Source)		$	
		$	
Any Other Source[2] (Specify)		$	
		$	
Total of Lines 10 through 13			$ 4,375,300
Net Proceeds Required from Bond Issue (Line 9 less Line 14)			$ 6,586,862

C. Cost of Financing

Capitalized Interest (Construction period plus six months)	$	
Funded Reserve Account[3]	$	
Other Costs[4] Bond Counsel	$ 20,000.	
Total Cost of Financing (Lines 16 through 18)		$ 20,000
Size of Bond Issue (Line 15 plus Line 19)		$ 6,606,862

1 Attach supporting documentation not previously submitted. If not yet available, state such and expectations as to availability.

2 For example, interest earnings during construction, if applicable. Include the proceeds of any parity or subordinate bond issue to be used for such purpose and attach supporting documentation if available (if not yet available, state such and expectations as to availability).

3 Consult with bond counsel and the Authority before assuming a funded reserve.

4 For example, fees of bond counsel for the Governmental Agency.

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

SIGNATURE OF AUTHORIZED OFFICER OF APPLICANT

SIGNATURE OF ENGINEER

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

RECEIVED
OCT 7 '87
KELLEY, GIDLEY, BLAIR AND WOLFE
CONSULTING ENGINEERS

OCT 5 1987

CERTIFIED MAIL

RE: C-540330-02
Union Public Service District

Mr. Joe W. Williams, Chairman
Union Public Service District
P.O. Box 7350
Cross Lanes, West Virginia 25356

Dear Mr. Williams:

We are pleased to inform you of the award of a Step II/III 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 $3,883,000 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 Mrs. Catherine A. Mastropieri, Chief, Grants Management Branch, within twenty-one days of your receipt. The copy should also be signed and retained for your files.

Sincerely,

Alvin R. Morris, Director
Water Management Division

Enclosures (2)

cc: Mr. Mike Johnson, WVDNR
Mr. Edgar Henry, WDA
Kelley, Gidley, Blair & Wolfe

U.S. ENVIRONMENTAL PROTECTION AGENCY
EPA ASSISTANCE AGREEMENT/~~AMENDMENT~~
PART I - ASSISTANCE NOTIFICATION INFORMATION

1. ASSISTANCE ID NO.: C-540330-02-0
2. [illegible]: [illegible]-C
3. DATE OF AWARD: SEP 28 1987
4. MAILING DATE: OCT 5 1987

5. AGREEMENT TYPE
- [illegible] Agreement
- [illegible] X
- [illegible] Amendment

6. PAYMENT METHOD
☐ Advance ☒ Reimbursement ☐ Letter of Credit

Send Payment Request To: Grants Management Branch

7. TYPE OF [illegible]: Continuation

8. RECIPIENT
Union Public Service District
P.O. Box 7350
Cross Lanes, West Virginia 25356

9. PAYEE
Union Public Service District
P.O. Box 7350
Cross Lanes, West Virginia 25356

[illegible] NO.:

CONGRESSIONAL DISTRICT: 3rd

10. RECIPIENT TYPE: Public Service District

11. PROJECT MANAGER AND TELEPHONE NO.
George A. Creighton, Jr., Chairman
(304) 776-3131

12. CONSULTANT (WWT Construction Grants Only)
Kelley, Gidley, Blair & Wolfe Incorporated
P.O. Box 2980
Charleston, West Virginia 25330
(304) 345-0470

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):

17. FIELD OF SCIENCE: N/A

18. PROJECT STEP (WWT CG Only): II/III

19. STATUTORY AUTHORITY: Clean Water Act, Title II

20. REGULATORY AUTHORITY: 40 CFR Parts 30 & 35

21. STEP 2 + 3 & STEP 3 (WWT Construction Only)

a. Treatment Level	4
b. Project Type	MOD
c. Treatment Process	C
d. Sludge Design	5

22. PROJECT TITLE AND DESCRIPTION Design and construction to eliminate the two existing treatment plants and treat the wastewater discharge at the City of Charleston's treatment facility. The eligible project includes allowable 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/Place	County	State	Congressional District
Cross Lanes	Kanawha	WV	3rd

24. ASSISTANCE PROGRAM (CFDA Program No. & Title): 66.418

25. PROJECT PERIOD: 09/87 - 07/91

26. BUDGET PERIOD: N/A

27. COMMUNITY POPULATION (WWT CG Only): 17,000

28. TOTAL BUDGET PERIOD COST: N/A

29. TOTAL PROJECT PERIOD COST: 7,060,000

FUNDS	FORMER AWARD	THIS ACTION	AMENDED TOTAL
30. EPA Amount This Action		3,883,000	
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		7,060,000	

Program Element	FY	Appropriation	Doc. Control No.	Account Number	Object Class	Obligation/Deoblig. Amount
GSAW80	87	68X0103.K	W87004	7GSA036006	41.11	$3,883,000

EPA Form 5700-20A (Rev. 5-82) Replaces previous editions and EPA Forms 5700-1A, 2, 3, [illegible]

PART II-APPROVED BUDGET

ASSISTANCE IDENTIFICATION NO. C-540330-02-0

TABLE A - OBJECT CLASS CATEGORY (Non-construction)	TOTAL APPROVED ALLOWABLE BUDGET PERIOD COST
1. PERSONNEL	
2. FRINGE BENEFITS	
3. TRAVEL	
4. EQUIPMENT	
5. SUPPLIES	
6. CONTRACTUAL	
7. CONSTRUCTION	
8. OTHER	
9. TOTAL DIRECT CHARGES	
10. INDIRECT COSTS RATE % BASE	
11. TOTAL (Share: Recipient ____% Federal ____%)	
12. TOTAL APPROVED ASSISTANCE AMOUNT	$ N/A
TABLE B - PROGRAM ELEMENT CLASSIFICATION (Non-construction)	
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12. TOTAL (Share: Recipient ____% Federal ____%)	
13. TOTAL APPROVED ASSISTANCE AMOUNT	$ N/A
TABLE C - PROGRAM ELEMENT CLASSIFICATION (Construction)	
1. ADMINISTRATION EXPENSE	
2. PRELIMINARY EXPENSE	29,355
3. LAND STRUCTURES, RIGHT-OF-WAY	
4. ARCHITECTURAL ENGINEERING BASIC FEES	
5. OTHER ARCHITECTURAL ENGINEERING FEES	88,685
6. PROJECT INSPECTION FEES	93,019
7. LAND DEVELOPMENT	271,321
8. RELOCATION EXPENSES	
9. RELOCATION PAYMENTS TO INDIVIDUALS AND BUSINESSES	
10. DEMOLITION AND REMOVAL	
11. CONSTRUCTION AND PROJECT IMPROVEMENT	
12. ~~EQUIPMENT~~ Legal & Fiscal	5,694,600
13. ~~[illegible]~~ Design Allowance	14,677
14. TOTAL (Lines 1 thru 13)	298,944
15. ESTIMATED INCOME (If applicable)	
16. NET PROJECT AMOUNT (Line 14 minus 15)	
17. LESS: INELIGIBLE EXCLUSIONS	
18. ADD: CONTINGENCIES	
19. TOTAL (Share: Recipient 45 % Federal 55 %)	569,399
20. TOTAL APPROVED ASSISTANCE AMOUNT	$ 7,060,000

EPA Form 5700-20A (Rev. 8-79)

PART III–AWARD CONDITIONS

a. **GENERAL CONDITIONS**

The recipient covenants and agrees that it will expeditiously initiate and timely complete the project work for which assistance has been awarded under this agreement, in accordance with all applicable provisions of 40 CFR Chapter I, Subpart B. The recipient warrants, represents, and agrees that it, and its contractors, subcontractors, employees and representatives, will comply with: (1) all applicable provisions of 40 CFR Chapter I, Subchapter B, INCLUDING BUT NOT LIMITED TO the provisions of Appendix A to 40 CFP Part 30, and (2) any special conditions set forth in this assistance agreement or any assistance amendment pursuant to 40 CFR 30.425.

b. **SPECIAL CONDITIONS**

(For cooperative agreements include identification or summarization of EPA responsibilities that reflect or contribute to substantial involvement.)

The grantee is subject to all the requirements of 40 CFR Part 35, Subpart I, Part 30, Part 33 and other pertinent regulations. The grantee is directed to certain following special considerations of those requirements.

1. Regulations Affecting Federal Grant Payments

   (a) 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) Payments shall be made in accordance with 40 CFR 35.2300.

2. Project Schedule

   EPA's policy requires that projects be initiated, constructed, and placed in operation in a timely manner. For that reason, the schedule shown below, which was developed in conjunction with your grant application, is included as a special condition. The grantee is expected to take all appropriate actions to ensure that this schedule is maintained.

   In the event that the project is delayed for reasons beyond the control of the grantee, this schedule may be revised. If the delay arises from mismanagement and could otherwise have been avoided, the schedule will not be revised, in which case EPA will be compelled to determine if ineligible incremental costs have been incurred as a result.

3. Project Initiation (40 CFR 35.2212)

Construction is expected to be initiated on the following schedule.

Failure of the grantee to initiate construction of all major contracts within 12 months of approval of plans and specifications will result in disallowance of incremental costs in accordance with 40 CFR 35.2212, "Project Initiation".

		Date	
Plans and Specifications approval	12/88		
Bid Advertisement	01/89		
Construction Contract Award	05/89		
Construction Start (NTP)	06/89		

4. Grant Payment Milestones (40 CFR 35.2206)

Grant payments cannot exceed 50% of the Federal share unless the grantee has furnished a satisfactory final plan of operation, and cannot exceed 90% unless the grantee has furnished a satisfactory Operations and Maintenance Manual. The following dates represent an estimate of the timing of those payments.

Final Plan of Operation Approval	12/89
Operation and Maintenance Manual Approval	05/90

5. Sewer Use Ordinance and User Charge System (40 CFR 35.2208)

The sewer use ordinance must be adopted, and the user charge system implemented, before the system is placed in operation. The following dates represent an estimate of that operational date.

Sewer Use Ordinance Adoption	08/88
User Charge System Implementation	08/88

6. Notice of Building Completion (40 CFR 35.2216)

Grantee agrees to notify the State when construction is completed and also agrees to submit a preliminary final payment request on schedule.

Grantee's request to State for final physical inspection	05/90
Preliminary Final Payment Request	10/90

7. Project Performance (40 CFR 35.2218)

Federal Regulations place special emphasis on the performance of the project. It is vitally important that the facility performs as designed and on schedule. The grantee, therefore, agrees to initiate operation and certify performance by the dates below. It is likewise important that the final Federal share of the project be determined at the earliest possible date. The grantee, therefore, agrees to submit its request for final payment in accordance with this schedule.

Initiation of Operation	07/90
Project Performance Certification	07/91
Final Payment Request	07/91

8. Subagreements and Contracts

(a) The grantee agrees to negotiate a subagreement and contract for all services to be awarded under this grant. Such subagreements and contracts shall be in conformance with and incorporate the required clauses of 40 CFR Part 33.

(b) A copy of the proposed subagreements and contracts shall be submitted to the Regional Administrator for review and pre-award approval as appropriate under 40 CFR Part 33. The submittal of the proposed subagreements and contracts shall include the procurement records required in Appendix A to 40 CFR Part 33.

(c) The grantee shall submit to the Regional Administrator the proposed subagreement and contract cost or price data on EPA Form 5700-41 or on a form which contains similar information.

9. Flood Insurance

The grantee agrees to acquire and maintain at his own cost any flood insurance made available to it under the National Flood Insurance Act of 1968, as amended. This condition shall not be applicable if, on the date of execution of this Grant Agreement by both parties, flood insurance was not available pursuant to the Flood Insurance Act of 1968, as amended, for property in the project location.

10. Land Acquisition

The grantee shall not make any offer to acquire allowable real property until the Regional Administrator approves the price the grantee will offer the property owner (40 CFR 35.2210).

11. Review

The grantee recognizes that approval of any part of this grant, change orders, grant increase amendments, subagreements, any specific items, or eligibility of any other costs will be subject to final review, including project officer review, audit review, and final determination of the Grant Approving official.

12. Advertisement for Bids

Prior to the advertisement for construction bids, the grantee agrees to submit to the Regional Administrator for approval the following:

A draft plan of operation (40 CFR 35.2106);

An executed intermunicipal service agreement (40 CFR 35.2107);

A user charge system (40 CFR 35.2140); and

Final design drawings and specifications (40 CFR 35.2040 (b(5)).

13. MBE/WBE Requirements

The recipient agrees to submit to the Chief, Construction Grants Branch, attn: EEO Specialist, EPA, Region III, a completed Standard Form-334 within 30 days after the date the recipient begins building the project (see 40 CFR 35.2202). This Standard Form-334 will contain the information on subagreement awards to minority and women's businesses during the design phase of the project. The recipient agrees to submit to the Chief, Construction Grants Branch, attn: EEO Specialist, EPA, Region III, a completed Standard Form-334 within 30 days after the end of each Federal fiscal quarter during which the recipient or its contractors award any subagreements for building and building-related services and supplies.

14. Public Participation

Additional public participation is required to inform prospective users of the expected costs and rates. The grantee shall submit to the DNR project officer, within 2 months, a plan/schedule for conducting the additional public participation.

15. Audit Requirement

The recipient agrees that it will comply with the provisions of OMB Circular A-128 governing the audit of State and local government recipients of Federal assistance for fiscal years that begin after December 31, 1984. (This requirement replaces 40 CFR 30.540(b) which is based on OMB Circular A-102, Attachment P.)

16. EPA's National Municipal Policy

Nothing in this grant agreement shall be construed to excuse the grantee from meeting the requirements of the National Municipal Policy and the enforceable requirements of the Clean Water Act, as amended.

The schedule for completion of this project will be revised as needed to correspond to any schedule approved in the context of an enforcement action.

ASSISTANCE IDENTIFICATION NO. C-540330-02 -0

b. SPECIAL CONDITIONS *(Continued)*

17. Eligibility Agreement

The grantee and the Environmental Protection Agency agree, pursuant to section 203(a)(2) of the Clean Water Act, that only those items specified in the project in the project description (scope) portion of the grant agreement are eligible for Federal participation in accordance with 40 CFR Part 35.2250 (determination of allowable costs).

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 Union Public Service District (RECIPIENT ORGANIZATION) for 55 % of all approved costs incurred up to and not exceeding $ 3,883,000 (ASSISTANCE AMOUNT) for the support of approved budget period effort described in application *(including all application modifications)* C-540330-02 Union Public Service District (DATE AND TITLE) included herein by reference.

ISSUING OFFICE *(Grants Administration Office)*	AWARD APPROVAL OFFICE
ORGANIZATION/ADDRESS Environmental Protection Agency Grants Management Branch (3PM70) 841 Chestnut Building Philadelphia, Pennsylvania 19107	ORGANIZATION/ADDRESS Environmental Protection Agency Water Management Division (3WM00) 841 Chestnut Building Philadelphia, Pennsylvania 19107

THE UNITED STATES OF AMERICA BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY

SIGNATURE OF AWARD OFFICIAL	TYPED NAME AND TITLE	DATE
	James M. Seif, Regional Administrator	SEP 28 1987

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
Joe W. Williams	Joe Williams, Chairman	10/14/87

STATE OF WEST VIRGINIA
DEPARTMENT OF COMMERCE, LABOR AND ENVIRONMENTAL RESOURCES
DIVISION OF NATURAL RESOURCES
WATER RESOURCES SECTION
1201 Greenbrier Street
Charleston, West Virginia 25311
Telephone (304)348 2107

STON CAPERTON
Governor

J. EDWARD HAMRICK III
Director

August 26, 1991

RECEIVED
AUG 28 91
WATER DEVELOPMENT
AUTHORITY

Mr. Frederick G. Warren, Chief
Grants Management Section (3PM71)
Environmental Protection Agency
Region III
841 Chestnut Building
Philadelphia, Pennsylvania 19107

RE: Union Public Service
District
C-540330-02

Dear Mr. Warren:

Transmitted are the Part B documents for Contracts 1, 2, 3, 4 and 5 of the referenced project. The State approves the bidding procedures and the request for grant increase in the amount of $492,300 reflecting a revised federal grant of $4,375,300, based on total eligible project cost of $7,955,100.

Should you have any questions, please contact Rosalie Ortega of my staff at (304) 348-0641.

Sincerely,

CONSTRUCTION ASSISTANCE

Mike Johnson

Mike Johnson, P.E.
Assistant Chief

MJ/cga

Enclosures

cc: Union PSD
Kelley, Gidley, Blair & Wolfe
Bernie Yonkosky, WDA

STATE OF WEST VIRGINIA
DEPARTMENT OF COMMERCE, LABOR AND ENVIRONMENTAL RESOURCES
DIVISION OF NATURAL RESOURCES
WATER RESOURCES SECTION
1201 Greenbrier Street
Charleston, West Virginia 25311
Telephone (304)348-2107

GASTON CAPERTON
Governor

J. EDWARD HAMRICK III
Director

To: Whom it May Concern

From: Mike Johnson, Assistant Chief
Construction Assistance

Date: August 26, 1991

Subject: Union PSD C-540330-02

==========

Based upon the review of the Part B documents submitted to our office, it has been determined that the revised EPA grant is $4,375,300 based upon eligible costs of $7,955,100. This is our recommendation that is being sent to the EPA office for processing.

Should you have any questions, contact Rosalie Ortega of my staff at (304)348-0637.

ESCROW AGREEMENT

This AGREEMENT, made and entered into as of the 28th day of August, 1991, by and among the UNION PUBLIC SERVICE DISTRICT (hereinafter referred to as the "District") and the WEST VIRGINIA MUNICIPAL BOND COMMISSION (hereinafter referred to as the "Escrow Agent").

W I T N E S S E T H T H A T:

WHEREAS, the District, pursuant to a Bond Resolution passed on July 30, 1967 (the "Prior Resolution"), issued its Sewer Refunding and Revenue Bonds Series A, in the original principal amount of $222,000 dated July 1, 1967, none of which are outstanding as of the date hereof; Series B, in the original principal amount of $1,573,000 dated July 1, 1967, of which $1,149,000 in principal amount are outstanding as of the date hereof; and Series C, in the original principal amount of $400,000 dated July 1, 1967, of which $383,000 in principal amount are outstanding as of the date hereof (collectively the "Prior Bonds");

WHEREAS, the Prior Bonds mature on the dates and bear interest at the rates set forth in Schedule A hereto;

WHEREAS, the District has determined to issue its Sewerage System Revenue Bonds, 1991 Series A Sewerage System Revenue Bonds, 1991 Series B, and Sewerage System Revenue Bonds, 1991 Series C (collectively the "1991 Bonds"), pursuant to a Bond Resolution and a Supplemental Resolution adopted by the District on August 27, 1991, (the "Resolution"), a portion of the proceeds of which will be used to refinance the Prior Bonds;

WHEREAS, the District has made arrangements for the Escrow Agent to purchase from part of the proceeds of the 1991 Bonds and other available moneys, United States Treasury Obligations (the "Government Securities") described in Schedule B hereto, the principal of and interest on which, when due, without consideration of any reinvestment of such maturing principal and interest, together with any other funds deposited with the Escrow Agent, will provide sufficient moneys to enable the Escrow Agent:

(i) to refinance and redeem, at a redemption price of 100% of the principal amount thereof, the $1,532,000 in aggregate principal amount of Prior Bonds outstanding on October 1, 1991.

(ii) to pay, as the same shall become due and payable, the interest to accrue on all Prior Bonds to the October 1, 1991 payment date, as set forth in the preceding clause (i) of this recital.

WHEREAS, the District has found it desirable to appoint the Escrow Agent for the purposes of holding title to the Government Securities, receiving payments of the principal thereof and interest thereon when due, disbursing to the paying agents such amounts as may be necessary to provide for payment of the Prior Bonds and the interest thereon when due, and holding and investing and reinvesting any cash balances which may at any time not be needed for immediate disbursement; and

NOW, THEREFORE, in consideration of the mutual agreements contained herein, and in order further to secure payment of the Prior Bonds, as heretofore provided, the parties hereto mutually undertake, promise and agree for themselves, their respective representatives, successors and assigns, as follows:

1. Receipt of true and correct copies of the Resolution and the Prior Resolution is hereby acknowledged by the Escrow Agent. Reference herein to or citation herein of any provisions of either the Prior Resolution or the Resolution shall be deemed to incorporate the same as a part hereof in the same manner and with the same effect as if the same were fully set forth herein.

2. There is hereby created and established with the Escrow Agent a special and irrevocable fund designated the Union Public Service District 1967 Sewer Refunding and Revenue Bonds Escrow Fund (hereinafter referred to as the "Escrow Fund"), to be held in the custody of the Escrow Agent, separate and apart from other funds of the District or the Escrow Agent. The deposit of investments or moneys in the Escrow Fund shall constitute an irrevocable deposit of said investments or moneys in trust for, and such moneys and the investments thereof, together with any income or interest earned thereon, shall be applied, except as otherwise provided herein, to, the payment of the principal and interest on the Prior Bonds as the same become due and payable.

3. Concurrently with the delivery of the 1991 Bonds, the District shall apply $1,433,751.01 from the proceeds of sale of the 1991 Bonds, and $114,610 from the Sinking Funds for the Prior Bonds, created and maintained on account of the Prior Bonds, to the purchase of the Government Securities described in Schedule B hereto. Selby & Associates, independent certified public accountants, have certificated, in their letter dated August 28, 1991, attached hereto as Schedule C, that the Government Securities, together with the income to be derived from the investment of the Government Securities, will be sufficient to pay the principal of and interest on the Prior Bonds as the same become due and payable as described in the fourth recital hereto.

4. The Government Securities shall be credited to the Escrow Fund. The Escrow Agent shall deposit any proceeds (whether principal, interest or otherwise) derived from the Government Securities in the Escrow Fund and shall after the initial maturity thereof, reinvest such proceeds in overnight United States Treasury Obligations. Except as provided above, the Escrow Agent shall have no power or duty to invest any moneys held hereunder or to make substitutions of the Goverment Securities hereunder, or to sell, transfer or otherwise dispose of Government Securities acquired hereunder.

5. The Escrow Agent shall deposit directly with the paying agent or agents therefor, in immediately available funds, from the amounts held in the Escrow Fund on October 1, 1991 the amounts required to comply with the payments of principal and interest on the Prior Bonds in accordance with the terms of the fourth recital hereto.

6. The holders of the Prior Bonds shall have an express lien on all moneys and assets in the Escrow Fund until paid out, used and applied in accordance with this Agreement.

7. After the provision for payment of all the Prior Bonds, and the interest thereon, the amounts remaining in the Escrow Fund shall be immediately transferred to the District for deposit in the Construction Trust Fund established under the Resolution for use in accordance with the terms thereof.

8. In no event shall the Escrow Agent or the paying agents have any lien whatsoever upon any of the moneys or Government Securities in the Escrow Fund, for the payment of any fees or expenses.

9. The District and the Escrow Agent independently hereby covenant that no part of the moneys or funds at any time in the Escrow Fund, shall be used directly or indirectly to acquire any securities or obligations, the acquisition of which would cause any of the 1991 Bonds to be "arbitrage bonds" as defined in Section 148 of the Internal Revenue Code of 1986, as amended.

10. The Escrow Agent shall not have any responsibility with respect to the validity or sufficiency of this Agreement. The liability of the Escrow Agent for the payment of the principal of and the interest on the Prior Bonds shall be limited to the application of the moneys and Government Securities available for such purposes in the Escrow Fund. The Escrow Agent shall not be liable or responsible because of the failure of the District to perform any act required of it by this Agreement or because of the loss of any moneys arising through the insolvency or the act or default or

omission of any depository in which such moneys shall have been deposited.

11. If any outstanding Prior Bonds or coupons are not presented for payment when due, and moneys are held by the Escrow Agent for payment thereof but not including any funds held by the paying agent for the Prior Bonds, such moneys shall be held for such purposes for a period of six (6) years from the date such payment was due, at which time such moneys shall be paid to the District.

12. Concurrently with the execution of this Agreement and the defeasance of the lien of the Prior Bonds, the Escrow Agent, at the express direction of the District, shall apply the funds held by it in the sinking funds, including the reserve accounts therein, created and maintained under the Prior Resolution the sum of the $114,610 into the Escrow Fund, for the simultaneous purchase of the Government Securities described in Schedule B hereto.

13. If any one or more of the covenants or agreements provided in this Agreement to be performed on the part of any of the parties hereto should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

14. Whenever it shall be required hereunder to redeem Prior Bonds, as set out in the fourth recital to this Agreement, the Escrow Agent shall be responsible for the preparation, publication and mailing of the notice of redemption in accordance with the provisions of the Prior Resolution. The costs of any required publication and mailing of any notice of redemption shall be paid by the District and under no circumstance shall the Escrow Agent have any claim on moneys on deposit in the Escrow Fund for payment of such costs, but shall look solely to the District for such payment. The Escrow Agent shall act on behalf of the District in the conduct of the proceedings for the redemption of the outstanding bonds to be redeemed in accordance with the Prior Resolution.

15. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

16. This Agreement is made in the State of West Virginia under the Constitution and laws of such State and is to be so construed.

17. This Agreement shall terminate on the earlier of the date on which all the outstanding Prior Bonds have been paid and discharged in accordance with the respective provisions of the Prior Resolution or, as described in Paragraph 11 above, six (6) years after the last date on which payment on the Prior Bonds is due. Government Securities in the Escrow Fund shall be transferred to the District for deposit in the Sinking Fund created under the Resolution.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

UNION PUBLIC SERVICE DISTRICT

By _____
Its Chairman

WEST VIRGINIA MUNICIPAL BOND COMMISSION

By _____
Its EXEC. DIR.

5030h

SCHEDULE A

	Principal Balance Outstanding	Interest Rate	Interest Due On October 1, 1991
Union Public Service District Sewer Refunding and Revenue Bonds, Series B dated July 1, 1967	$1,149,000	5%	$14,362.50
Union Public Service District Sewer Refunding and Revenue Bonds, Series C, dated July 1, 1967	383,000	5%	4,787.50
	$1,532,000		$19,150.00
Total Outstanding Principal and Interest due on October 1, 1991			$1,551,150

SCHEDULE B

Description of Government Securities

Security	Principal Amount at Maturity	Date of Maturity
United States Treasury Bills	$1,555,000	September 26, 1991

SCHEDULE C

UNION PUBLIC SERVICE DISTRICT

$2,139,656 SEWERAGE SYSTEM REVENUE BONDS, 1991 SERIES A

$4,229,604 SEWERAGE SYSTEM REVENUE BONDS, 1991 SERIES B

$237,602 SUBORDINATE SEWERAGE SYSTEM REVENUE BONDS
1991 SERIES C

CERTIFICATE OF ACCOUNTANT AS TO ESCROW FUNDS

SELBY & ASSOCIATES, Certified Public Accountants, after reviewing the Escrow Agreement dated as of August 28, 1991 (the "Agreement") entered into by the Union Public Service District and the West Virginia Municipal Bond Commission hereby certify that the anticipated receipt from the Government Obligations described on Schedule B to the Agreement will be sufficient to pay when due, the principal of and interest on the Sewer Refunding and Revenue Bonds Series B and the Sewer Refunding and Revenue Bonds Series C of the Union Public Service District, issued on July 30, 1967, outstanding in the aggregate principal amount of $1,532,000 on October 1, 1991, at a redemption price of par plus accrued interest to the date of redemption.

WITNESS my signature as of this 28th day of August, 1991.

SELBY & ASSOCIATES, CERTIFIED
PUBLIC ACCOUNTANTS

By: Daniel L. Selby

Daniel L. Selby

5078h

One Valley Bank, National Association
One Valley Square, P.O. Box 1793
Charleston, WV 25326 Member FDIC

ONE VALLEY BANK

69
5

No. 164419

PAYMENT PER REQUISITION
DTD 8/28/91 FUND UNION PSD ESCROW TO RETIRE 1967 SER B & C BDS

ONE VALLEY BANK N.A. 1,433,751 AND 01 CTS

41923 UNION PSD Const

~~103616 WDA WAT DEV 1990 LOAN FD~~ c1/85

CHECK DATE	AMOUNT
8/28/91	***$1,433,751.01

X P

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II

PAY TO THE ORDER OF

WEST VIRGINIA MUNICIPAL BOND COMMISSION

ONE FINANCIAL PLACE
Financial & Trust Services

AUTHORIZED OFFICER

⑈164419⑈ ⑆051900353⑆ ⑈900⑈051 4⑈ 1490

UNION PUBLIC SERVICE DISTRICT

REGULAR MONTHLY
MINUTES

The regular monthly meeting of Union Public Service District was held at the District's offices located at 5110 Washington Street, West, Charleston, West Virginia, on January 16, 1991, at 4:00 p.m.

Present were:

Bob Brick, Chairman
Joe W. Williams, Commissioner
Dr. Charles C. Warner, Jr., Commissioner
William Carter, Manager
Jim Downey, Kelley, Gidley, Blair & Wolfe
H. Wyatt Hanna, III, Attorney

Upon motion made by Dr. Charles C. Warner, Jr., and seconded by Joe W. Williams, it was moved that the present officers stay the same, Bob Brick as Chairman and Joe W. Williams as Secretary. After discussion, the motion was unanimously passed.

A general discussion was held regarding the current expansion project with Jim Downey recommending a meeting be scheduled with Mike Johnson and Fred Hypes of the Department of Natural Resources Construction Grants Division and Shirley Skaggs of the Attorney General's Office to discuss the status of the project and the project's financing needs.

The minutes of the previous month's meeting were approved as read. There being no further business, the meeting was adjourned.

Bob Brick, Chairman

Joe W. Williams, Secretary

$2,139,656 UNION PUBLIC SERVICE DISTRICT SEWERAGE SYSTEM REVENUE BONDS, 1991 SERIES A; $4,229,604 UNION PUBLIC SERVICE DISTRICT SEWERAGE SYSTEM REVENUE BONDS, 1991 SERIES B AND $237,602 UNION PUBLIC SERVICE DISTRICT SUBORDINATE SEWERAGE SYSTEM REVENUE BONDS, 1991 SERIES C

BOND RESOLUTION

$2,139,656 UNION PUBLIC SERVICE DISTRICT SEWERAGE SYSTEM REVENUE BONDS, 1991 SERIES A; $4,229,604 UNION PUBLIC SERVICE DISTRICT SEWERAGE SYSTEM REVENUE BONDS, 1991 SERIES B AND $237,602 UNION PUBLIC SERVICE DISTRICT SUBORDINATE SEWERAGE SYSTEM REVENUE BONDS, 1991 SERIES C

BOND RESOLUTION

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UNION PUBLIC SERVICE DISTRICT

BOND RESOLUTION

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF UNION PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, AND THE COST OF REFINANCING OF CERTAIN INDEBTEDNESS OF THE DISTRICT THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $2,139,656 IN AGGREGATE PRINCIPAL AMOUNT OF UNION PUBLIC SERVICE DISTRICT SEWERAGE SYSTEM REVENUE BONDS, 1991 SERIES A, AND NOT MORE THAN $4,229,604 IN AGGREGATE PRINCIPAL AMOUNT OF UNION PUBLIC SERVICE DISTRICT SEWERAGE SYSTEM REVENUE BONDS, 1991 SERIES B, AND NOT MORE THAN $237,602 IN AGGREGATE PRINCIPAL AMOUNT OF UNION PUBLIC SERVICE DISTRICT SUBORDINATE SEWERAGE SYSTEM REVENUE BONDS, 1991 SERIES C; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SAID BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY RELATING TO SAID BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SAID BONDS; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Definitions. The following terms shall have the following meanings herein unless the context expressly requires otherwise:

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

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

"Authorized Officer" means the Chairman of the Governing Body of the Issuer or any other person duly appointed as such by the Governing Body.

"Board" means the public service board of the Issuer and shall include the membership of the Board as may hereafter be duly constituted as the legal successors to the present membership or any other authority vested with and authorized to exercise the powers of the Issuer.

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

"Bond Register" means the books of the Issuer as hereinafter defined, maintained by the Bond Registrar as hereinafter defined for the registration and transfer of the Bonds.

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

"Bonds" means the 1991 Bonds originally authorized hereby, and any pari passu additional bonds hereafter issued within the terms, restrictions and conditions contained in this Resolution.

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

"Certificate of Authentication and Registration" means the certificate of authentication and registration on the Bonds in substantially the form set forth in the Bond Forms contained herein.

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

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

"Code" means the Internal Revenue Code of 1986, as amended, including the rules and regulations promulgated pursuant thereto or any predecessors or successors thereto.

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

"Construction Trust Fund" means the Construction Trust Fund established by Section 5.02.

"Construction Trust Fund Depository Bank" means One Valley Bank, National Association, Charleston, West Virginia, a bank eligible under the laws of the State of West Virginia to receive deposits of state and municipal funds and insured by the FDIC, as hereinafter defined.

"Consulting Engineers" means Kelley, Gidley, Blair & Wolfe, Charleston, West Virginia, or any engineer or firm of engineers of reputation for skill and experience with respect to the design and construction of sewerage systems or facilities that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

"Costs" or "Costs of the Project" or any similar phrase means those costs described in Section 1.03G hereof to be a part of the cost of the Refinancing and the cost of construction and acquisition of the Project.

"Debt Service" means the scheduled amount of interest and amortization of principal payable on the 1991 Series A Bonds, as hereinafter defined, and the 1991 Series B Bonds, as hereinafter defined, during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

"Depository Bank" means The Bank of Cross Lanes, a bank eligible under the laws of the State of West Virginia to receive deposits of state and municipal funds and insured by the FDIC, as hereinafter defined which Depository Bank shall be named in the Supplemental Resolution, and any successor thereto.

"Eligible Costs" means Costs of the Project which are reimbursable in full on a dollar-for-dollar basis from proceeds of the EPA Grant, 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 agreement dated September 28, 1987, as supplemented or amended.

"Escrow Agreement" means the Agreement between the Issuer, the Commission and an escrow trustee substantially in the form of the agreement attached hereto as Exhibit B.

"Escrow Fund" means the fund created by paragraph 2 of the Escrow Agreement.

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

(A) The excess of

(i) The aggregate amount earned from the Closing Date on all Nonpurpose Investments in which Gross Proceeds of the 1991 Series A Bonds or the 1991 Series B Bonds are invested [other than amounts attributable to an excess described in this clause (A) of this definition of Excess Investment Earnings], over

(ii) The amount that would have been earned if the Yield on such Nonpurpose Investments [other than amounts attributable to an excess described in this clause (A) of this definition of Excess Investment Earnings] had been equal to the Yield on the 1991 Series A Bonds or the 1991 Series B Bonds, plus

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

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

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

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

"Government Obligations" means direct obligations of, or obligations the timely payment of the principal of and interest on which is guaranteed by, the united States of America, including (i) such obligations which have been stripped from their unmatured interest coupons, interest coupons stripped from such obligations and receipts or certificates evidencing payments from such obligations or interest coupons stripped from such obligations, (ii) evidences of ownership of a proportionate interest in specified direct obligations of, or specified obligations which are

unconditionally and fully guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian and (iii) obligations, the sole source of the payment of the principal of and interest on which are obligations of the nature of those described in clause (i), which are irrevocably pledged for such purposes.

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

"Grant Receipts" means all moneys received by the Issuer on account of any Grant to pay Costs of the Project; provided that "EPA Grant Receipts" means only the Grant Receipts on account of the EPA Grant, and "Other Grant Receipts" means only the Grant Receipts on account of any or all of the Other Grants.

"Grants" means, collectively, the EPA Grant and any Other Grants.

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

(i) Original proceeds, namely, net amounts received by or for the Issuer as a result of the sale of the 1991 Series A Bonds and the 1991 Series B Bonds, excluding original proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund in whole or in part the 1991 Series A Bonds or the 1991 Series B Bonds;

(ii) Investment proceeds, namely, amounts received at any time by or for the Issuer, such as interest and dividends, resulting from the investment of any original proceeds (as referenced in clause (i) above) or investment proceeds (as referenced in this clause (ii)) in Nonpurpose Investments, increased by any profits and decreased (if necessary, below zero) by any losses on such investments,

excluding investment proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund in whole or in part the 1991 Series A Bonds or the 1991 Series B Bonds;

(iii) Transferred proceeds, namely, original proceeds of any prior obligations, and interest earnings and profits less losses resulting from investment of such original proceeds in Nonpurpose Investments, which are used to discharge the outstanding principal of any prior obligations and which are deemed to become proceeds of the 1991 Series A Bonds or the 1991 Series B Bonds ratably as original proceeds of the 1991 Series A Bonds or the 1991 Series B Bonds, and interest earnings and profits resulting from investment of such original proceeds in Nonpurpose Investments, which are used to discharge the outstanding principal of any such prior obligations, all on the date of such ratable discharge;

(iv) Sinking fund proceeds, namely, amounts, other than original proceeds, investment proceeds or transferred proceeds [as referenced in clauses (i) through (iii) above] of the 1991 Series A Bonds or the 1991 Series B Bonds, which are held in any fund to the extent that the Issuer reasonably expects to use such other fund to pay Debt Service;

(v) Amounts in the 1991 Series A Bonds or the 1991 Series B Bonds Reserve Accounts and in any other fund established as a reasonably required reserve or replacement fund;

(vi) Investment Property pledged as security for payment of Debt Service on the 1991 Series A Bonds or the 1991 Series B Bonds by the Issuer;

(vii) Amounts, other than as specified in this definition, used to pay Debt Service on the 1991 Series A Bonds or the 1991 Series B Bonds; and

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

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

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

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

"Issuer" means the Union Public Service District, a public corporation and political subdivision of the State.

"Loan Agreement" means, collectively, the Loan Agreement and the Supplemental Loan Agreement to be entered into between the Authority and the Issuer, pursuant to which the Authority shall agree, subject to the Issuer's satisfying certain engineering, legal and other requirements, to purchase the 1991 Series A Bonds, the 1991 Series B Bonds and the 1991 Series C Bonds originally authorized hereby.

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

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

"1991 Bonds" means, collectively, the 1991 Series A Bonds, the 1991 Series B Bonds and the 1991 Series C Bonds.

"1991 Series A Bonds" means the not more than $2,139,656 in aggregate principal amount of Union Public Service District Sewerage System Revenue Bonds, 1991 Series A, of the Issuer originally authorized hereby.

"1991 Series A Bonds Reserve Account" means the 1991 Series A Bonds Reserve Account established in the 1991 Series A Bonds Sinking Fund pursuant to Section 5.03

"1991 Series A Bonds Reserve Requirement" means as of any date of calculation the maximum amount of principal and interest with will become due on the 1991 Series A Bonds in the then current or any succeeding year.

"1991 Series A Bonds Sinking Fund" means 1991 Series A Bonds Sinking Fund established by Section 5.03.

"1991 Series B Bonds" means the not more than $4,229,604 in aggregate principal amount of Union Public Service District Sewerage System Revenue Bonds, 1991 Series B of the Issuer originally authorized hereby.

"1991 Series B Bonds Reserve Account" means the 1991 Series B Bonds Reserve Account established in the 1991 Series B Bonds Sinking Fund pursuant to Section 5.03.

"1991 Series B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the 1991 Series B Bonds in the then current or any succeeding year.

"1991 Series B Bonds Sinking Fund" means the 1991 Series B Bonds Sinking Fund established by Section 5.03.

"1991 Series C Bonds" means the not more than $237,602 in aggregate principal amount of Union Public Service District Sewerage System Revenue Bonds, 1991 Series C, of the Issuer, originally authorized hereby.

"1991 Series C Bonds Reserve Account" means the 1991 Series C Bonds Reserve Account established in the 1991 Series C Bonds Sinking Fund pursuant to Section 5.03.

"1991 Series C Bonds Reserve Requirement" means, as of the date of calculation, the maximum amount of principal which will become due on the 1991 Series C Bonds in the then current or any succeeding year.

"1991 Series C Bonds Sinking Fund" means the 1991 Series C Bonds Sinking Fund established by Section 5.03.

"Nonpurpose Investment" means any Investment Property which is acquired with the Gross Proceeds of the 1991 Series A

or the 1991 Series B Bonds and is not acquired in order to carry out the governmental purpose of the 1991 Series A Bonds and the 1991 Series B Bonds.

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

"Other Grants" means, collectively, all grants other than the EPA Grant hereafter received by the Issuer to aid in financing any Costs of Project.

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

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

"Paying Agent" means the Commission.

"Prior Bonds" means the District's Sewer Refunding and Revenue Bonds Series B, issued in the original principal amount of $1,573,000 and Series C, issued in the original principal amount of $400,000, and dated July 1, 1967 and currently outstanding in the principal amounts of $1,149,000 and $383,000 respectively.

"Prior Resolution" means the resolution passed by the Board of the Issuer on July 30, 1967 as thereafter amended or supplemented with respect to the Prior Bonds.

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

"Program" means the Authority's loan program, under which the Authority purchases the revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of sewer development revenue bonds issued by the Authority or any successor to said program as currently constituted.

"Project" means the acquisition and construction of the certain improvements and extensions to the existing sewer facilities of the Issuer substantially as described in Exhibit A attached hereto and incorporated herein by reference.

"Purchase Price," for the purpose of computation of the Yield of the 1991 Series A Bonds and the 1991 Series B Bonds, has the same meaning as the term "Issue Price" in Sections 1273(b) and 1274 of the Code and, in general, means the initial offering price of the 1991 Series A Bonds and the 1991 Series B Bonds to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the 1991 Series A Bonds and the Series 1991 B Bonds of each maturity is sold or, if the 1991 Series A Bonds and the 1991 Series B Bonds are privately placed, the price paid by the first buyer of the 1991 Series A Bonds and the 1991 Series B Bonds or the acquisition costs of the first buyer. Purchase Price for purposes of computing Yield of Nonpurpose Investments means the fair market value of the Nonpurpose Investments on the date of use of Gross Proceeds of the 1991 Series A Bonds and the 1991 Series B Bonds for acquisition thereof or, if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the 1991 Series A Bonds and the 1991 Series B Bonds.

"PSC" means the Public Service Commission of West Virginia and any successors to the functions thereof.

"PSC Order" means the recommended decision of the PSC in Case No. 90-660-PSD-CN which was entered by the Administrative Law Judge on July 19, 1991, and which with certain amendments was issued as the final Commission order on August 27, 1991.

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

(a) Government Obligations;

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

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

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

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

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

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

(h) Advance-Refunded Municipal Bonds.

"Rebate Fund" means the fund created pursuant to Section 8.02 hereof.

"Refinancing" means the refinancing of Prior Bonds.

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

"Resolution" means this resolution, as from time to time amended or supplemented.

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

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

"State" means the State of West Virginia.

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

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

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

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

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

"Yield" means that yield which, when used in computing the present worth of all payments of principal and interest (or other payments in the case of Nonpurpose Investments which require payments in a form not characterized as principal and interest) on a Nonpurpose Investment or on the 1991 Series A Bonds or the 1991 Series B Bonds, produces an amount equal to the Purchase Price of such Nonpurpose Investment or the Bonds, all computed as prescribed in applicable Regulations.

Additional terms and phrases are defined in this Resolution as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with generally accepted accounting principles.

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

The terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms refer to this Resolution; and the term "hereafter" means after the date of adoption of this Resolution.

Articles, sections and subsections mentioned by number only are the respective articles, sections and subsections of this Resolution so numbered.

Section 1.02. Authority for this Resolution. This Resolution is adopted pursuant to the provisions of the Act and other applicable provisions of law.

Section 1.03. Findings. It is hereby found, determined and declared as follows:

A. The Issuer is a public corporation and political subdivision of the State in Kanawha County, West Virginia.

B. The Issuer presently owns and operates public works for the collection, treatment and disposal of sewage.

C. It is deemed necessary and desirable to refinance the Prior Bonds with a portion of the proceeds of the 1991 Bonds, the estimated cost of which, including interest, fees, and redemption premium, if any, is $1,558,150.

D. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed certain improvements and extensions to the existing System of the District, consisting of the Project, at an estimated cost of $10,830,972, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

E. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of the System, the principal of and interest on the 1991 Bonds and all sinking fund, reserve account and other payments provided for herein, in the Supplemental Resolution and in the PSC Order.

F. The estimated maximum cost of the construction and acquisition of the Project is $10,830,972, of which approximately $6,606,862 will be permanently obtained from the 1991 Bonds herein authorized and approximately $4,375,300 will be obtained from the EPA Grant. The District may obtain such Other Grants and contributions or from other sources as may be necessary to pay Cost of Project.

G. It is deemed necessary for the Issuer to issue its revenue bonds in the total aggregate principal amount of not more than $6,606,862 in three series, being the Union Public Service District Sewerage System Refunding Bonds 1991 Series A in the aggregate principal amount of not more than $2,139,656, the Union Public Service District Sewerage System Revenue Bonds, 1991 Series B, in the aggregate principal amount of not more than $4,229,604, and the Union Public Service District Subordinate Sewerage System Revenue Bonds 1991 Series C, in the aggregate principal amount of not more than $237,602,

to permanently finance the Refinancing and a portion of the cost of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; amounts which may be deposited in the Escrow Fund or the Reserve Accounts; engineering and legal expenses; expenses for estimates of costs and revenues and for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense, commitment fees, fees of the Authority, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the Refinancing and the construction or acquisition of the Project and the placing of the same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bonds or the repayment of indebtedness, in addition to the Prior Bonds, incurred by the Issuer for such purposes shall be deemed Costs of the Project.

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

I. It is in the best interests of the Issuer that the 1991 Bonds be sold to the Authority pursuant to the terms and provisions of the Loan Agreement.

J. Pursuant to Section 4.01 hereof, the Prior Bonds are ordered to be refunded pursuant to the terms of the Escrow Agreement and the lien of said Prior Bonds imposed by the Prior Resolution on the Revenues of the System shall be terminated, discharged and released upon payment into the Escrow Fund from the proceeds of the 1991 Series A Bonds. Therefore, as of the Closing Date, there will not be 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 1991 Series A Bonds and the 1991 Series B Bonds shall rank equally as to lien on and source of and security for payment. The 1991 Series C shall be junior and subordinate to the 1991 Series A Bonds and 1991 Series B Bonds as set forth herein.

K. 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 1991 Bonds, or will have so complied prior to issuance of any 1991 Bonds, including, among other things, the obtaining of the PSC Order, the time for rehearing and appeal of which expired or the rights of all parties to appeal have been waived.

Section 1.04. Resolution Constitutes Contract. In consideration of the acceptance of the Bonds by those who shall be the Registered Owners of the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders and the covenants and agreements herein set forth to be performed by the Issuer shall be for the benefit, protection and security of the Registered Owners of any and all of such Bonds of like series provided that the 1991 Series A Bonds and the 1991 Series B Bonds shall be of equal rank and without preference, priority or distinction while the 1991 Series C Bonds shall be junior and subordinate to the 1991 Series A Bonds and the 1991 Series B Bonds, as provided herein.

ARTICLE II

AUTHORIZATION OF CONSTRUCTION AND ACQUISITION OF THE PROJECT

Section 2.01. Authorization of Construction and Acquisition of the Project. There is hereby authorized the construction and acquisition of the Project in accordance with the plans and specifications which have been prepared by the Consulting Engineers and heretofore filed in the office of the Governing Body.

ARTICLE III

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

Section 3.01. Authorization of 1991 Bonds. For the purposes of paying the costs, not otherwise provided of the Refinancing and the construction and acquisition of the Project, funding a reserve account for each series of 1991 Bonds, and paying certain costs of issuance and related costs, or any of such purposes as shall be specified in the Supplemental Resolution, there shall be issued negotiable bonds of the Issuer in an aggregate principal amount of not more than $6,606,862. Said 1991 Bonds shall be issued in three series, to be designated respectively "Union Public Service District Sewerage System Revenue Bonds, 1991 Series A," in the aggregate principal amount of not more than $2,139,656, "Union Public Service District Sewerage System Revenue Bonds, 1991 Series B," in the aggregate principal amount of not more than $4,229,604, and "Union Public Service District Subordinate Sewerage System Revenue Bonds, 1991 Series C," in the aggregate principal amount of not more than $237,602, and shall have such terms as are set forth hereinafter and in the Supplemental Resolution. Proceeds of the 1991 Bonds sufficient to purchase $1,555,000 par value United States Treasury Bills due September 26, 1991 shall be deposited in the Escrow Fund and the balance of the proceeds of the 1991 Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in the Construction Trust Fund established by Section 5.02 hereof.

Section 3.02. Terms of 1991 Bonds. The 1991 Bonds shall bear interest at such rate or rates, not exceeding the then legal maximum, payable semiannually on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution. The 1991 Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the 1991 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 1991 Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority, with a debt service schedule attached, representing the aggregate principal amount of each series, and shall mature in principal installments, all as provided in the Supplemental

Resolution. The 1991 Bonds of each series shall be exchangeable at the option and expense of the Holder for other fully registered 1991 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 1991 Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution. The 1991 Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest from such date.

Section 3.03. Additional Terms of 1991 Bonds. In addition to the terms set forth in Sections 3.01 and 3.02 hereof and in anticipation of the sale of the 1991 Bonds to the Authority, the District covenants that the 1991 Bonds shall comply in all respects with the provisions of the Loan Agreement and of any resolution of the Authority authorizing the issuance of 1991 Bonds pursuant to the Program.

Section 3.04. Execution of Bonds. The Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.05. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.09, shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Resolution. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary

that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.06. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, and each successive 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, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

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

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

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

Section 3.07. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or

lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing proof of its ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.08. Bonds not to be Indebtedness of the Issuer. The Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided and amounts, if any, in the respective Reserve Accounts. No Holder or Holders of any of the Bonds shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay the Bonds or the interest thereon.

Section 3.09. Bonds Secured by Pledge of Net Revenues; 1991 Series C Bonds to be Junior and Subordinate to 1991 Series A Bonds and 1991 Series B Bonds. The payment of the debt service of all the 1991 Series A Bonds and 1991 Series B Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System. The payment of the debt service of all the 1991 Series 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 1991 Series A Bonds and 1991 Series 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 3.10. Forms of 1991 Bonds. The text of the 1991 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 1991 Series A Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
UNION PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM REVENUE BOND, 1991 SERIES A

No. AR-_____ $_____

KNOW ALL MEN BY THESE PRESENTS: That UNION PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Kanawha County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ _____ ($_____), 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, 1992. 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 _____, _____, as registrar (the "Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

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

This Bond is one of a series of Bonds (the "Bonds") issued in the original principal amount of $_____ (i) to pay a portion of the cost of refinancing certain outstanding bonds of the Issuer, (ii) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the System of the Issuer (the "Project"); (iii) [to pay interest on the Bonds] during the construction of the Project and for approximately ____ months thereafter; (iv) to fund a reserve account for the Bonds; and (v)] to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), and a Resolution and a Supplemental Resolution duly adopted by the Issuer on _____, 1991 (collectively called the "Resolution"), and is subject to all the terms and conditions thereof. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Resolution.

THIS BOND IS ON A PARITY AS TO LIEN ON AND SOURCE OF PAYMENT AND SECURITY FROM THE NET REVENUES (AS DEFINED IN THE RESOLUTION) WITH THE UNION PUBLIC SERVICE DISTRICT SEWERAGE SYSTEM REVENUE BONDS, 1991 SERIES B, ISSUED TO THE AUTHORITY (THE "1991 SERIES B BONDS"), ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $_____.

THIS BOND IS ISSUED CONCURRENTLY WITH THE UNION PUBLIC SERVICE DISTRICT SUBORDINATE SEWERAGE SYSTEM REVENUE BONDS, 1991 SERIES C, OF THE ISSUER (THE "1991 SERIES C BONDS"), ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $_____, WHICH 1991 SERIES C BONDS ARE JUNIOR AND SUBORDINATE WITH RESPECT TO LIEN AND SOURCE OF AND SECURITY FOR PAYMENT TO THIS BOND AND THE 1991 SERIES B BONDS.

The Bonds, the 1991 Series B Bonds and the 1991 Series C Bonds are collectively referred to herein as the 1991 Bonds.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Resolution) to be derived from the operation of the System, moneys in the Reserve Account created under the Resolution for the Bonds (the "1991 Series A Bonds Reserve Account") and unexpended proceeds of the Bonds (the "Bond Proceeds"). Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside in a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to

pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the 1991 Series A Bonds Reserve Account and unexpended Bond Proceeds. Pursuant to the Resolution, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, including certain reserves required by the Public Service Commission of West Virginia, and to leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on each series of the 1991 Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with any of the 1991 Bonds, provided however, that so long as the 1991 Series A Bonds Reserve Account and the 1991 Series B Bonds Reserve Account are funded at an amount at least equal to the maximum amount of principal and interest which will come due on said Bonds in the then current or any succeeding year, the 1991 Series C Bonds Reserve Account is funded at an amount at least equal to the maximum amount of principal which will become due on the 1991 Series C Bonds in the then current or any succeeding year and the reserve account for any other obligations outstanding prior to or on a parity with the any of the 1991 Bonds is funded at an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owners of the Bonds for the terms of which reference is made to the Resolution. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof.

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

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

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 Refinancing or the costs of the Project described in the Resolution, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the owner of this Bond.

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

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

IN WITNESS WHEREOF, UNION PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, 1991.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the 1991 Series A Bonds described in the within-mentioned Resolution and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below.

Date: _____

_____
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

_____

In the presence of:

_____

[Form of 1991 Series B Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
UNION PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM REVENUE BOND, 1991 SERIES B

No. BR-_____ $_____

KNOW ALL MEN BY THESE PRESENTS: That UNION PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Kanawha County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ _____ ($_____), 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, 1992. 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 _____, _____, as registrar (the "Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

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

This Bond is one of a series of Bonds (the "Bonds") issued in the original principal amount of $_____ (i) to pay a portion of the cost of refinancing certain outstanding bonds of the Issuer, (ii) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the System of the Issuer (the "Project"); (iii) [to pay interest on the Bonds] during the construction of the Project and for approximately ____ months thereafter; (iv) to fund a reserve account for the Bonds; and (v)] to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), and a Resolution and a Supplemental Resolution duly adopted by the Issuer on _____, 1991 (collectively called the "Resolution"), and is subject to all the terms and conditions thereof. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Resolution.

THIS BOND IS ON A PARITY AS TO LIEN ON AND SOURCE OF PAYMENT AND SECURITY FROM THE NET REVENUES (AS DEFINED IN THE RESOLUTION) WITH THE UNION PUBLIC SERVICE DISTRICT SEWERAGE SYSTEM REVENUE BONDS, 1991 SERIES A, ISSUED TO THE AUTHORITY (THE "1991 SERIES A BONDS"), ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $_____.

THIS BOND IS ISSUED CONCURRENTLY WITH THE UNION PUBLIC SERVICE DISTRICT SUBORDINATE SEWERAGE SYSTEM REVENUE BONDS, 1991 SERIES C OF THE ISSUER (THE "1991 SERIES C BONDS"), ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $_____, WHICH 1991 SERIES C BONDS ARE JUNIOR AND SUBORDINATE WITH RESPECT TO LIEN AND SOURCE OF AND SECURITY FOR PAYMENT TO THIS BOND AND THE 1991 SERIES A BONDS.

The Bonds, the 1991 Series A Bonds and the 1991 Series C Bonds are collectively referred to herein as the 1991 Bonds.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Resolution) to be derived from the operation of the System, moneys in the Reserve Account created under the Resolution for the Bonds (the "1991 Series B Bonds Reserve Account") and unexpended proceeds of the Bonds (the "Bond Proceeds"). Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside in a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to

pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the 1991 Series B Bonds Reserve Account and unexpended Bond Proceeds. Pursuant to the Resolution, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, including certain reserves required by the Public Service Commission of West Virginia, and to leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on each series of the 1991 Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with any of the 1991 Bonds, provided however, that so long as the 1991 Series A Bonds Reserve Account and the 1991 Series B Bonds Reserve Account are funded at an amount at least equal to the maximum amount of principal and interest which will come due on said Bonds in the then current or any succeeding year, the 1991 Series C Bonds Reserve Account is funded at an amount at least equal to the maximum amount of principal which will become due on the 1991 Series C Bonds in the then current or any succeeding year and the reserve account for any other obligations outstanding prior to or on a parity with any of the 1991 Bonds, is funded at an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owners of the Bonds for the terms of which reference is made to the Resolution. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof.

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

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

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 Refinancing or the costs of the Project described in the Resolution, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the owner of this Bond.

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

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

IN WITNESS WHEREOF, UNION PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, 1991.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the 1991 Series B Bonds described in the within-mentioned Resolution and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below.

Date: _____

_____
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

_____

In the presence of:

_____

[Form of 1991 Series C Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
UNION PUBLIC SERVICE DISTRICT
SUBORDINATE SEWERAGE SYSTEM BOND, 1991 SERIES C

No. CR-____ $_____

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

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and upon the terms and conditions prescribed by, and otherwise in compliance with, the Supplemental Loan Agreement between the Issuer and the Authority dated _____, 19__.

This Bond is one of a Series of Bonds (the "Bonds") issued in the original principal amount of $_____ (i) to pay a portion of the cost of refinancing certain outstanding bonds of the Issuer; (ii) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the System of the Issuer (the "Project"); (iii) [to pay interest on the Bonds during the construction of the Project and for approximately _____ months thereafter; (iv) [to fund a reserve account for the Bonds; and (v)] to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), and a Resolution

and a Supplemental Resolution duly adopted by the Issuer on _____, 1991 (collectively called the "Resolution"), and is subject to all the terms and conditions thereof. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Resolution.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIEN, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT TO THE OUTSTANDING UNION PUBLIC SERVICE DISTRICT SEWERAGE SYSTEM REVENUE BONDS, 1991 SERIES A, OF THE ISSUER (THE "1991 SERIES A BONDS"), ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL PRINCIPAL AMOUNT OF $_____ AND TO THE UNION PUBLIC SERVICE DISTRICT SEWERAGE SYSTEM REVENUE BONDS, 1991 SERIES B, ISSUED TO THE AUTHORITY IN THE ORIGINAL PRINCIPAL AMOUNT OF $_____ (THE "1991 SERIES B BONDS").

The Bonds, the 1991 Series A Bonds and the 1991 Series B Bonds are collectively referred to as the 1991 Bonds.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Resolution) to be derived from the operation of the System after there has first been paid from said Net Revenues all payments then due and owing on account of the 1991 Series A Bonds and the 1991 Series B Bonds herein described and from all moneys in the reserve account created under the Resolution (the "1991 Series C Bonds Reserve Account") for the Bonds 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, except from said special fund provided from the Net Revenues, the moneys in the 1991 Series C Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Resolution, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, including certain reserves required by the Public Service Commission of West Virginia, and to leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on each Series of the 1991 Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with any of the 1991

Bonds, provided however, that so long as the 1991 Series C Bonds Reserve Account is funded at an amount at least equal to the maximum amount of principal which will become due on the Bonds in the then current or any succeeding year, the 1991 Series A Bonds Reserve Account is funded at an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, the 1991 Series B Bonds Reserve Account, is funded at least at the requirement therefor, and the reserve account for any other obligations outstanding prior to or on a parity with any of the 1991 Bonds is funded at an amount at least equal to the requirement therefore such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owners of the Bonds for the terms of which reference is made to the Resolution. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Resolution, only upon the books of _____ _____, West Virginia, as registrar (the "Registrar") by the Registered Owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or its attorney duly authorized in writing.

Subject to the registration requirements 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 Refinancing or the Costs of the Project described in the Resolution, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the Registered Owners of the Bonds, which lien is subordinate to thelien in favor of the Registered Owners of the 1991 Series A Bonds and the 1991 Series B Bonds.

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

aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

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

IN WITNESS WHEREOF, UNION PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, 1991.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the 1991 Series C Bonds described in the within-mentioned Resolution and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below.

Date: _____

_____
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Ratification and Execution of Loan Agreement with Authority. The 1991 Bonds shall be sold to the Authority pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, ratified and approved.

Section 3.12. "Amended Schedule A" Filing; Tender of the 1991 Series C Bonds. Upon completion of acquisition and construction of the Project, the Issuer will file with the Authority a schedule in substantially the form of the "Amended Schedule A" to the Loan Agreement, setting forth the actual Costs of the Project and sources of funds therefor. In the event such schedule reflects an excess of funding for the Project, or if the Authority is otherwise advised of an excess, the Authority may tender the 1991 Series C Bonds to the Issuer for payment in an amount equal to such excess.

ARTICLE IV

AUTHORIZATION FOR REFINANCING PRIOR BONDS

Section 4.01. Authorization for Refinancing Prior Bonds. The Prior Bonds outstanding as of the date of issuance of the 1991 Bonds are hereby ordered to be refinanced and refunded pursuant to the terms of the Escrow Agreement, and the lien of said Prior Bonds imposed by the Prior Resolution on the revenues of the System is hereby ordered terminated, discharged and released upon the payment into the Escrow Fund from the proceeds of said 1991 Bonds, together with other moneys available therefor, of an amount which will be simultaneously invested in the manner provided in the Escrow Agreement for the payment and redemption of the Prior Bonds. Contemporaneously with the deposit of the 1991 Bond proceeds into the Escrow Fund, and as prescribed by the Escrow Agreement, the amounts on deposit in the sinking fund, including the reserve account therein, created and maintained on behalf of the Prior Bonds shall be deposited into the Escrow Fund and simultaneously invested as provided in the Escrow Agreement. Upon such refunding, the amounts on deposit in the renewal and replacement fund created and maintained under the Prior Resolution shall be transferred to the Renewal and Replacement Fund created under this Resolution. After payment of all the Prior Bonds, and the interest thereon, the amounts remaining in the Escrow Fund shall be transferred to the Construction Trust Fund established under this Resolution for use in accordance with the terms hereof.

ARTICLE V

SYSTEM REVENUES AND APPLICATION THEREOF

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

(1) Revenue Fund; and

(2) Renewal and Replacement Fund.

Section 5.02. Establishment of Construction Trust Fund with Construction Trust Fund Depository Bank.

The Construction Trust Fund shall be created with and shall be held by the Construction Trust Fund Depository Bank, separate and apart from all other funds or accounts of the Construction Trust Fund Depository Bank.

Section 5.03. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby established with the Commission:

(1) 1991 Series A Bonds Sinking Fund;

(a) Within the 1991 Series A Bonds Sinking Fund, the 1991 Series A Bonds Reserve Account.

(2) 1991 Series B Bonds Sinking Fund;

(a) Within the 1991 Series B Bonds Sinking Fund, the 1991 Series B Bonds Reserve Account.

(3) 1991 Series C Bonds Sinking Fund;

(a) Within the 1991 Series C Bonds Sinking Fund, the 1991 Series C Bonds Reserve Account.

Section 5.04. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Resolution and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided.

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

(2) Thereafter, from the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month and without distinction or priority between the two payments, (i) commencing 7 months prior to the first date of payment of interest on the 1991 Series A Bonds for which interest has not been capitalized, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the 1991 Series A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said 1991 Series A Bonds on the next ensuing semiannual interest payment date; provided, that, in the event the period to elapse between the date of such initial deposit in the 1991 Series A Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next semiannual interest payment date, the required amount of interest coming due on such date; and (ii) commencing 7 months prior to the first date of payment of interest on the 1991 Series 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 1991 Series B Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said 1991 Series B Bonds on the next ensuing semiannual interest payment date; provided, that, in the event the period to elapse between the date of such initial deposit in the 1991 Series B Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next semiannual interest payment date, the required amount of interest coming due on such date.

(3) The Issuer shall next, on the first day of each month and without

distinction or priority between the payments, (i) commencing 13 months prior to the first date of payment of principal on the 1991 Series A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the 1991 Series A Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said 1991 Series A Bonds on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the 1991 Series A Bonds Sinking Fund and the next annual principal payment date is less than 13 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date; and (ii) commencing 13 months prior to the first date of payment of principal on the 1991 Series B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the 1991 Series B Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said 1991 Series B Bonds on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the 1991 Series B Bonds Sinking Fund and the next annual principal payment date is less than 13 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month and without distinction or priority between the two payments, (i) commencing 13 months prior to the first date of payment of principal of the 1991 Series A Bonds, if not fully funded upon issuance of the 1991 Series A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the 1991 Series A Bonds Reserve Account, an amount equal to 1/120 of the 1991 Series A Bonds Reserve Requirement; provided, that no further payments shall be made into the 1991 Series A Bonds Reserve Account when

there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the 1991 Series A Bonds Reserve Requirement; and (ii) commencing 13 months prior to the first date of payment of principal of the 1991 Series B Bonds, if not fully funded upon issuance of the 1991 Series B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the 1991 Series B Bonds Reserve Account, an amount equal to 1/120 of the 1991 Series B Bonds Reserve Requirement; provided, that no further payments shall be made into the 1991 Series 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 1991 Series B Bonds Reserve Requirement.

(5) From the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, commencing with the month succeeding the first full calendar month after commencement of operation of the Project, 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 1991 Series A Bonds Reserve Account and the 1991 Series 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 1991 Series A Bonds Reserve Account or the 1991 Series B Bonds Reserve Account, except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required by Subsection 5.03(A)(4), shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(6) 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 1991 Series C Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the 1991 Series C Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said 1991 Series C Bonds on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the 1991 Series C Bonds Sinking Fund and the next annual principal payment date is less than 13 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(7) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the 1991 Series C Bonds, if not fully funded upon issuance of the 1991 Series C Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the 1991 Series C Bonds Reserve Account, an amount equal to 1/120 of the 1991 Series C Bonds Reserve Requirement; provided, that no further payments shall be made into the 1991 Series 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 1991 Series C Bonds Reserve Requirement.

Moneys in the 1991 Series A Bonds Sinking Fund, 1991 Series B Bonds Sinking Fund and 1991 Series 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 1991 Series A Bonds Reserve Account, the 1991 Series B Bonds Reserve Account and the 1991 Series 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 Funds are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the 1991 Series A Bonds Sinking Fund and Reserve Account and the 1991 Series B Bonds Sinking Fund and Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall be deposited for use in the Earnings Fund as required by Section 8.03. All investment earnings on moneys in the 1991 Series C Bonds Sinking Fund and the 1991 Series C Bonds Reserve Account will be annually withdrawn therefrom and deposited into the Construction Fund until completion of the Project, and thereafter will be deposited, not less than once each year, in the Revenue Fund.

Any withdrawals from the 1991 Series A Bonds Reserve Account or the 1991 Series B Bonds Reserve Account which result in a reduction in the balance of the 1991 Series A Bonds Reserve Account or the 1991 Series B Bonds Reserve Account to below the Reserve Requirements therefor shall be subsequently restored from the first Net Revenues available after all required payments to the 1991 Series A Bonds Sinking Fund or the 1991 Series B Bonds Sinking Fund, the 1991 Series A Bonds Reserve Account or the 1991 Series B Bond Reserve Account, including deficiencies for prior payments, have been made in full.

Any withdrawals from the 1991 Series C Bonds Reserve Account which result in a reduction in the balance of the 1991 Series C Bonds Reserve Account to below the 1991 Series C Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the 1991 Series A Bonds Sinking Fund, 1991 Series B Bonds Sinking Fund, the 1991 Series A Bonds Reserve Account, the 1991 Series B Bonds Reserve Account, the Renewal and Replacement Fund and the 1991 Series C Bonds Sinking Fund, including deficiencies for prior payments, have been made in full.

As and when additional Bonds ranking on a parity with the 1991 Bonds are issued, provision shall be made for additional payments into the respective Sinking Fund sufficient to pay any interest on such Parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate Reserve Account in an amount equal to the maximum provided and required to be paid into the concomitant Sinking Fund in any year for account of the 1991 Bonds of such series, including such additional Bonds which by their terms are payable from such Sinking Fund.

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

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

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

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

B. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there

remains in said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into the Sinking Funds, including the Reserve Accounts therein, and the Renewal and Replacement Fund during the following month or such other period as required by law, such excess shall be considered Excess Revenues. Excess Revenues may be used for any lawful purpose of the System.

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

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

E. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, that all deposits, including on account of deficiencies, shall be made in the order of priority set forth in Paragraph (A), above, and no payment of lower priority shall be made if there exists a deficiency in a fund or account of higher priority. No such deficiency shall exist solely because the required payments into the Reserve Accounts have not, as of such date, funded such account to the requirement therefor.

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

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

ARTICLE VI

APPLICATION OF 1991 BOND PROCEEDS

Section 6.01. Application of 1991 Bond Proceeds; Pledge of Unexpended 1991 Bond Proceeds. From the moneys received from the sale of the 1991 Bonds, the following amounts shall be deposited as set forth below:

A. The amount of the 1991 Bonds proceeds necessary to refund the Prior Bonds, which amount shall be set forth in the Supplemental Resolution, shall be applied by the District pursuant to the provisions of the Escrow Agreement.

B. Next, from the proceeds of the 1991 Series A Bonds, there shall be deposited with the Commission in the 1991 Series A Bonds Reserve Account and, from the proceeds of the 1991 Series B Bonds there shall be deposited with the Commission in the 1991 Series B Bonds Reserve Account, and, from the proceeds of the 1991 Series C Bonds, there shall be deposited with the Commission in the 1991 Series C Bonds Reserve Account the respective sums, if any, set forth in the Supplemental Resolution for funding of the Reserve Accounts.

C. The remaining moneys derived from the sale of the 1991 Bonds shall be deposited with the Construction Trust Fund Depository Bank in the Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02.

D. The Construction Trust Fund Depository Bank shall act as a trustee and fiduciary for the Bondholders with respect to the Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Construction Trust Fund set forth in this Resolution. Moneys in the Construction Trust Fund shall be used solely to pay Costs of the Project and, until so expended, are hereby pledged as additional security for the respective series of Bonds. For purposes of this provision only, the moneys on hand in the Construction Trust Fund shall be treated as being disbursed on a proportionate basis.

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

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

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

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

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

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

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

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

After completion of the Project, as certified by the Consulting Engineers, the Construction Trust Fund Depository Bank shall transfer any moneys remaining in the Construction Trust Fund to the 1991 Series A Bonds Reserve Account or the 1991 Series B Bonds Reserve Account, and when each is fully funded, to the 1991 Series C Bonds Reserve Account, and when all Reserve Accounts are fully funded, shall return such remaining moneys to the Issuer for deposit in the Revenue Fund. The Issuer shall thereafter apply such moneys in full, first to the next ensuing interest payments, if any, due on the respective series of Bonds and thereafter to the next ensuing principal payments due thereon. Notwithstanding the foregoing, if the Authority tenders any of its 1991 Series C Bonds to the Issuer pursuant to the provisions of the Loan Agreement, such moneys shall be applied to the purchase of such 1991 Series C Bonds.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

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

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

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the 1991 Series A Bonds and the 1991 Series 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 1991 Series 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 1991 Series A Bonds and the 1991 Series B Bonds. The revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bonds herein authorized and to make the payments into the respective Sinking Funds, including the Reserve Accounts therein, and all other payments provided for in this Resolution are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Bonds as the same become due, and for the other purposes provided in the Resolution.

Section 7.04. Initial Schedule of Rates and Charges. The schedule of rates and charges for the services and facilities of the System shall be as set forth, described in and ordered by the PSC Order, which schedule is attached as Exhibit C hereto and incorporated herein by reference.

The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay the Operating Expenses of the System and to make the prescribed payments into the funds and accounts created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes.

Section 7.05. Sale of the System. Except as otherwise required by law, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully or redeem at or prior to maturity all the Bonds Outstanding, or to effectively defease this Resolution in accordance with Sections 10.01 hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall be immediately remitted to the Commission for deposit in the Sinking Funds, and the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Bonds about to mature and to the redemption prior to maturity at the earliest date permitted hereby and at the redemption price, of all other Outstanding Bonds. Any balance remaining after the redemption or payment of all the Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

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

such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall, upon receipt of approval of the Registered Owners, if needed, be remitted by the Issuer to the Commission for deposit in the appropriate Sinking Fund and shall be applied only to the purchase or redemption of Bonds of the last maturities then Outstanding at prices not greater than the applicable redemption price, or, if not redeemable, par, or otherwise in the Renewal and Replacement Fund. The payment of such proceeds into the Sinking Funds or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Resolution. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay or redeem prior to maturity all Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of sixty-six and two-thirds (66 2/3%) in amount of the Bonds then Outstanding and the Consulting Engineers. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. So long as any of the Bonds are Outstanding, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds; provided, however, that Parity Bonds may be issued as provided for in Section 7.07 hereof. All obligations hereafter issued by the Issuer payable from the revenues of the System, except such Parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Reserve Accounts and the Renewal and Replacement Fund at the time of the issuance of such subordinate obligations have been made and are current.

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

interest thereon in this Resolution, or upon the System or any part thereof.

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

No Parity Bonds shall be issued which shall be payable out of the revenues of the System on a parity with the 1991 Series A Bonds and 1991 Series B Bonds, unless the 1991 Series C Bonds are no longer outstanding or the Issuer receives the prior written consent of the Owner or Owners of the 1991 Series C Bonds.

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

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

(1) The 1991 Bonds then Outstanding;

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

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

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from any increase in rates adopted by the Issuer and approved by the PSC, the period for appeal of which has expired prior to the date of delivery of such Parity Bonds, and shall

not exceed the amount to be stated in a certificate of the Consulting Engineers, which shall be filed in the office of the Secretary prior to the issuance of such Parity Bonds.

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

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

All covenants and other provisions of this Resolution (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the 1991 Series A Bonds and 1991 Series B Bonds and the Holders of any Parity Bonds and the Holders of the 1991 Series C Bonds and the Parity Series C Bonds subsequently issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their respective liens on the revenues of the System and their respective source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of another series on a parity therewith. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Resolution required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Resolution.

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

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

B. Notwithstanding the foregoing, or any provision of Section 7.06 to the contrary, additional Bonds may be issued pursuant to a Supplemental Resolution solely for the purpose of completing the Project as described in the application to the Authority and in accordance with the plans and specifications of the Consulting Engineer, in the event that the Bonds should be insufficient, together with other funds lawfully available therefore, to pay all costs of construction and acquisition of the project without regard to the restrictions set forth in this Section 7.07, if there is first obtained by the Issuer the written consent of the Authority to the issuance of bonds on a parity with the Bonds and provided further that prior to the issuance of such Parity Bonds and under the provisions of this paragraph, the Consulting Engineers shall file with the Secretary a certificate to the effect that additional funds are necessary for such purpose. All such Parity Bonds and Parity Series C Bonds authorized and issued under the provisions of this paragraph shall be limited to the aggregate principal amount required to make up any deficiency in funds for payment of the construction costs to complete the Project, and the maturities of any such Parity Bonds and Parity Series C Bonds shall be in years and amounts suggested by the Authority.

As long as any 1991 Series C Bonds are Outstanding, the Issuer may issue Bonds on a parity therewith upon satisfaction of the tests set forth above taking into consideration the debt service requirements on all Bonds superior to or on a parity with the 1991 Series C Bonds and including the proposed Bonds.

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

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed by the Uniform System of accounts promulgated by the PSC. Separate control accounting records

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

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

> (A) A statement of Gross Revenues, Operating Expenses, Net Revenues, Excess Revenues and Surplus Revenues derived from and relating to the System.
>
> (B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Resolution with respect to said Bonds and the status of all said funds and accounts.
>
> (C) The amount of any Bonds, Notes or other obligations outstanding and secured by a lien on the Net Revenues of the System.

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

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

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

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

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

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

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

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

paid as they accrue and the issuer shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.14. Insurance. The Issuer will carry such insurance and in such amounts as is customarily carried with respect to works and properties similar to the System, with a reputable insurance carrier or carriers, against loss or damage by fire, explosion, hurricane, earthquake, cyclone, occupancy or other hazards and risks. The Issuer will require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority, so long as the Authority is the Owner of the Bonds. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their interests may appear, in accordance with the Loan Agreement, during construction of the Project in the full insurable value thereof. In time of war, the Issuer shall also carry in said amount such insurance as may be available against loss or damage by the risks and hazards of war. The proceeds of all such insurance policies shall be disposed of as provided in this Resolution and otherwise shall be placed in the Renewal and Replacement Fund and used only for the repair and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund. The Issuer will also carry liability insurance for damage or injury to persons or property in amounts adequate for such purposes and customarily carried with respect to works and properties similar to the System. The Issuer shall carry such other insurance as is required by the Authority, including but not limited to flood insurance and business interruption insurance, to the extent available at reasonable cost to the Issuer.

Section 7.15. Connections. 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.

Section 7.16. Completion, Operation and Maintenance. The Issuer will expeditiously complete the Project in accordance with the plans and specifications prepared by the Consulting Engineers and will maintain the System in good condition and will operate the same as a revenue-producing

enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the revenues of the System in the manner provided in this Resolution.

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

A. PUBLIC PURPOSE BONDS. The Issuer shall use the Bond proceeds solely for the Project and as otherwise set forth herein, and the Project will be solely operated as a public purpose and as local governmental activity of the Issuer.

B. PRIVATE ACTIVITY BOND COVENANT. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Code by reason of the classification of the Bonds as 'private activity bonds' within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code in order to assure the tax-exempt status of the Bonds.

C. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of 5% of the Net Proceeds of the 1991 Series A Bonds or the 1991 Series B Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

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

E. TWO YEAR CONSTRUCTION ELECTION. The Issuer will expend the gross proceeds of the Bonds for the Project no later than the day which is two years after the date of issuance of the Bonds. The Issuer will expend the net proceeds (including, without limitation, investment proceeds earned before the close of the period involved on the investment of the proceeds of the Bonds) of the Bonds for the Project within the following periods beginning on the date of issuance of the Bonds.

Not less than 10 percent within 6 months,

Not less than 45 percent within 1 year,

Not less than 75 percent within 18 months, and

Not less than 100 percent within 2 years

(except for a reasonable retainage not exceeding 5% of the net proceeds of the Bonds which will be spent within 3 years). The Issuer hereby elects the application of Section 148(f)(4)(B)(iv)(V) of the Code to the Bonds and has agreed to pay a penalty with respect to the close of each 6-month period after the date the Bonds are issued equal to 1-1/2 percent of the amount of the net proceeds of the Bonds which, as of the close of such period, are not spent as set forth in this paragraph. At least 75% of the net proceeds of the Bonds are to be used for construction expenditures with respect to property owned by the Issuer, and the Project will be owned by the Issuer.

F. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax exempt status of the Bonds, including without limitation the information return required under Section 149(e) of the Code.

G. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including those deemed necessary by the Authority) so that the interest on the Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including those determined by the Authority) which would adversely affect such exclusion.

Section 7.18. Statutory Mortgage Lien. For the further protection of the Holders of the Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, and shall take effect immediately upon delivery of the Bonds and shall be for the benefit of all Holders of each respective series of Bonds, provided however, that the statutory mortgage lien in favor of the Holders of the 1991 Series A Bonds and the 1991 Series B Bonds shall be senior to the statutory mortgage lien in favor of the Holders of the 1991 Series C Bonds.

Section 7.19. PSC Order. The Issuer shall comply with the conditions of the PSC Order and any supplement or amendment thereto.

ARTICLE VIII

INVESTMENT OF FUNDS; NON-ARBITRAGE

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

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

Section 8.02. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the 1991 Series A Bonds and the 1991 Series B Bonds in such manner and to such extent as may be necessary, in view of the Issuer's reasonable expectations at the time of issuance of the 1991 Series A Bonds and the 1991 Series B Bonds, so that the 1991 Series A Bonds and the 1991 Series B Bonds will not constitute "arbitrage bonds" under Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Bonds so that the interest on the 1991 Series A Bonds and the 1991 Series B Bonds will be and remain excluded from gross income for federal income tax purposes, and

will not take any actions which would adversely affect such exclusion.

Section 8.03. Rebate of Excess Investment Earnings to the United States. A. CREATION OF FUNDS. There are hereby created, to be held by the Depository Bank as separate funds distinct from all other funds and accounts held by the Depository Bank under this Resolution, the Earnings Fund and the Rebate Fund. All interest earnings and profits on amounts in all funds and accounts established under this Resolution on account of the 1991 Series A Bonds, and the 1991 Series B Bonds other than (i) interest earnings and profits on any funds referenced in Subsection C(5) of this Section if such earnings in any Bond Year are less than $100,000, (ii) interest earnings and profits on amounts in funds and accounts which do not constitute Gross Proceeds, and (iii) interest earnings and profits on the Rebate Fund shall, upon receipt by the Depository Bank, be deposited in the Earnings Fund. In addition, all interest earnings and profits on Gross Proceeds in funds held by the Issuer shall, upon receipt, be paid to the Depository Bank for deposit in the Earnings Fund. Annually, on or before the 30th day following the end of each Bond Year or on the preceding business day in the event that such last day is not a business day, or such earlier date as may be required under the Code or the Loan Agreement, the Depository Bank shall transfer from the Earnings Fund to the Rebate Fund for purposes of ultimate payment to the United States an amount equal to Excess Investment Earnings, all as more particularly described in this Section. Following the transfer referenced in the preceding sentence, the Depository Bank shall transfer all amounts remaining in the Earnings Fund to the Construction Trust Fund until completion of the Project, and thereafter to the Revenue Fund.

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

C. CALCULATION OF EXCESS INVESTMENT EARNINGS. Within 15 days following the last day of the first Bond Year, the Issuer shall calculate, and shall provide written notice to the Authority and Depository Bank of, the Excess Investment Earnings referenced in clause (A) of the definition of Excess Investment Earnings. Thereafter, within 15 days following the last day of each Bond Year and within 15 days following the date of the retirement of the 1991 Series A Bonds and the 1991 Series B Bonds, the Issuer shall calculate, and shall provide written notice to the Authority and Depository Bank of, the amount of Excess Investment Earnings. Said calculations shall

be made or caused to be made by the Issuer in accordance with the following:

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

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

(3) In determining the amount described in clause (A)(ii) of the definition of Excess Investment Earnings, the Yield on the 1991 Series A Bonds and the 1991 Series B Bonds shall be determined based on the actual Yield of the 1991 Series A Bonds and the 1991 Series B Bonds during the period between the Closing Date for the 1991 Series A Bonds and the 1991 Series B Bonds and the date the computation is made (with adjustments for original issue discount or premium).

(4) In determining the amount described in clause (B) of the definition of Excess Investment Earnings, all income attributable to the excess described in clause (A) of said definition must be taken into account, whether or not that income exceeds the Yield of the 1991 Series A Bonds and the 1991 Series B Bonds, and no amount may be treated as "negative arbitrage."

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

D. PAYMENT TO THE UNITED STATES. The Issuer shall direct the Depository Bank to pay from the Rebate Fund an amount equal to Excess Investment Earnings to the United States in installments with the first payment to be made not later than 30 days after the end of the 5th Bond Year and with subsequent payments to be made not later than 5 years after the preceding payment was due. The Issuer shall assure that each such installment is in an amount equal to at least 90% of the Excess Investment Earnings with respect to the Gross Proceeds as of the close of the computation period. Not later than 60 days after the retirement of the 1991 Series A Bonds and the 1991 Series B Bonds, the Issuer shall direct the Depository Bank to pay from the Rebate Fund to the United States 100% of the theretofore unpaid Excess Investment Earnings in the Rebate Fund. In the event that there are any amounts remaining in the Rebate Fund following the payment required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States at the address prescribed by the Regulations as the same may be from time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required by this Subsection D, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor.

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

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

F. MAINTENANCE OF RECORDS. The Issuer shall keep, and retain for a period of 6 years following the retirement of the 1991 Series A Bonds and the 1991 Series B Bonds, records of the determinations made pursuant to this Section 8.03.

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

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

I. REPORTING TO AUTHORITY. The Issuer shall furnish to the Authority, annually, at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information relating thereto as may be requested by the Authority and shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Bonds (as that term is defined in the Code) from time to time as the Authority may request.

J. AMENDMENTS TO THIS SECTION. Notwithstanding any of the provisions herein to the contrary, the Issuer agrees to amend the provisions of this Section from time to time at the direction of the Authority in order to insure continuing compliance with Section 8.02 hereof.

ARTICLE IX

DEFAULT AND REMEDIES

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

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

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and this Resolution relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action at law or bill in equity enjoin any acts in violation of the Resolution with respect to the Bonds, or the rights of such Registered Owners, provided however, that all rights and remedies of the Holders of the 1991 Series C Bonds shall be subordinate to those of the Holders of the 1991 Series A Bonds and the 1991 Series 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 this

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

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

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

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered

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

ARTICLE X

DEFEASANCE

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

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

ARTICLE XI

MISCELLANEOUS

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

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

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

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

Section 11.05. Conflicting Provisions. All orders or resolutions and parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed.

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

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

Adopted this 27th day of August, 1991.

UNION PUBLIC SERVICE DISTRICT

Chairman, Public Service Board

Member, Public Service Board

Member, Public Service Board

CERTIFICATION

Certified as a true copy of a Resolution adopted by the Public Service Board of Union Public Service District on the 27th day of August, 1991.

Dated: August 28, 1991.

[SEAL]

Joe W. Williams
Secretary, Public Service Board

EXHIBIT A

The project is a wastewater tyreatment system renovation project of the existing Union PSD existing sewer system. The project is broken into five (5) separate construction contracts. Contract 1 is the renovation of the existing interceptor sewer in the 40th Street drainage system. Contracts 2 and 3 are the renovation of the interceptor sewer in the Rocky Fork drainage area. Contract 4 is the construction of a new 24 inch diameter outfall sewer that will take the effluents from the Rocky Fork treatment plant and the 40th Street Treatment Plants and pipe it to Kanawha River some 14,000 feet away. Contract 5 is the upgrading of the existing Rocky Fork and 40th Street Treatment plants.

EXHIBIT B

ESCROW AGREEMENT

This AGREEMENT, made and entered into as of the 28th day of August, 1991, by and among the UNION PUBLIC SERVICE DISTRICT (hereinafter referred to as the "District") and the WEST VIRGINIA MUNICIPAL BOND COMMISSION (hereinafter referred to as the "Escrow Agent").

W I T N E S S E T H T H A T:

WHEREAS, the District, pursuant to a Bond Resolution passed on July 30, 1967 (the "Prior Resolution"), issued its Sewer Refunding and Revenue Bonds Series A, in the original principal amount of $222,000 dated July 1, 1967, none of which are outstanding as of the date hereof; Series B, in the original principal amount of $1,573,000 dated July 1, 1967, of which $1,149,000 in principal amount are outstanding as of the date hereof; and Series C, in the original principal amount of $400,000 dated July 1, 1967, of which $383,000 in principal amount are outstanding as of the date hereof (collectively the "Prior Bonds");

WHEREAS, the Prior Bonds mature on the dates and bear interest at the rates set forth in Schedule A hereto;

WHEREAS, the District has determined to issue its Sewerage System Revenue Bonds, 1991 Series A Sewerage System Revenue Bonds, 1991 Series B, and Sewerage System Revenue Bonds, 1991 Series C (collectively the "1991 Bonds"), pursuant to a Bond Resolution and a Supplemental Resolution adopted by the District on August 26, 1991, (the "Resolution"), a portion of the proceeds of which will be used to refinance the Prior Bonds;

WHEREAS, the District has made arrangements for the Escrow Agent to purchase from part of the proceeds of the 1991 Bonds and other available moneys, United States Treasury Obligations (the "Government Securities") described in Schedule B hereto, the principal of and interest on which, when due, without consideration of any reinvestment of such maturing principal and interest, together with any other funds deposited with the Escrow Agent, will provide sufficient moneys to enable the Escrow Agent:

(i) to refinance and redeem, at a redemption price of 100% of the principal amount thereof, the $1,532,000 in aggregate principal amount of Prior Bonds outstanding on October 1, 1991.

(ii) to pay, as the same shall become due and payable, the interest to accrue on all Prior Bonds to the October 1, 1991 payment date, as set forth in the preceding clause (i) of this recital.

WHEREAS, the District has found it desirable to appoint the Escrow Agent for the purposes of holding title to the Government Securities, receiving payments of the principal thereof and interest thereon when due, disbursing to the paying agents such amounts as may be necessary to provide for payment of the Prior Bonds and the interest thereon when due, and holding and investing and reinvesting any cash balances which may at any time not be needed for immediate disbursement; and

NOW, THEREFORE, in consideration of the mutual agreements contained herein, and in order further to secure payment of the Prior Bonds, as heretofore provided, the parties hereto mutually undertake, promise and agree for themselves, their respective representatives, successors and assigns, as follows:

1. Receipt of true and correct copies of the Resolution and the Prior Resolution is hereby acknowledged by the Escrow Agent. Reference herein to or citation herein of any provisions of either the Prior Resolution or the Resolution shall be deemed to incorporate the same as a part hereof in the same manner and with the same effect as if the same were fully set forth herein.

2. There is hereby created and established with the Escrow Agent a special and irrevocable fund designated the Union Public Service District 1967 Sewer Refunding and Revenue Bonds Escrow Fund (hereinafter referred to as the "Escrow Fund"), to be held in the custody of the Escrow Agent, separate and apart from other funds of the District or the Escrow Agent. The deposit of investments or moneys in the Escrow Fund shall constitute an irrevocable deposit of said investments or moneys in trust for, and such moneys and the investments thereof, together with any income or interest earned thereon, shall be applied, except as otherwise provided herein, to, the payment of the principal and interest on the Prior Bonds as the same become due and payable.

3. Concurrently with the delivery of the 1991 Bonds, the District shall apply $_____ from the proceeds of sale of the 1991 Bonds, and $114,610 from the Sinking Funds for the Prior Bonds, created and maintained on account of the Prior Bonds, to the purchase of the Government Securities described in Schedule B hereto. Selby & Associates, independent certified public accountants, have certificated, in their letter dated August 28, 1991, attached hereto as Schedule C, that the Government Securities, together with the income to be derived from the investment of the Government Securities, will be sufficient to pay the principal of and interest on the Prior Bonds as the same become due and payable as described in the fourth recital hereto.

4. The Government Securities shall be credited to the Escrow Fund. The Escrow Agent shall deposit any proceeds (whether principal, interest or otherwise) derived from the Government Securities in the Escrow Fund and shall after the initial maturity thereof, reinvest such proceeds in overnight United States Treasury Obligations. Except as provided above, the Escrow Agent shall have no power or duty to invest any moneys held hereunder or to make substitutions of the Goverment Securities hereunder, or to sell, transfer or otherwise dispose of Government Securities acquired hereunder.

5. The Escrow Agent shall deposit directly with the paying agent or agents therefor, in immediately available funds, from the amounts held in the Escrow Fund on October 1, 1991 the amounts required to comply with the payments of principal and interest on the Prior Bonds in accordance with the terms of the fourth recital hereto.

6. The holders of the Prior Bonds shall have an express lien on all moneys and assets in the Escrow Fund until paid out, used and applied in accordance with this Agreement.

7. After the provision for payment of all the Prior Bonds, and the interest thereon, the amounts remaining in the Escrow Fund shall be immediately transferred to the District for deposit in the Construction Trust Fund established under the Resolution for use in accordance with the terms thereof.

8. In no event shall the Escrow Agent or the paying agents have any lien whatsoever upon any of the moneys or Government Securities in the Escrow Fund, for the payment of any fees or expenses.

9. The District and the Escrow Agent independently hereby covenant that no part of the moneys or funds at any time in the Escrow Fund, shall be used directly or indirectly to acquire any securities or obligations, the acquisition of which would cause any of the 1991 Bonds to be "arbitrage bonds" as defined in Section 148 of the Internal Revenue Code of 1986, as amended.

10. The Escrow Agent shall not have any responsibility with respect to the validity or sufficiency of this Agreement. The liability of the Escrow Agent for the payment of the principal of and the interest on the Prior Bonds shall be limited to the application of the moneys and Government Securities available for such purposes in the Escrow Fund. The Escrow Agent shall not be liable or responsible because of the failure of the District to perform any act required of it by this Agreement or because of the loss of any moneys arising through the insolvency or the act or default or

omission of any depository in which such moneys shall have been deposited.

11. If any outstanding Prior Bonds or coupons are not presented for payment when due, and moneys are held by the Escrow Agent for payment thereof but not including any funds held by the paying agent for the Prior Bonds, such moneys shall be held for such purposes for a period of six (6) years from the date such payment was due, at which time such moneys shall be paid to the District.

12. Concurrently with the execution of this Agreement and the defeasance of the lien of the Prior Bonds, the Escrow Agent, at the express direction of the District, shall apply the funds held by it in the sinking funds, including the reserve accounts therein, created and maintained under the Prior Resolution the sum of the $114,610 into the Escrow Fund, for the simultaneous purchase of the Government Securities described in Schedule B hereto.

13. If any one or more of the covenants or agreements provided in this Agreement to be performed on the part of any of the parties hereto should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

14. Whenever it shall be required hereunder to redeem Prior Bonds, as set out in the fourth recital to this Agreement, the Escrow Agent shall be responsible for the preparation, publication and mailing of the notice of redemption in accordance with the provisions of the Prior Resolution. The costs of any required publication and mailing of any notice of redemption shall be paid by the District and under no circumstance shall the Escrow Agent have any claim on moneys on deposit in the Escrow Fund for payment of such costs, but shall look solely to the District for such payment. The Escrow Agent shall act on behalf of the District in the conduct of the proceedings for the redemption of the outstanding bonds to be redeemed in accordance with the Prior Resolution.

15. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

16. This Agreement is made in the State of West Virginia under the Constitution and laws of such State and is to be so construed.

17. This Agreement shall terminate on the earlier of the date on which all the outstanding Prior Bonds have been paid and discharged in accordance with the respective provisions of the Prior Resolution or, as described in Paragraph 11 above, six (6) years after the last date on which payment on the Prior Bonds is due. Government Securities in the Escrow Fund shall be transferred to the District for deposit in the Sinking Fund created under the Resolution.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

UNION PUBLIC SERVICE DISTRICT

By_____
Its Chairman

WEST VIRGINIA MUNICIPAL BOND COMMISSION

By_____
Its _____

5030h

SCHEDULE A

	Principal Balance Outstanding	Interest Rate	Interest Due On October 1, 1991
Union Public Service District Sewer Refunding and Revenue Bonds, Series B dated July 1, 1967	$1,149,000	5%	$14,362.50
Union Public Service District Sewer Refunding and Revenue Bonds, Series C, dated July 1, 1967	383,000	5%	4,787.50
	$1,532,000		$19,150.00
Total Outstanding Principal and Interest due on October 1, 1991			$1,551,150

SCHEDULE B

Description of Government Securities

Security	Principal Amount at Maturity	Date of Maturity
United States Treasury Bills	$1,555,000	September 26, 1991

EXHIBIT C

Union Public Service District
Case No. 90-660-PSD-CN

APPROVED RATES

Rules and Regulations for the Government of Sewer Utilities, adopted by the Public Service Commission of West Virginia, and now in effect, and all amendments thereto and modifications thereof hereafter made by said Commission. Regulations enacted by the Department of Health of West Virginia and the Department of Natural Resources of West Virginia or any other governmental units having jurisdiction over sewer systems and their design and operation.

RATES

APPLICABILITY

Applicable within the entire Union Public Service Sewer District created by the County Commission of Kanawha County by Order dated October 4, 1955.

AVAILABILITY OF SERVICE

Available for general, domestic, commercial and industrial sanitary sewer service.

RATE (Based upon the metered amount of water furnished)

First	2,000 gallons used per month	$6.28	per 1,000 gallons
Next	3,000 gallons used per month	$3.05	per 1,000 gallons
Next	15,000 gallons used per month	$2.57	per 1,000 gallons
Over	20,000 gallons used per month	$2.09	per 1,000 gallons

MINIMUM CHARGE

The above schedule is subject to a minimum monthly charge of Twelve Dollars and Fifty-Six Cents. ($12.56).

(C) NON-METERED

Where the customer has no water meter or where a substantial portion of the water consumed is not metered, the monthly minimum charge shall be for 5,000 gallons or $18.84.

(C) DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid within twenty (20) days, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

(C) Indicates change

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES, AND OTHER TERMS OF THE UNION PUBLIC SERVICE DISTRICT SEWERAGE SYSTEM REVENUE BONDS, 1991 SERIES A, THE UNION PUBLIC SERVICE DISTRICT SEWERAGE SYSTEM REVENUE BONDS, 1991 SERIES B, AND THE UNION PUBLIC SERVICE DISTRICT SUBORDINATE SEWERAGE SYSTEM REVENUE BONDS, 1991 SERIES C; DESIGNATING A REGISTRAR, PAYING AGENT, DEPOSITORY BANK, AND CONSTRUCTION TRUST FUND DEPOSITORY BANK; APPROVING LOAN AGREEMENTS WITH RESPECT TO THE BONDS; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board of the Union Public Service District (the "District") has duly and officially adopted a Bond Resolution on August 27, 1991 (the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF UNION PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, AND THE COST OF REFINANCING OF CERTAIN INDEBTEDNESS OF THE DISTRICT THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $2,139,656 IN AGGREGATE PRINCIPAL AMOUNT OF UNION PUBLIC SERVICE DISTRICT SEWERAGE SYSTEM REVENUE BONDS, 1991 SERIES A, AND NOT MORE THAN $4,229,604 IN AGGREGATE PRINCIPAL AMOUNT OF UNION PUBLIC SERVICE DISTRICT SEWERAGE SYSTEM REVENUE BONDS, 1991 SERIES B, AND NOT MORE THAN $237,602 IN AGGREGATE PRINCIPAL AMOUNT OF UNION PUBLIC SERVICE DISTRICT SUBORDINATE SEWERAGE SYSTEM REVENUE BONDS, 1991 SERIES C; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SAID BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY RELATING TO SAID BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SAID BONDS; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Resolution provides for the issuance of the Union Public Service District Sewerage System Revenue Bonds, 1991 Series A (the "1991 Series A Bonds"), the Union Public Service District Sewerage System Revenue Bonds, 1991 Series B (the "1991 Series B Bonds"), and the Union Public Service District Subordinate Sewerage System Revenue Bonds, 1991 Series C (the "1991 Series C Bonds") (collectively herein the "1991 Bonds") in aggregate principal amounts not to exceed $2,139,656, $4,229,604 and $237,602, respectively, all in accordance with Chapter 16, Article 13A, of the Code of West Virginia, 1931, as amended, (the "Act"), and the terms of the Loan Agreement and Supplemental Loan Agreement (the "Loan Agreements") to be entered into between the District and the West Virginia Water Development Authority (the "Authority"), but requires that the dates, interest rates, maturities, sale prices and other terms of the Bonds should be established by a supplemental resolution;

WHEREAS, the 1991 Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreements; and

WHEREAS, the Public Service Board (the "Board") of the District deems it essential and desirable that this resolution (the "Supplemental Resolution"), be adopted and that the prices, the maturity dates, the redemption provisions, the interest rates, and the interest and principal dates of the 1991 Bonds be fixed hereby in the manner stated herein; that the Loan Agreement be approved; and that other matters relating to the Bonds be herein provided for.

WHEREAS, capitalized terms not otherwise defined shall have the meanings given such terms in the Resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF THE UNION PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Resolution, the Act, and this Supplemental Resolution, the 1991 Series A Bonds shall be in the aggregate principal amount of $2,139,656, the 1991 Series B Bonds shall be in the aggregate principal amount of $4,229,604, and the 1991 Series C Bonds shall be in the aggregate principal amount of $237,602, with the following provision:

(A) The 1991 Series A Bonds shall be originally issued in the form of a single bond, numbered AR-1, in the principal amount of $2,139,656. The 1991 Series A Bonds shall be dated the date of delivery thereof, shall bear interest at the rate of 8.10% per annum, payable semiannually on April 1 and October 1 of each year, beginning October 1, 1991, shall be subject to redemption upon the written consent of the

Authority, upon payment of the interest and redemption premium, if any, and subject to the other requirements provided in the Loan Agreement, as long as the Authority shall be the registered owner of the 1991 Series A Bonds, and shall be payable in installments of principal on October 1 of each of the years from 1992 through 2029, inclusive, in the amounts as set forth in "Schedule X," attached hereto and incorporated herein by reference.

(B) The 1991 Series B Bonds of the District shall be originally issued in the form of a single bond, numbered BR-1, in the principal amount of $4,229,604. The 1991 Series B Bonds shall be dated the date of delivery thereof, shall bear interest at the rate of 7.75% per annum, payable semiannually on April 1, and October 1 of each year, beginning October 1, 1991, shall be subject to redemption upon the written consent of the Authority, upon payment of the interest and redemption premium, if any, and subject to the other requirements provided in the Loan Agreement, as long as the Authority shall be the registered owner of the 1991 Series B Bonds, and shall be payable in installments of principal on October 1, of each of the years from 1993 to 2031, inclusive, in the amounts as set forth in "Schedule X," attached hereto and incorporated herein by reference.

(C) The 1991 Series C Bonds of the District shall be originally issued in the form of a single bond, numbered CR-1, in the principal amount of $237,602. The 1991 Series C Bonds shall be dated the date of delivery thereof, shall not bear interest, shall be subject to redemption upon the written consent of the Authority as long as the Authority shall be the registered owner of the 1991 Series C Bonds, and shall be payable in installments of principal on October 1 of each of the years from 1992 through 2031, inclusive, in the amounts as set forth in "Schedule X," attached and incorporated herein by reference.

(D) The 1991 Bonds of each series shall be sold to the Authority in accordance with the terms of the Loan Agreement at a price equal to 100% of the principal amount thereof.

Section 2. All other provisions relating to the Bonds shall be as provided in the Resolution, and the 1991 Bonds shall be in substantially the form provided in the Resolution with such changes, insertions and omissions as may be approved by the Chairman of the District. The execution of the 1991 Series A Bonds, the 1991 Series B Bonds and the 1991 Series C Bonds by the Chairman shall be conclusive evidence of such approval.

Section 3. The District does hereby ratify, approve and accept the Loan Agreement and the Supplemental Loan Agreement, including the "Schedule X" attached to each, copies of which are incorporated herein by reference, and the execution and delivery by the Chairman of the Loan Agreement and the Supplemental Loan Agreement, and the performance of the obligations contained therein, on behalf of the District have been and are hereby authorized, approved and directed.

Section 4. The District hereby appoints and designates The Bank of Cross Lanes, Cross Lanes, West Virginia, as the Depository Bank, as provided in the Resolution.

Section 5. The District hereby appoints and designates One Valley Bank, National Association, Charleston, West Virginia, as the Construction Trust Fund Depository Bank, as provided in the Resolution.

Section 6. The District hereby appoints and designates One Valley Bank, National Association, Charleston, West Virginia, as Registrar for the Bonds.

Section 7. The District hereby appoints and designates the West Virginia Municipal Bond Commission (the "Commission"), Charleston, West Virginia as Paying Agent for the Bonds.

Section 8. The District does hereby ratify, approve and accept the Escrow Agreement, a copy of which is incorporated herein by reference, and the execution and delivery by the Chairman of the Escrow Agreement, and the performance of the obligations contained therein on the part of the District have been and are hereby authorized, approved and directed. Proceeds of the 1991 Bonds shall be deposited in the Escrow Fund for use in accordance with the terms of the Escrow Agreement. The West Virginia Municipal Bond Commission is authorized to purchase for the District $1,555,000 par value U.S. Treasury Bills due September 26, 1991.

Section 9. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates, including the Registrar's Agreement, required or desirable in connection with the Bonds hereby and by the Resolution approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Loan Agreement and the Supplemental Loan Agreement.

Section 10. The financing of the Project in part with proceeds of the Bonds is in the public interest, serves a public purpose of the District and will promote the health, welfare and safety of the residents of the District.

Section 11. This Supplemental Resolution shall be effective immediately upon adoption.

Dated: August 27, 1991

UNION PUBLIC SERVICE DISTRICT

Robert H. Brink

Chairman

[SEAL]

Joe W. Williams

Secretary

1161H

UNION PUBLIC SERVICE DISTRICT

$2,139,656 Sewerage System Revenue Bonds, 1991 Series A, $4,229,604 Sewerage System Revenue Bonds, 1991 Series B, and $237,602 Subordinate Sewerage System Revenue Bonds, 1991 Series C

MINUTES ON ADOPTION OF BOND
RESOLUTION AND SUPPLEMENTAL RESOLUTION

I, Joe W. Williams, Secretary of the Public Service Board of Union Public Service District, hereby certify that the following is a true and correct excerpt of the minutes of a special meeting of said Public Service Board:

The Public Service Board of Union Public Service District met in special session, pursuant to notice duly given and posted, a copy of which is attached hereto and incorporated herein, on the 26th day of August, 1991, in its offices at 5110 Washington Street West, Charleston, West Virginia, at 4:00 p.m. prevailing time.

Present: Robert H. Brick - Chairperson and Member, Public Service Board;

Joe W. Williams - Secretary and Member, Public Service Board;

Dr. Charles C. Warner, Jr. - Member, Public Service Board;

Also present were Samme L. Gee and Angela M. Fenton of Jackson & Kelly, Bond Counsel, H. Wyatt Hanna, III, Counsel to the District, William D. Carter, Managing Engineer of the District, Charles E. Fish, Jean Fish, and Jim Downey and Tom Blair of Kelley, Gidley, Blair & Wolfe, Inc., Consulting Engineers.

Robert H. Brick, Chairperson, presided and Joe W. Williams, acted as Secretary.

H. Wyatt Hanna informed the Board that the Certificate of Convenience and Necessity had not yet been issued for the Project.

Samme L. Gee reviewed the Bond Resolution and Supplemental Resolution with the Board.

Discussion was had with respect to the EPA Grant amount as reflected in the Part B letter issued by the Division of Natural Resources. The EPA Grant amount was increased from

$4,224,110 to $4,375,300. H. Wyatt Hanna III, Samme L. Gee, and James L. Downey, Jr. all recommended that the amount of the Bond issue remain $6,606,862 and that the contingency figure reflected in the amended Schedule A submitted to the West Virginia Water Development Authority be increased from $377,675 to $528,865, and the Board agreed to such revisions.

Thereupon, Jim Downey requested that the District approve issuance of Notice of Awards to the following contractors for the Project on or after August 28, 1991:

Contract 1: Compton Construction Co., $955,738
Contract 2: Compton Construction Co., $1,399,549
Contract 3: Rover Construction Co., $1,578,670
Contract 4: Dove Sugar, Inc., $940,538
Contract 5: Shelby Sands, Inc., $2,679,000

Whereupon, on motion of Mr. Williams, seconded by Dr. Warner, it was unanimously ordered that Contracts 1 through 5 be awarded with the issuance of the Notice of Award being contingent upon the closing of the financing for the Project and further that the construction conference and contract signing be scheduled for September 9, 1991, at 1:00 p.m. in the offices of Kelley, Gidley, Blair & Wolfe, Inc., Charleston, West Virginia.

Whereupon, on motion of Mr. Williams, seconded by Dr. Warner, it was unanimously ordered that the meeting be temporarily recessed until 1:00 p.m. prevailing time, August 27, 1991.

At 1:00 p.m. on August 27, 1991, the Chairperson announced that a quorum of members was present and that the recessed meeting was reconvened for any business properly before it.

Present: Robert H. Brick - Chairperson and Member, Public Service Board;

Joe W. Williams - Secretary and Member, Public Service Board;

Dr. Charles C. Warner, Jr. - Member, Public Service Board;

Also present were Samme L. Gee of Jackson & Kelly, Bond Counsel, H. Wyatt Hanna, III, Counsel to the District, and James Downey of Kelley, Gidley, Blair & Wolfe, Inc., Consulting Engineers, William D. Carter, Managing Engineer of the District, and Homer W. Hanna, II.

Thereupon, the Chairperson presented a Bond Resolution in writing entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF UNION PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, AND THE COST OF REFINANCING OF CERTAIN INDEBTEDNESS OF THE DISTRICT THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $2,139,656 IN AGGREGATE PRINCIPAL AMOUNT OF UNION PUBLIC SERVICE DISTRICT SEWERAGE SYSTEM REVENUE BONDS, 1991 SERIES A, AND NOT MORE THAN $4,229,604 IN AGGREGATE PRINCIPAL AMOUNT OF UNION PUBLIC SERVICE DISTRICT SEWERAGE SYSTEM REVENUE BONDS, 1991 SERIES B, AND NOT MORE THAN $237,602 IN AGGREGATE PRINCIPAL AMOUNT OF UNION PUBLIC SERVICE DISTRICT SUBORDINATE SEWERAGE SYSTEM REVENUE BONDS, 1991 SERIES C; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SAID BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY RELATING TO SAID BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SAID BONDS; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, on motion of Mr. Williams, seconded by Dr. Warner, it was unanimously ordered that said Bond Resolution be adopted and be in full force and effect on and from the date thereof.

Thereupon the Chairperson presented a Supplemental Resolution entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES, AND OTHER TERMS OF THE UNION PUBLIC SERVICE DISTRICT SEWERAGE SYSTEM REVENUE BONDS, 1991 SERIES A, THE UNION PUBLIC SERVICE DISTRICT SEWERAGE SYSTEM REVENUE BONDS, 1991 SERIES B, AND THE UNION PUBLIC SERVICE DISTRICT SUBORDINATE SEWERAGE SYSTEM REVENUE BONDS, 1991 SERIES C; DESIGNATING A REGISTRAR, PAYING AGENT, DEPOSITORY BANK, AND CONSTRUCTION TRUST FUND DEPOSITORY BANK; APPROVING LOAN AGREEMENTS WITH RESPECT TO THE BONDS; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, on motion of Mr. Williams, seconded by Dr. Warner, it was unanimously ordered that said Supplemental Resolution be adopted and be in full force and effect on and from the date thereof.

Thereupon, the Chairperson presented a Schedule of Rates and Charges for the users of the Sewerage System of the District, as approved by the Public Service Commission of West Virginia (the "Commission"). Thereupon, on motion of Dr. Warner, seconded by Mr. Williams, it was unanimously ordered that said rates and charges be adopted and be in full force and effect from the date of award of construction contracts and authorized the Chairman to sign the Tariff forms required by the Commission and take all other actions necessary to place the rates into full force and effect.

Thereupon, the Chairperson presented the following invoices and requisitions for payment from the proceeds of the Bonds:

1.	Hanna & Hanna	$ 15,060.00
2.	District Reimbursement	$ 32,607.17
3.	Kelley, Gidley, Blair & Wolfe	$348,563.62

Thereupon, on the motion of Mr. Williams, seconded by Mr. Brick, it was unanimously ordered that the invoices be paid from the proceeds of the Bonds.

Thereupon, discussion was held with respect to the acquisition and construction of certain extensions, betterments and improvements to the Goff Mountain Road area. It was determined by the Board that it would attempt to begin the construction of such extensions, betterments and improvements to the Goff Mountain area within the next ten-month period subject to the availability of funds and the approval of all required regulatory agencies.

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

I hereby certify that the foregoing action of said Public Service Board remains in full force and effect and has not been amended or appealed.

WITNESS my signature on this 28th day of August, 1991.

[SEAL]

Joe W. Williams
Secretary, Public Service Board

5016h

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: July 19, 1991

CASE NO. 90-660-PSD-CN

UNION PUBLIC SERVICE DISTRICT,
a public utility, Cross Lanes,
Kanawha County.
Application for a certificate of
convenience and necessity to upgrade
the wastewater treatment system at
Union Public Service District,
Kanawha County.

RECOMMENDED DECISION

PROCEDURE

On December 21, 1990, Union Public Service District (Union or District), a public utility, Cross Lanes, Kanawha County, filed an application, duly verified, for a certificate of convenience and necessity to upgrade its wastewater treatment system at Cross Lanes, Kanawha County. The project includes the replacement of the main interceptor sewers conveying wastewater to the 40th Street and Rocky Fork wastewater treatment plants; the upgrading of the 40th Street plant by constructing a new influent pumping station, a new grit channel, a new chlorination facilities, converting the existing sludge drying beds and cover to a storage building and installing an emergency generator; the upgrading of the Rocky Fork wastewater treatment plant by constructing a new influent pump station, replacing the aeration systems, adding a new sludge holding tank, constructing a sludge belt press system and constructing an effluent pump station and force main to pump the Rocky Fork wastewater treatment plant effluent to the 40th Street wastewater treatment plant for chlorination; and constructing an effluent line to convey the combined treated effluents from the two (2) treatment plants to the Kanawha River via Nitro. The District estimates that the construction will cost approximately $10,054,284, and will be financed by a grant from the Environmental Protection Agency (EPA) in the amount of $3,883,000 and Water Development Authority (WDA) bonds in the amount of $6,171,284, plus the refinancing of $1,594,000 of existing debt. The District also requested approval of increased rates and charges.

By Order entered on December 27, 1990, the District was directed to give notice of the filing of the application by publishing a copy of the Commission's Notice of Filing Order once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Kanawha County, making due return to the Commission of proper certification of publication immediately thereafter. Anyone desiring to make

Commission Staff is recommending approval of the project, as filed by the District. Staff noted that the project is necessary because the current system for Union Public Service District is inadequate and is not in compliance with the Department of Natural Resources and EPA requirements. The District is currently under a Consent Decree to upgrade its facilities and bring its system into compliance with its NPDES permit by October 14, 1992. Staff noted that there have been no protests filed to this project following publication of the certificate application.

On May 2, 1991, the Goff Mountain Road Maintenance Association (Association), by Counsel, petitioned the Commission for permission to intervene in this proceeding. According to the petition, the Association is an association of businesses and residences along Goff Mountain Road within the authorized service territory of the District. The Association has been attempting to obtain sewage service from the District for many years and had previously filed a complaint against the District with the Commission, designated as Case No. 89-115-S-C, regarding its efforts to obtain sewage service. By Order entered on April 20, 1989, a Final Order was issued dismissing the Association's complaint, without prejudice, since the Association had requested dismissal of its complaint in order to avoid any delay to the District's proposed certificate proceeding. It had been the Association's understanding that the District would cooperate in obtaining the necessary funds to permit an extension of its facilities to serve the Goff Mountain Road area.

According to the petition, following the dismissal of the Association's complaint case, the Association and the District negotiated an agreement to extend the District's facilities and to seek a waiver of Rule 5.03 of the Commission's Rules and Regulations for the Government of Sewer Utilities (Sewer Rules), regarding main extensions. This procedure was adopted because the District did not have the funds to construct the extension and the extension was not an ordinary extension in the usual course of business. Attached to the Association's petition to intervene, as Association Exhibit No. 1, was an unsigned copy of an agreement which the Association represented had been negotiated by and between the Association and the District.

The extension would serve approximately twenty-five (25) residences and commercial enterprises, and the funding would be provided from a number of sources. According to the petition, the Business and Industrial Development Corporation (BIDCO) agreed to provide $18,950 from a Governor's Community Partnership grant; the members of the Goff Mountain Road Maintenance Association agreed to provide services and cash contributions approximating $97,000; and the District agreed to contribute approximately $9,088, as its calculated share of its participation under Rule 5.03. A letter from BIDCO and a calculation of the District's contribution amount were attached to the petition as Association Exhibit Nos. 2 and 3. The Kanawha County Commission was agreeable to providing the remaining amount necessary to complete the project. However, subsequent to the parties' agreement, and after the time had expired for timely intervention in the instant case, the Kanawha County Commission's financial difficulties became evident. According to the petition, it is the County Commission's inability to commit funds to

continue on that date until concluded. The initial briefing date was revised from June 18, 1991, to June 21, 1991, while the date for the filing of reply briefs, June 28, 1991, remained unchanged. Finally, the Administrative Law Judge granted the petition to intervene filed by the Goff Mountain Road Maintenance Association.

No Joint Stipulation and Agreement for Settlement or Stipulation of Facts Not in Controversy was filed as of the required date or on or before the day of hearing.

The hearing set for June 3, 1991, was held as scheduled. H. Wyatt Hanna, Esquire, appeared on behalf of the District; Robert R. Rodecker, Esquire, appeared on behalf of the Association; and Caryn Short, Esquire, of the Legal Division, appeared on behalf of Commission Staff. The District presented the testimony of four (4) witnesses; the Association presented the testimony of one (1) witness; and Commission Staff presented the testimony of one (1) witness. Seven exhibits were received in evidence. One customer of the District, Charles Fish from the Lake Chaweva area of the District's territory, appeared to protest the addition of the Goff Mountain Road area to the project and to present various quality of service complaints.

At the commencement of the hearing, the parties placed on the record various stipulated facts not in controversy. The parties stipulated to the expertise of the various witnesses and that public convenience and necessity require the project. Additionally, the District indicated that it had no objection to the participation of the Association or its requested relief. The only issue in dispute between the parties is whether the debt to be incurred by the District for the project should be repaid over a term of 25 years or 40 years.

At the close of hearing on June 3, 1991, this matter was submitted for a decision following receipt of the transcript, briefs and a post-hearing exhibit, an Inflow/Infiltration (I/I) Study to be performed by the District, if rainfall and waterflows were sufficient to permit the study to be performed.

On June 10, 1991, the District filed confirmation of its EPA grant for the project and a letter from the Department of Natural Resources confirming the EPA grant and stating that the DNR had approved the plans and specifications for the project. The June 10, 1991 filing will be designated as District Post-Hearing Exhibit No. 1.

On June 21, 1991, Commission Staff and the District filed their initial briefs on the dispute over the repayment period for the debt to be incurred by the District to construct the proposed project. The Intervenor Association filed a letter stating that it would respond to the I/I study to be filed by the District if the study was filed on or before June 28, 1991, but stating that it did not feel the other issues in the case required a brief from the Association. Also on June 21, 1991, the District filed a Report from its engineers, Kelly, Gidley, Blair and Wolfe, analyzing the sewer conditions in the Lake Chaweva area and the impact that connecting the proposed Goff Mountain sewer extension to the Lake Chaweva system would have on the operations in the area. The

the plans and specifications revealed no obvious conflict with the Commission's rules and regulations. (Staff Exhibit No. 1, page 2 and June 10, 1991 filing of the District). The project filed by the District was the most cost effective of six alternatives for bringing its system into compliance with State law and DNR requirements. (Staff Exhibit No. 1, p. 2). Further, no protests were filed to the original application, and the only Protestant who appeared at the hearing objected to the Goff Mountain Road extension, and not the original certificate application. (Tr., pp. 8-20, generally).

The original project is economically feasible, since it appears that there is adequate funding for the project, including a WDA loan of approximately 6.8 million dollars and an EPA grant of approximately 4.1 million dollars. The WDA loan includes refinancing of an existing debt of approximately 1.6 million dollars. (District Exhibit No. and Staff Exhibit No. 4). The current estimated project cost of 9.5 million dollars represents a decrease from the previously estimated project cost of approximately 10.7 million dollars, reflecting the fact that the actual construction bids came in below estimates. (District Exhibit No. 1; Staff Exhibit No. 1, p. 2; and Staff Exhibit No. 4, p. 1). Commission Staff has reviewed the District's estimated project costs and is of the opinion that the project costs are reasonable, as are the District's estimated additional operation and maintenance expenses resulting from the project. (Staff Exhibit No. 1, p. 2).

The only dispute in this proceeding arises out of conflicting recommendations from the District and Commission Staff regarding the appropriate period over which to repay the WDA loan to be obtained to help finance the project. The District has requested approval of a repayment period of 25 years, while Commission Staff is recommending a repayment period of 40 years for the debt. The District presented the testimony of Daniel L. Selby, Certified Public Accountant, on the issue of the debt repayment. The District is of the opinion that substantial savings can be achieved for the District and its customers by using a 25 year repayment term compared to a 40 year repayment term. (Tr., pp. 35-36&40). While the current cash flow requirements will be higher using a 25 year repayment term, on a net present value basis the 25 year term is less expensive and represents a significant savings for the customers. (Id.). The District also is of the opinion that a 25 year repayment term more closely matches the actual life expectancy of the improvements being constructed. (Tr., p. 36). According to Mr. Selby, the net present value of the savings using a 25 year term to repay the debt is approximately $700,000, including the Goff Mountain project. Repaying the loan over 25 years will result in an increase in debt service requirements of $74,000 annually. (Tr., pp. 37&40). However, the District will pay less interest overall using a 25 year term. (Tr., p. 40).

Mr. Selby sponsored one exhibit. This exhibit took the form of cash flow exhibits for Union Public Service District. These exhibits set forth cash flow demands and analyses which contrasted the costs of financing the project over a 40 year term and over a 25 year term. By contrasting the two recommended terms, it was demonstrated that the current cash flow needs would be higher using the 25 year term, but, on a

Additionally, testimony presented at the hearing, which will be discussed subsequently with regard to the Goff Mountain Road extension and the problems experienced in the Lake Chaweva area, indicates quite clearly that the District has better uses for its money than higher debt service payments in order to achieve a lower debt repayment period. A recent power outage in the Lake Chaweva area resulted in sewage not being pumped from the lines in that area for 3 1/2 to 4 days, because the District did not have portable generators on hand for its lift stations as a back-up system. Further, the District's Post Hearing Exhibit No. 2, the engineering study of the Lake Chaweva system, indicates that the lines in the area are flat and incapable of carrying the sewage flows in the area and the pumps in the Lake Chaweva system are inadequately sized for the volume of sewage flowing through the system. Under such circumstances, it is irresponsible and unreasonable for the District's Board Members to divert funds from needed repairs and upgrading projects, which will benefit current customers, to higher debt service payments designed to benefit customers who are not on the system and will not be on the system for decades. Therefore, any certificate granted in this proceeding will be contingent upon the WDA loan being repaid over a period of 40 years and the rates and charges designed to recover the costs associated with this project will be the Staff-recommended rates and charges.

Upon consideration of all of the above, the Administrative Law Judge is of the opinion that the application for a certificate of convenience and necessity filed by Union Public Service District on December 21, 1990, should be granted, since the project appears to be convenient and necessary to the public in the area, in light of the inadequacies of the current sewer system. The project is economically feasible, since it is fully supported by grant and loan funding, and the Staff-recommended rates and charges are adequate to cover all of the costs associated with the new project, including debt service, as well as provide the District with a reasonable cash surplus. Further, the public appears to support the project, since no protest was filed to the original application, or the requested rates and charges, following notice to the public by publication of the certificate application and the requested rates and charges. Accordingly, the certificate will be granted, with certain modifications and conditions as discussed subsequently in this decision.

II. Goff Mountain Road Extension

This issue arose due to the filing of the Petition to Intervene by the Goff Mountain Road Maintenance Association. At the commencement of the hearing on June 3, 1991, Union Public Service District indicated that it would not object to the Association's intervention and, in essence, that it would not object to the inclusion of the Goff Mountain Road extension in its project.

The Goff Mountain Road Maintenance Association presented the testimony of Robert Cunningham, President of the Association, to support its request that the Goff Mountain Road extension be included in the District's project. Sixteen residences and four businesses are to be served by the proposed extension. (Tr., p. 64). Mr. Cunningham is

extension of $53,000, leaving the District with cost responsibility of $220,470. According to Ms. Foster, there appears to be a real need for sewer services in the area and the Association has been attempting to obtain sewer service for Goff Mountain Road for several years. The District has enough available funds to finance the addition, since the bids on the original project came in well below estimates and since the District has received additional EPA grant funds. According to Ms. Foster, the Goff Mountain Road extension appears to be feasible and in the public interest and she believes that it should be included in this certificate case. The addition should not have a negative impact on the original project, or delay it, since the funds are available. The extension can either be bid separately as an additional contract or handled through a change order. (Staff Exhibit No. 2).

Staff Exhibit No. 4 is Mr. Bakker's Internal Memorandum dated May 4, 1991. In that Exhibit, Mr. Bakker also discusses the Goff Mountain Road extension. Mr. Bakker agreed with Ms. Foster that the Goff Mountain Road extension is convenient and necessary and should be included in this project. Mr. Bakker noted that the area is included in the District's boundaries and provides an opportunity for further development of the District's system, thus providing the District with more paying customers. Additionally, the current bond issue offers a low interest rate and the EPA is contributing a significant amount to the District, thus providing the District with an opportunity to extend service in its territory at relatively low additional cost to its existing customers. Mr. Bakker stated that the extension will benefit both the District and that area of Kanawha County. Mr. Bakker also stated that using funds to extend service along Goff Mountain Road constitutes a much better use of those funds than attempting to repay the WDA loan over a shortened period of time. (Staff Exhibit No. 4, pp. 2-3). Mr. Bakker pointed out that any positive cash flow derived from the Goff Mountain extension customers could be used for repairs and improvements to the District's system. (Tr., p. 51).

Charles Fish, a customer of Union Public Service District who resides in the Lake Chaweva area of the District's service territory, testified in protest to the addition of the Goff Mountain Road extension to the District's system. According to Mr. Fish, the Lake Chaweva section of the District's system should be repaired and upgraded before the Goff Mountain sewage is allowed to flow into the Lake Chaweva system. (Tr., pp. 6-9). He testified that it was inappropriate for the District to allow another area to connect to the Lake Chaweva sewer lines without first upgrading and correcting the Lake Chaweva system. (Tr., p. 20). Mr. Fish testified that, during times of heavy rainfall, a manhole cover floats up and sewage overflows onto the ground. (Tr., p. 17). He also testified that the residents of the Lake Chaweva area have been able to smell sewage in the Lake and surrounding area, due to the overflows, for many years. (Tr., p. 15). Mr. Fish also testified about a power outage experienced in the Lake Chaweva area in April, due to a major storm on April 9, 1991. The power was out for three days and the District's systems failed and sewage overflowed into Lake Chaweva. (Tr., pp. 8&9). While Mr. Fish testified that he was aware that the District had an obligation to serve everyone in its territory, he was of the opinion that it was unreasonable to connect additional customers to the Lake Chaweva

extension and he acknowledged that the Goff Mountain Road line would connect to the Lake Chaweva line. (Tr., pp. 77-78). He indicated that there were sufficient funds in the project budget to construct the Goff Mountain Road line. (Tr., p. 82). He also believes that the project will resolve some of the Lake Chaweva problems. (Tr., p. 85).

On June 21, 1991, the firm of Kelly, Gidley, Blair and Wolfe submitted a study of the sewer conditions in the Lake Chaweva area and the impact on that system from the connection of the Goff Mountain Road extension. The report indicated that the gravity sewer lines in the Lake Chaweva area are very flat and do not have the capacity to carry the sewage flows being pumped through them. Additionally, Pump Station No. 6 at Lake Chaweva is too small to handle the pump flows currently being pumped into them from the Union Boiler and Precision Pump Pump Stations. The situation would be most severe during periods of rainfall when inflow and infiltration is at a maximum and all pumps are pumping simultaneously for an extended period of time. However, the report also indicated that the addition of the 20 to 21 new customers from the Goff Mountain Road area would only add approximately 6 to 10 gallons per minute to the sewage flows, which would not appreciably add to the existing problem. (District Post Hearing Exhibit No. 2, p. 2). The study went on to suggest various alternatives to correct the situation in the Lake Chaweva area.

On July 15, 1991, Commission Staff filed Staff Engineer Foster's comments in response to the District's Post Hearing Exhibit No. 2. Ms. Foster agreed with the Report's conclusion that the addition of the Goff Mountain Road customers would not cause more of a problem than already exists in the Lake Chaweva area. Ms. Foster pointed out that any proposed upgrade of the Lake Chaweva system is only in its preliminary stages and Commission approval will not be possible until the final designs are completed and a Health Department permit is received, which would take several months at least. Ms. Foster recommended that a certificate be granted for the Goff Mountain Road extension in this case, so that the District can proceed with the project, since withholding approval of the certificate until the final designs of the Lake Chaweva upgrade are completed could jeopardize the entire project. Ms. Foster noted that the bids for the original project are consideredly lower than the estimates and the District could lose the bids if there is any delay. She also noted that the upgrading that is to be done in the original project will relieve some of the Lake Chaweva problems. Finally, she pointed out that the District is under orders from the DNR to commence construction on its upgrade by August 28, 1991. She recommended that, in the meantime, the District be ordered to proceed with the design of Lake Chaweva renovations in a timely manner. Once the Lake Chaweva designs are final, the District could then request that the certificate proceeding be reopened to include the Lake Chaweva project and request additional financing and new rates, if necessary. (Staff Post-Hearing Exhibit No. 1).

Upon consideration of all of the above, the Administrative Law Judge is of the opinion that it is reasonable to include the Goff Mountain Road extension in the project which is the subject of this proceeding. There is undoubtedly a need in the Goff Mountain Road area for sewer service,

minute. Further, the gravity sewer line between Pump Stations 5 and 6 could possibly surcharge if the pumps in Pump Station 6 pump simultaneously and roof leaders empty into the system. The Report states, in summary, that Pump Station No. 6 at Lake Chaweva is too small to handle the peak flows from Pump Station Nos. 7 and 8. Additionally, the gravity sewer lines in the Lake Chaweva system are too flat and do not have the capacity to carry the flows that are being pumped through them. (District Post Hearing Exhibit No. 2, pp. 1&2).

The District's consulting engineers came up with five viable alternatives for resolving the problems in the Lake Chaweva system. The Report summarized each alternative, presented a map of each alternative, discussed the problems and advantages of each alternative and estimated the cost of each alternative. The alternatives range in cost from $195,625 to $496,300. The two alternatives which rank the highest in the eyes of the consulting engineers both involve the removal of the entire flows from Pump Station Nos. 7 and 8 from the Lake Chaweva area and would complete eliminate the problem of surcharging. The costs of those two alternatives were $256,325 and $306,650, respectively. The District's engineers recommended Alternative No. 3, at a cost of $256,325, which would renovate Pump Station Nos. 7 and 8 and remove them from the Lake Chaweva system and pump the sewage to the District's sewer main located behind the Bank of Cross Lanes.

Staff Post Hearing Exhibit No. 1 is the Staff response to the District's Report. Staff Engineer Foster stated that the Report demonstrates that the Lake Chaweva system does have problems which can be easily corrected. Because of the high growth potential in the Cross Lanes area, Ms. Foster believes that it is imperative that the District takes steps to correct the problems. While Ms. Foster recommended that a certificate be granted for the original project and the Goff Mountain Road extension at this time, so that the District may proceed with the project, Ms. Foster also recommended that the District be ordered to proceed with the design of the Lake Chaweva system renovations in a timely manner. Once those designs are final, the District could then request that this certificate case be reopened to incorporate the Lake Chaweva upgrade and request additional financing, if necessary.

As noted previously, Counsel for the District filed a Response to Staff Post Hearing Exhibit No. 1, on July 18, 1991. Counsel for the District emphasized that borrowing for any Lake Chaweva improvements could not be part of the current Union Public Service District project or Goff Mountain Road extension because the WDA will not authorize the issuance of bond funds until a project is designed and approved and bids are obtained. Counsel for the District also stated that the District's Commissioners are still evaluating the study of the Lake Chaweva sewer system and have not reached a definite decision with regard to any proposed improvements. Counsel for the District also disputed Ms. Foster's comments to the effect that any proposed upgrade of the Lake Chaweva system is approximately five months away. The District believes that any proposed upgrade of the Lake Chaweva system would take a maximum of 53 weeks to obtain the necessary approvals from the various regulatories agencies. Counsel for the District agreed with the recommendation that the original project proceed without waiting for the

Administrative Law Judge determined that it would not be unreasonable to approve the inclusion of the Goff Mountain Road extension in the project certificated herein. At the same time, the Administrative Law Judge believes that additional conditions should be imposed upon Union Public Service District, in order to insure that adequate steps are taken expeditiously to resolve the Lake Chaweva sewer system problems. The Administrative Law Judge sees no reasons why the District cannot decide upon a plan for improving and upgrading the Lake Chaweva system to eliminate the existing problems, as well as file the required engineering contract approval petition with the Public Service Commission, within the five month period suggested by Staff Engineer Foster. Accordingly, the Administrative Law Judge will require Union Public Service District to file a petition with the Commission seeking approval of an Engineering Agreement between the District and its consulting engineers for planning and design services related to the upgrade of the District's sewer system in the Lake Chaweva area, to resolve and eliminate the problems detailed in the testimony presented at the hearing held in this case on June 3, 1991, and in the District's Post Hearing Exhibit No. 2, the engineer's study of the Lake Chaweva system. Additionally, the Administrative Law Judge will require the District to immediately commence the steps necessary to obtain a certificate of convenience and necessity for the Lake Chaweva upgrade.

FINDINGS OF FACT

1. Union Public Service District has requested that it be granted a certificate of convenience and necessity to upgrade its wastewater treatment system at Cross Lanes, Kanawha County, because the current system is inadequate and does not comply with the requirements of the West Virginia Department of Natural Resources, and the District has requested approval of associated financing and rates and charges. (Application filed December 21, 1990).

2. The District has given notice to the public of its application for a certificate of convenience and necessity, the proposed funding for the project and the associated increased rates and charges, and only customer has protested the application. (Affidavit of Publication filed January 14, 1991; Case File generally).

3. The primary funding sources for the project, an Environmental Protection Agency grant and Water Development Authority bonds, are available for the project. (Staff Ex. No. 4; District Post-Hearing Exhibit No. 1).

4. The District's current wastewater treatment system is inadequate for its current customers and is not in compliance with the requirements of the West Virginia Department of Natural Resources. A Consent Decree has been entered into between Union Public Service District and the DNR, requiring the District to meet the discharge requirements of its NPDES Permit by October 14, 1992, and to award construction bids by August 28, 1991. (Application filed December 21, 1990; Staff Exhibit No. 1; Staff Post-Hearing Exhibit No. 1).

16. The District's Pump Station No. 6 at Lake Chaweva is too small to handle the peak flows from Pump Station Nos. 7 and 8, by approximately 200 gallons per minute. (District Post-Hearing Exhibit No. 2, p. 2).

17. The District's sewer system in the Lake Chaweva area surcharges and overflows, with the problem being particularly bad during periods of rainfall when inflow and infiltration is at a maximum and all pumps are pumping simultaneously for an extended period of time. (Tr., pp. 8-9, 15-18; Post-Hearing Exhibit No. 2, p. 2).

18. Even though the proposed Goff Mountain Road extension will connect to the Lake Chaweva area, the addition of the Goff Mountain Road extension should not have a significant impact on the Lake Chaweva problems, since the Goff Mountain Road extension is projected to only add sewage flows of 6 to 10 gallons per minute. (District Post Hearing Exhibit No. 2, p. 2; Staff Post-Hearing Exhibit No. 1).

19. The District's consulting engineers have studied the Lake Chaweva system and have prepared a Report setting forth five different alternatives to resolve the Lake Chaweva area problems, ranging in costs from $195,625, to $496,300. (District Post-Hearing Exhibit No. 2).

20. Union Public Service District does not have portable generators on hand at its pump stations to provide power to those pump stations during times of power outages. (Tr., pp. 29-30).

21. The recent power outage in the District's service area resulted in the Lake Chaweva system pumps being out of service for 3 1/2 to 4 days and, as a result, raw sewage overflowed into Lake Chaweva for an extended period of time. (Tr., pp. 22-23).

22. If the District repays the WDA loan to be obtained as part of this project's financing over a 25 year term, instead of over a 40 year term, the District's annual debt service payments will be $65,000 to $74,000 higher than they otherwise would be. (Tr., pp. 37&38; Staff Exhibit No. 4).

23. If the District has lower annual debt service payments, the extra cash made available could be used for repairs and upgrading of the District's sewer system. (Staff Exhibit No. 4; Tr., 69-70).

24. The life expectancy of the project for which application has been made herein has been projected to be between 25 and 30 years or 40 years. (Tr., pp. 43, 73).

CONCLUSIONS OF LAW

1. Union Public Service District's current wastewater treatment system is inadequate and insufficient for providing reasonable sewage service to its customers, since the wastewater treatment system is not in compliance with the requirements of the District's NPDES Permit.

11. Since the Water Development Authority loan is to be repaid over a term of 40 years, the Staff-recommended rates and charges, attached hereto as Appendix A, are reasonable and should be approved for use by Union Public Service District for all service rendered on and after the date that the project which is certificated herein becomes operational.

ORDER

IT IS, THEREFORE, ORDERED that the application filed by Union Public Service District on December 21, 1990, for a certificate of convenience and necessity to upgrade its wastewater treatment system for providing service to its customers in the vicinity of Cross Lanes, Kanawha County, be, and it hereby is, granted, as amended herein to include the Goff Mountain Road extension project.

IT IS FURTHER ORDERED that the funding for this project, consisting of the grant from the Environmental Protection Agency, the issuance of Water Development Authority bonds, the refinancing of existing debt, the BIDCO grant, the Goff Mountain Road Maintenance Association contributions and the District's Sewer Rule 5.03 contribution, be, and it hereby is, approved.

IT IS FURTHER ORDERED that Union Public Service District repay its West Virginia Water Development Authority loan over a term of 40 years, as recommended by Commission Staff, in order to reduce the District's annual fixed charges and make additional cash available to fund the needed upgrade and renovation of the District's sewer system, most particularly in the Lake Chaweva area.

IT IS FURTHER ORDERED that the increased rates and charges recommended by Commission Staff, and attached hereto as Appendix A, be, and they hereby are, approved for use for all service rendered by Union Public Service District on and after the date the system becomes operational. Union Public Service District shall certify to the Public Service Commission the date on which service is available to its customers through the upgraded system. Union Public Service District shall file a revised tariff with the Commission's Tariff Office, within twenty (20) days of the date the system becomes operational, setting forth the approved increased rates and charge associated therewith.

IT IS FURTHER ORDERED that, if any revisions are required to the scope of the proposed project, the cost of the project, or the financing and rates associated therewith, Union Public Service District shall immediately file a request with the Public Service Commission for approval of those revised requirements.

IT IS FURTHER ORDERED that Union Public Service District immediately commence the steps necessary: (1) to obtain a Commission-approved Engineering Agreement for the planning and design of improvements and repairs to the Lake Chaweva system; and (2) to obtain a certificate of convenience and necessity for an upgrade and renovation project in the Lake Chaweva area. The Public Service Commission certificate of convenience and necessity application shall be filed for the Lake Chaweva

Union Public Service District
Case No. 90-660-PSD-CN

APPROVED RATES

Rules and Regulations for the Government of Sewer Utilities, adopted by the Public Service Commission of West Virginia, and now in effect, and all amendments thereto and modifications thereof hereafter made by said Commission. Regulations enacted by the Department of Health of West Virginia and the Department of Natural Resources of West Virginia or any other governmental units having jurisdiction over sewer systems and their design and operation.

RATES

APPLICABILITY

Applicable within the entire Union Public Service Sewer District created by the County Commission of Kanawha County by Order dated October 4, 1955.

AVAILABILITY OF SERVICE

Available for general, domestic, commercial and industrial sanitary sewer service.

RATE (Based upon the metered amount of water furnished)

First	2,000 gallons used per month	$6.28	per 1,000 gallons
Next	3,000 gallons used per month	$3.05	per 1,000 gallons
Next	15,000 gallons used per month	$2.57	per 1,000 gallons
Over	20,000 gallons used per month	$2.09	per 1,000 gallons

MINIMUM CHARGE

The above schedule is subject to a minimum monthly charge of Twelve Dollars and Fifty-Six Cents. ($12.56).

(C) NON-METERED

Where the customer has no water meter or where a substantial portion of the water consumed is not metered, the monthly minimum charge shall be for 5,000 gallons or $18.84.

(C) DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid within twenty (20) days, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

(C) Indicates change

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 27th of August, 1991.

CASE NO. 90-660-PSD-CN

UNION PUBLIC SERVICE DISTRICT,
a public utility, Cross Lanes,
Kanawha County.
Application for a Certificate of Convenience and Necessity to upgrade the wastewater treatment system at Union Public Service District, Kanawha County.

COMMISSION ORDER

On July 19, 1991, Chief Administrative Law Judge Melissa K. Marland (ALJ) entered her Recommended Decision granting the application of the Union Public Service District (District), a public utility, Cross Lanes, Kanawha County, for a certificate of convenience and necessity to upgrade its wastewater treatment system. Among other things, the ALJ ordered that the increased rates and charges recommended by Commission Staff be approved for use for all service rendered by the District on or after the date the system becomes operational. Additionally, the ALJ included the Goff Mountain Road extension project and ordered the District to explore alternatives to upgrade the Lake Chaweva sewer system. The cost of the Goff Mountain Road extension was included in the proposed bond issue and thus was included in the approved rates. The final cost of the Lake Chaweva system upgrade was not known and was therefore not included in the approved rates.

On August 2, 1991, the District filed the following exceptions to the ALJ's July 19, 1991 Recommended Decision:

1. That recommended rates be placed into effect at the completion of construction. The District recommends, instead, that rates be placed into effect immediately in order to provide adequate collections for the payment of interest which will accrue on the new debt service during the construction period.

2. That, if the rates cannot be implemented immediately, capitalized interest for eighteen (18) months should be added to the total bond issue.

On August 15, 1991, Commission Staff submitted its revised recommendations in response to the District's exceptions. In these revisions, Staff acknowledged that it had inadvertently omitted capitalized interest in its initial recommendations for project costs and, consequently, these costs were excluded from

the annual debt service requirements included in the calculation of the ALJ recommended rates. Staff then recommended the ALJ approved rates be placed into effect prior to construction obviating the need for capitalized interest.

On August 16, 1991, Counsel for the District filed the actual amortization schedules for its debt service for the project and the final bond ordinance of the Water Development Authority. These documents outlined the final loan requirements of the District. Staff noted the loan principal had decreased to $6,606,862 primarily due to the exclusion of funding for the Goff Mountain Road extension. Staff also noted the interest rate had declined to approximately 7.688%.

On August 19, 1991, Counsel for the District filed a letter agreeing on behalf of the District with the Staff recommendation to affirm the recommended rates and to make them effective prior to construction. The letter also committed the District to use any revenues in excess of operation and maintenance costs and debt service to fund the Goff Mountain and/or Lake Chaweva projects.

After receipt of the final bond information, Staff revised its Cash Flow Analysis on August 22, 1991, to reflect the actual debt service requirements and other provisions of the bond ordinance. Staff's final revisions produced a cash flow surplus of approximately $37,306 after providing for operation and maintenance expenses, taxes, debt service, debt service reserve and renewal and replacement reserve, as required by the bond ordinance. Staff again recommended that the ALJ approved rates be affirmed and these rates be effective prior to construction. Staff further recommended the approximate annual surplus of $37,306 and the renewal and replacement annual provision of $28,388 be set aside for the Goff Mountain Road and Lake Chaweva projects.

DISCUSSION

Upon review of the Exceptions filed by the Union Public Service District, the updated information filed by the Counsel for the District, and the revised Commission Staff recommendations, this Commission finds two issues that need to be addressed in deciding whether to affirm or modify the ALJ's Recommended Decision of July 19, 1991. The first issue is Commission Staff's exclusion of capitalized interest from the recommended debt level and thus from the ALJ's recommended rates. The second issue is the inclusion of the Goff Mountain Road extension in the ALJ's recommended rates and certification, and the subsequent failure of the Water Development Authority to fund that project.

This Commission is persuaded by the arguments made by the Parties that placing rates into effect at the beginning of construction rather than at the completion of construction will obviate the need to revise the ALJ's recommended rates upward

because it will eliminate the need to fund capitalized interest. The Commission is also persuaded by Commission Staff's argument that funds in excess of operating costs, debt service and debt service reserves should be earmarked to fund the Goff Mountain Road and the Lake Chaweva projects if recommended rates are affirmed.

The Commission is of the opinion that the rates recommended in the ALJ's Recommended Decision of July 19, 1991, should be affirmed but that the Recommended Decision should be modified to approve the use of those rates by the District upon the awarding of the construction contracts. The Commission is also of the opinion that any funds produced by the approved rates in excess of operating costs, debt service and debt service reserves, should be restricted for use to finance the projects ordered by the ALJ in this case, namely the Goff Mountain Road and Lake Chaweva projects.

FINDINGS OF FACT

1. On August 15, 1991, Commission Staff submitted its revised recommendations in response to the District's exceptions. In these revisions, Staff acknowledged that it had inadvertently omitted capitalized interest in its initial recommendations for project costs and, consequently, these costs were excluded from the annual debt service requirements included in the calculation of the ALJ's recommended rates.

2. Staff then recommended the ALJ approved rates be placed into effect prior to construction obviating the need for capitalized interest.

3. On August 19, 1991, Counsel for the District filed a letter agreeing on behalf of the District with the Staff recommendation to affirm the recommended rates and to make them effective prior to construction. The letter also committed the District to use any revenues in excess of operation and maintenance costs and debt service to fund the Goff Mountain and/or Lake Chaweva projects.

4. After receipt of the final bond information, Staff revised its Cash Flow Analysis on August 22, 1991, to reflect the actual debt service requirements and other provisions of the bond ordinance. Staff again recommended that the ALJ approved rates be affirmed and these rates be effective prior to construction.

5. Staff further recommended the approximate annual surplus of $37,306 and the renewal and replacement annual provision of $28,388 be set aside for the Goff Mountain Road and Lake Chaweva projects.

CONCLUSIONS OF LAW

1. Under the circumstances of this case, the ALJ's Recommended Decision of July 19, 1991, should be modified to place rates into effect upon the awarding of the construction contracts.

2. The ALJ's Recommended Decision of July 19, 1991, should be modified to approve the revised construction costs and bond indebtedness.

3. The ALJ's Recommended Decision should also be modified to require that funds provided by rates in excess of operating costs, debt service, and debt service reserves should be placed in escrow to be used solely for the Goff Mountain Road extension and the Lake Chaweva upgrade projects.

ORDER

IT IS, THEREFORE, ORDERED that the Application for a Certificate of Convenience and Necessity by the Union Public Service District as amended by the ALJ in the ALJ's Recommended Decision of July 19, 1991, is affirmed.

IT IS FURTHER ORDERED that the recommended rates in the ALJ's Recommended Decision of July 19, 1991, are approved for use by the District upon the awarding of the construction contracts.

IT IS FURTHER ORDERED that sewer receipts in excess of operating costs, debt service and debt service reserves, be placed in an escrow account each month that is intended for funding of construction of the Goff Mountain Road extension and the Lake Chaweva upgrade projects. In addition the interest earned by the District on the construction funds should be placed into the escrow account. The District is required to submit monthly statements of cash receipts, operating cost disbursements, debt service and debt service reserve disbursements as well as the amount deposited. The District must obtain the approval of the Commission before the escrow funds may be used for any purpose.

IT IS FURTHER ORDERED that the revised project costs and bond indebtedness of $6,606,862, as itemized on Attachment B, be approved.

IT IS FURTHER ORDERED that Union Public Service District shall certify to the Public Service Commission the date on which construction contracts for this project are awarded. Union Public Service District shall file a revised tariff with the Commission's Tariff Office, within twenty (20) days of the date that these contracts are awarded.

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

A True Copy, Teste:

Howard M. Cunningham
Executive Secretary

ATTACHMENT A

UNION PUBLIC SERVICE DISTRICT
CASE NO. 90-660-PSD-CN

CASH FLOW ANALYSIS
YEAR ENDED DECEMBER 31, 1990

	Pro Forma Per Staff (4) $
AVAILABLE CASH	
Operating Revenues	1,135,512
Other Operating Income	51,459
Interest and Other Income	28,563
TOTAL AVAILABLE CASH	1,215,534
OPERATING DEDUCTIONS	
Operating Expenses	546,152
Taxes	14,525
TOTAL CASH REQUIREMENTS BEFORE DEBT SERVICE	560,677
CASH AVAILABLE FOR DEBT SERVICE (A)	654,857
DEBT SERVICE REQUIREMENTS	
Interest on Long-Term Debt	508,292
Bond Retirement	27,311
Subtotal (B)	535,603
Reserve Requirement	53,560
Renewal and Replacement Fund (2.5%)	28,388
TOTAL DEBT SERVICE REQUIREMENT	617,551
Remaining Cash	37,306
Percent Coverage (A) ÷ (B)	122.265%

ATTACHMENT B

UNION PUBLIC SERVICE DISTRICT
CASE NO. 90-660-PSD-CN

TOTAL PROJECT COST AND BOND FINANCING

Construction	$ 7,553,495
Technical Services	1,115,491
Legal/Fiscal and Bond Counsel	57,348
Administrative	37,348
Sites and R/W Agents	46,575
Current Debt	1,594,000
Contingency	377,675
Interest Due Engineer	49,040
Subtotal	$ 10,830,972
EPA Grant	- 4,224,110
Net Bond Proceeds Needed	$ 6,606,862

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

LAW OFFICES
McDONALD & RODECKER
920 CHARLESTON NATIONAL PLAZA
P. O. BOX 2151
CHARLESTON, WEST VIRGINIA 25328

E. DANDRIDGE McDONALD
ROBERT R. RODECKER
HEIDI A. KOSSUTH
ELLEN GOLDEN

AREA CODE 304
344-5046
TELECOPIER NUMBER
344-5103

August 27, 1991

FAX and UNITED STATES MAIL

H. Wyatt Hanna, III, Esquire
Hanna and Hanna
Post Office Box 2311
Charleston, West Virginia 25328

RE: UNION PUBLIC SERVICE DISTRICT
CASE NO. 90-660-PSD-CN

Dear Wyatt:

This letter is being written pursuant to our telephone conversation earlier today pertaining to the Final Commission Order entered by the Public Service Commission in Case No. 90-660-PSD-CN today. As I informed you, the Goff Mountain Road Maintenance Association is willing to agree not to appeal the Final Order of the Commission based upon the representations which you have made both in your letter to Howard Cunningham dated August 19, 1991, and your telephone conversation with me earlier today.

In your August 19, 1991 letter, you reiterated the District's commitment to proceed with the construction of the Goff Mountain Road extension as contemplated by the Administrative Law Judge's Recommended Decision. Further, in Paragraph No. 4 of said letter, you indicated that the District would borrow any additional monies needed from the West Virginia Water Development Authority to complete the Goff Mountain Road extension.

In the Commission's August 27, 1991 Order, no reference was made to the District's willingness to go forward with the Goff Mountain Road extension by the use of funds outside of the monies placed in escrow for such purpose under the Commission's August 27, 1991 Order. Because of the Goff Mountain Road Maintenance Association's concern that the extension project be undertaken as soon as possible, I have asked you to provide me with the District's representation of when it may reasonably be expected to proceed to undertake the construction of the Goff Mountain Road extension.

In our telephone conversation today, you indicated that, based upon discussions with Jim Downey of Kelly, Gidley, Blair & Wolfe, the District had authorized you to indicate that it expects to proceed with the Goff Mountain Road extension within ten (10) months of today's date conditioned upon receipt of all necessary regulatory requirements. Based upon this representation, I have been authorized by my client to advise you that it will not appeal the August 27, 1991 Commission Order in Case No. 90-660-PSD-CN.

If the representations contained within this letter pertaining to the commitment of Union Public Service District are correct to the best of your understanding, please so indicate your agreement by signing in the space provided below.

Thank you for your cooperation.

Sincerely,

Bob

Robert R. Rodecker

RRR/bg
cc: Bob Cunningham
Samme Gee, Esquire

I agree with the representations set forth herein as to the commitment of Union Public Service District to the construction of the Goff Mountain Road extension:

H. Wyatt Hanna III

DATE: 8/28/91

H. WYATT HANNA, III
COUNSEL TO
UNION PUBLIC SERVICE DISTRICT

Public Service Commission
Of West Virginia

Richard E. Hitt
General Counsel

Phone: (304) 340-0317
FAX (304) 340-0325

August 27, 1991

H. Wyatt Hanna, III, Esquire
1510 Kanawha Blvd., East
P.O. Box 2311
Charleston, WV 25328

Re: Case No. 91-660-PSD-CN
Union Public Service District

Dear Mr. Hanna:

The Commission Staff will not appeal the Commission Order in the above-captioned proceeding.

Sincerely,

RICHARD E. HITT
General Counsel
(304)340-0317

REH/mh

NOTICE

Please take notice that the Union Public Service District, with regard to its proposed upgrade of its sewage treatment lines and facilities within the confines of its boundaries, will make formal application to the West Virginia Public Service Commission for a certificate of convenience and necessity regarding said project on or about November 30, 1990. Union Public Service District will be upgrading its sewage treatment facilities, collection, and transportation system for the disposal of sewerage. The estimated total cost is anticipated not to exceed $10,500,000.00. Union Public Service District intends to borrow an amount of money not to exceed $8,000,000.00. Said amount will be financed through the West Virginia Water Development Authority which will issue revenue bonds for the amount of money which will be borrowed. Union Public Service District estimates that the interest rate on these bonds will not exceed 8.75% for a borrowing period not to exceed forty (40) years. Additional monies in the form of grants will be obtained from the Environmental Protection Agency and may be obtained from the Kanawha County Commission. Union Public Service District will be acquiring numerous right-of-ways from the public, as well as from the State of West Virginia and other governmental entities. The project will consist of replacement of approximately 38,000 feet of main interceptor sewers in the Rocky Fork and Fortieth Street sewer systems, upgrading of the Rocky Fork and Fortieth Street sewage treatment plants, the construction of two effluent pumping stations, and the construction of approximately 14,000 feet of

plant effluent sewer line to the Kanawha River. Union Public Service District anticipates that the rates to its customers will not exceed the following:

RATE (Based upon the metered amount of water furnished)

First	2,000 gallons used per month	$7.36	per 1,000 gallons
Next	3,000 gallons used per month	$3.557	per 1,000 gallons
Next	15,000 gallons used per month	$2.99	per 1,000 gallons
Over	20,000 gallons used per month	$2.45	per 1,000 gallons

MINIMUM CHARGE

The above schedule is subject to a minimum monthly charge of Fourteen Dollars and Seventy-Two Cents ($14.72).

NON-METERED

Where the customer has no water meter of where a substantial portion of the water consumed is not metered, the monthly minimum charge shall be Fourteen Dollars and Seventy-Two Cents ($14.72).

DELAYED PAYMENT PENALTY

The above stated rates are net. On all current usage billings not paid within twenty (20) days, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

Anyone wishing to object to this proposed upgrade may sign a petition in the Office of the Clerk of the County Commission of Kanawha County, Kanawha County Courthouse, Virginia and Court Streets, Charleston, West Virginia, or at the business office of the Union Public Service District located at 5110 W. Washington Street, Cross Lanes, West Virginia.

This Notice is prepared pursuant to West Virginia Code 16-13A-25.

Submitted by,

ROBERT H. BRICK, CHAIRMAN
UNION PUBLIC SERVICE DISTRICT

PLEASE KEEP POSTED UNTIL NOVEMBER 30, 1990

AFFIDAVIT OF PUBLICATION

STATE OF WEST VIRGINIA,

RECEIVED

90 OCT -5 PM 2:52

W VA PUBLIC SERVICE COMMISSION SECRETARY'S OFFICE

KANAWHA COUNTY, TO-WIT:

I, Arthur L. Caldwell OF

THE DAILY MAIL, A DAILY REPUBLICAN NEWSPAPER,

PUBLISHED IN THE CITY OF CHARLESTON, KANAWHA COUNTY,

WEST VIRGINIA, DO SOLEMNLY SWEAR THAT THE ANNEXED

NOTICE OF: UNION PSD

WAS DULY PUBLISHED IN SAID PAPER(S) ON THE DATES

LISTED BELOW, AND WAS POSTED AT THE FRONT DOOR OF THE

COURT HOUSE OF SAID KANAWHA COUNTY, WEST VIRGINIA,

ON THE

24TH DAY OF SEPTEMBER , 1990 .

DATES PUBLISHED:

09/22/90 DAILY MAIL 09/29/90 DAILY MAIL

SUBSCRIBED AND SWORN TO BEFORE ME THIS

1ST DAY OF OCTOBER , 1990 .

Frances A. Hartman

NOTARY PUBLIC OF KANAWHA COUNTY, WEST VIRGINIA

PRINTERS FEE $ 102.01

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
FRANCES A. HARTMAN
1429 Longridge Road
Charleston, West Virginia 25314
My Commission Expires Dec. 19, 1999

RECEIVED

90 OCT -5 PM 2:52

W VA PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

NOTICE

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Union Public Service District intends to borrow an amount of money not to exceed $8,000,000.00. Said amount will be financed through the West Virginia Water Development Authority which will issue revenue bonds for the amount of money which will be borrowed. Union Public Service District estimates that the interest rate on these bonds will not exceed 8.75% for a borrowing period not to exceed forty (40) years. Additional monies in the form of grants will be obtained from the Environmental Protection Agency and may be obtained from the Kanawha County Commission. Union Public Service District will be aquiring numerous right-of-ways from the public, as well as from the State of West Virginia and other governmental entities.

The project will consist of replacement of approximately 30,000 feet of main interceptor sewers in the Rocky Fork and Fortieth Street sewer systems, upgrading of the Rocky Fork and Fortieth Street sewage treatment plants, the construction of two effluent pumping stations, and the construction of approximately 14,000 feet of plant effluent sewer line to the Kanawha River. Union Public Service District anticipates that the rates to its customers will not exceed the following:

RATE	(Based upon the metered amount of water furnished)
First	2,000 gallons used per month $7.36 per 1,000 gallons
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The above schedule is subject to a minimum monthly charge of Fourteen Dollars and Seventy-Two Cents (14.72).

NON-METERED

Where the customer has no water meter or where a substantial portion of the water consumed in not metered, the monthly minimum charge shall be Fourteen Dollars and Seventy-Two Cents ($14.72).

DELAYED PAYMENT PENALTY

The above stated rates are net. On all current usage billings not paid within twelve (30) days ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

Anyone wishing to object to this proposed upgrade may sign a petition in the office of the Clerk of the County Commission of Kanawha County, Kanawha County Courthouse, Virginia and Court Streets, Charleston, West Virginia, or at the business office of the Union Public Service District located at 5110 W. Washington Street, Cross Lanes, West Virginia. This Notice is prepared pursuant to West Virginia Code 16-13A-24.

Submitted by,
ROBERT H. BRICK, CHAIRMAN
UNION PUBLIC SERVICE DISTRICT

✓

UNION PUBLIC SERVICE DISTRICT

$2,139,656 Sewerage System Revenue Bonds,
1991 Series A

$4,229,604 Sewerage System Revenue Bonds,
1991 Series B

$237,602 Subordinate Sewerage System
Revenue Bonds, 1991 Series C

CERTIFICATE OF:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES
6. PUBLIC SERVICE COMMISSION ORDER; RATES
7. INCUMBENCY AND OFFICIAL NAME
8. LAND AND RIGHTS-OF-WAY
9. MEETINGS
10. GRANTS
11. INSURANCE
12. LOAN AGREEMENT
13. SPECIMEN BONDS

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of the Union Public Service District (herein called the "District"), and the undersigned ATTORNEY for the District, hereby certify in connection with the single, fully registered Union Public Service District Sewerage System Revenue Bond, 1991 Series A, numbered AR-1, dated the date hereof, in the principal amount of $2,139,656 and bearing interest at the rate of eight and one-tenth percent (8.10%) per annum (the "1991 Series A Bonds"), the single, fully registered Union Public Service District Sewerage System Revenue Bonds, 1991 Series B, numbered BR-1, dated the date hereof, in the principal amount of $4,229,604 and bearing interest at the rate of seven and seventy-five hundredths percent (7.75%) per annum (the "1991 Series B Bonds"), and the single, fully registered Union Public Service District Subordinate Sewerage System Revenue Bond, 1991 Series C, numbered CR-1, dated the date hereof, in the principal amount of $237,602 without interest (the "1991 Series C Bonds") (collectively, herein called the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this Certificate and not otherwise defined shall have the same meaning as in the Bond Resolution duly adopted by the Public Service Board (the "Board") of the District on August 27, 1991 and a Supplemental Resolution adopted August 27, 1991, relating to the Bonds (collectively, the "Resolution"), and the Loan Agreement and Supplemental Loan Agreement (collectively, the "Loan Agreement") entered into between the District and the West Virginia Water Development Authority (the "Authority"), dated August 28, 1991.

2. NO LITIGATION: No controversy or litigation of any nature is now pending, or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting the issuance and delivery of the Bonds; nor questioning the proceedings and authority by which the Board of the District authorized the issuance and sale of the Bonds; nor affecting the validity of the Bonds or any provisions made or authorized for the payment thereof; nor questioning the existence of the District or the title of the members or officers of the District or of the Board thereof to their respective offices; nor questioning the refinancing of the Prior Bonds or construction and acquisition of the improvements and extensions to the existing sewage collection and transportation facilities of the District financed in part by the proceeds of sale of the Bonds (herein called the "Project"), nor operation by the District of the Project (said existing facilities, the Project and any further extensions, additions, improvements or betterments thereto, herein collectively called the "System"), nor challenging the collection or use of the revenues of the System.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals and certificates required by law for construction of the Project, operation of the System, and issuance of the Bonds have been duly and timely obtained and remain in full force and effect, and competitive bids for construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the Code of West Virginia, 1931, as amended, which bids remain in full force and effect.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the District since July 15, 1991. Further, there has been no adverse change in the status of any grant necessary to finance the acquisition and construction of the Project.

Pursuant to the Bond Resolution, the Prior Bonds of the District were ordered to be refinanced in accordance with the terms of the Escrow Agreement; the lien of said Prior Bonds, imposed by the Prior Resolution on the revenues of the System, shall be terminated, discharged and released upon deposit into the Escrow Fund from the proceeds of the Bonds, and certain other funds of the District. Therefore, as of the

Closing Date, there will not be outstanding any obligations of the District which will rank prior to or on a parity with the Bonds as to lien and source of and security for payment. The 1991 Series A Bonds and the 1991 Series B Bonds shall rank equally as to lien on and source of and security for payment. The 1991 Series C shall be junior and subordinate to the 1991 Series A Bonds and 1991 Series B Bonds as set forth in the Resolution.

5. SIGNATURES: The undersigned Chairman and Secretary are the duly elected or appointed, qualified and serving officers of the Board of the District as indicated by the official titles opposite their signatures below, and were duly authorized to execute and seal the Bonds for the District. The seal impressed upon the Bonds and this Certificate is the duly authorized, proper and only seal of the District.

6. PUBLIC SERVICE COMMISSION ORDER; RATES: The undersigned Attorney hereby certifies that the District has filed any information with the Public Service Commission (the "PSC") and taken all other action required to maintain the Recommended Decision of the PSC issued in Case No. 90-660-PSD-CN which grants a certificate of convenience and necessity, approves the sale of the Bonds and approves the District's rates, dated July 19, 1991 and which with certain amendments became the final order of the PSC on August 27, 1991, in full force and effect, and has taken all other action required by applicable law. The time for appeal of the Final Order of the PSC has not expired prior to the date hereof. However, the Commission Staff has stated in a letter dated August 27, 1991, that it does not intend to appeal such order. By letter dated August 27, 1991, the Goff Mountain Road Association, by counsel, intervenor in Case No. 90-660-PSD-CN, stated it does not intend to appeal such order. The District does not intend to appeal such order. Such order is not subject to appeal by any other person. On August 27, 1991 the Board adopted by resolution the rates as were approved by the PSC.

7. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the District is "Union Public Service District," and it is a public corporation organized and existing under the laws of, and a public corporation and political subdivision of, the State of West Virginia in Kanawha County of said State. The governing body of the District is its Public Service Board, consisting of three (3) members, whose names and dates of commencement and termination of terms of office during these Bond proceedings are as follows:

Name	Date of Commencement of Office	Date of Termination of Office
Robert H. Brick Board Member (Chairman)	July 1, 1987	October 1, 1991
Joe W. Williams Board Member (Secretary)	October 2, 1989	October 1, 1995
Dr. Charles Warner Board Member	July 20, 1989	September 30, 1993

At the 1991 organizational meeting, the following were duly elected and qualified as officers of the Board for 1991: Robert H. Brick, Chairman and Joe W. Williams, Secretary.

H. Wyatt Hanna, III, whose signature appears hereon is the duly appointed and acting Attorney for the District.

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

9. MEETINGS: All actions, resolutions, orders and agreements taken, adopted and entered into by or on behalf of the District in any way connected with the refinancing of the Prior Bonds, and the construction, acquisition, operation and financing of the Project were authorized or adopted at meetings of the Board duly and regularly or specially called and held pursuant to all applicable statutes and the rules of procedure of the Board, and a quorum of duly appointed, qualified and acting members of the Board was present and acting at all times during all such meetings.

10. GRANTS: The Project is being partially funded with proceeds of a grant from the United States Environment Protection Agency in the amount of $4,375,300 which grant is in full force and effect.

11. INSURANCE: The District will maintain or, as appropriate, will require all contractors to, maintain Worker's Compensation, public liability and property damage insurance, standard hazard insurance, builder's risk insurance, flood insurance and business interruption insurance where applicable, in accordance with the Resolution.

12. LOAN AGREEMENT: As of the date hereof, (i) the representations of the District 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 District 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 therein not misleading.

13. SPECIMEN BONDS: Attached hereto as Exhibit A are specimens of the Bonds which, except as to execution and authentication, are identical in all respects with such Bonds this day delivered to the Authority and being substantially in the form prescribed in the Resolution.

WITNESS our signatures and the official corporate seal of the Union Public Service District on this 28th day of August, 1991.

[SEAL]

Signature	Official Title
Robert H. Smith	Chairman
Joe W. Williams	Secretary
H. Wyatt Hill III	Attorney

1154H

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
UNION PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM REVENUE BOND, 1991 SERIES A

No. AR-1 $2,139,656

KNOW ALL MEN BY THESE PRESENTS: That UNION PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Kanawha County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of Two Million, One Hundred Thirty-Nine Thousand Six Hundred and Fifty-Six and no/100 Dollars($2,139,656.00), 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, 1992. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the Registered Owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority dated August 28, 1991.

This Bond is one of a series of Bonds (the "Bonds") issued in the original principal amount of $2,139,656 (i) to pay a portion of the cost of refinancing certain outstanding bonds of the Issuer, (ii) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the System of the Issuer (the "Project"); (iii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), and

SPECIMEN

a Resolution and Supplemental Resolution duly adopted by the Issuer on August 27, 1991 (collectively called the "Resolution"), and is subject to all the terms and conditions thereof. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Resolution.

THE BONDS ARE ON A PARITY AS TO LIEN ON AND SOURCE OF PAYMENT AND SECURITY FROM THE NET REVENUES (AS DEFINED IN THE RESOLUTION) WITH THE UNION PUBLIC SERVICE DISTRICT SEWERAGE SYSTEM REVENUE BONDS, 1991 SERIES B, ISSUED TO THE AUTHORITY (THE "1991 SERIES B BONDS"), ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $4,229,604.

THE BONDS ARE ISSUED CONCURRENTLY WITH THE UNION PUBLIC SERVICE DISTRICT SUBORDINATE SEWERAGE SYSTEM REVENUE BONDS, 1991 SERIES C, OF THE ISSUER (THE "1991 SERIES C BONDS"), ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $237,602, WHICH 1991 SERIES C BONDS ARE JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS AND SOURCES OF AND SECURITY FOR PAYMENT TO THIS BOND AND THE 1991 SERIES B BONDS.

The Bonds, the 1991 Series B Bonds and the 1991 Series C Bonds are being issued in the aggregate original principal amount of $6,606,862 and are collectively referred to herein as the 1991 Bonds.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Resolution) to be derived from the operation of the System, moneys in the Reserve Account created under the Resolution for the Bonds (the "1991 Series A Bonds Reserve Account") and unexpended proceeds of the Bonds (the "Bond Proceeds"). Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside in a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the 1991 Series A Bonds Reserve Account and unexpended Bond Proceeds. Pursuant to the Resolution, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, including certain reserves required by the Public Service Commission of West Virginia, and to leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on each series of the 1991 Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with any of the 1991 Bonds, provided however, that so long as the 1991 Series A Bonds Reserve Account and the 1991 Series B Bonds Reserve Account are funded at an amount at least equal to the maximum amount of principal and interest which will come due on said Bonds in the then current or any succeeding year, the 1991 Series C Bonds Reserve Account is funded at an amount at least equal to the maximum amount of principal which will become due on the 1991 Series C Bonds in the then current or any succeeding year and the reserve account for any other obligations outstanding prior to or on a parity with the any of the 1991 Bonds is funded at an amount at least equal to the requirement therefor, such

SPECIMEN

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

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

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

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

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

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

IN WITNESS WHEREOF, UNION PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated August 28, 199[illegible]

[SEAL]

Chairman

ATTEST:

Secretary

"SPECIMEN"
"SPECIMEN"

R-1

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the 1991 Series A Bonds described in the within-mentioned Resolution and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below.

Date: August 28, 1991

ONE VALLEY BANK NATIONAL ASSOCIATION,
Charleston, West Virginia, as Registrar

By _____
Its Authorized Officer

"SPECIMEN"

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

West Virginia Water Development Authority
Interest Bearing Local Loan from Series 1990 A Pool
Debt Service Schedule - Union Public Service District

Closing 8/28/91
Total Amount Borrowed: $2,139,656.00

Date	Coupon	Principal	Interest	Debt Service
10/1/91	8.10%	0.00	15,886.95	15,886.95
10/1/92	8.10%	9,475.00	173,312.14	182,787.14
10/1/93	8.10%	10,242.00	172,544.66	182,786.66
10/1/94	8.10%	11,072.00	171,715.06	182,787.06
10/1/95	8.10%	11,969.00	170,818.23	182,787.23
10/1/96	8.10%	12,938.90	169,848.74	182,786.74
10/1/97	8.10%	13,986.00	168,800.76	182,786.76
10/1/98	8.10%	15,119.00	167,667.89	182,786.89
10/1/99	8.10%	16,344.00	166,443.26	182,787.26
10/1/00	8.10%	17,667.00	165,119.39	182,786.39
10/1/01	8.10%	19,098.00	163,688.36	182,786.36
10/1/02	8.10%	20,646.00	162,141.43	182,787.43
10/1/03	8.10%	22,318.00	160,469.10	182,787.10
10/1/04	8.10%	24,125.00	158,661.34	182,787.34
10/1/05	8.10%	26,080.00	156,707.14	182,787.14
10/1/06	8.10%	28,192.00	154,594.66	182,786.66
10/1/07	8.10%	30,476.00	152,311.10	182,787.10
10/1/08	8.10%	32,944.00	149,842.55	182,786.55
10/1/09	8.10%	35,613.00	147,174.08	182,787.08
10/1/10	8.10%	38,497.00	144,289.43	182,786.43
10/1/11	8.10%	41,616.00	141,171.17	182,787.17
10/1/12	8.10%	44,987.00	137,800.28	182,787.28
10/1/13	8.10%	48,630.00	134,156.33	182,786.33
10/1/14	8.10%	52,569.00	130,217.30	182,786.30
10/1/15	8.10%	56,828.00	125,959.21	182,787.21
10/1/16	8.10%	61,431.00	121,356.14	182,787.14
10/1/17	8.10%	66,406.00	116,380.23	182,786.23
10/1/18	8.10%	71,785.00	111,001.35	182,786.35
10/1/19	8.10%	77,600.00	105,186.76	182,786.76
10/1/20	8.10%	83,886.00	98,901.16	182,787.16
10/1/21	8.10%	90,680.00	92,106.40	182,786.40
10/1/22	8.10%	98,026.00	84,761.32	182,787.32
10/1/23	8.10%	105,966.00	76,821.21	182,787.21
10/1/24	8.10%	114,549.00	68,237.96	182,786.96
10/1/25	8.10%	123,827.00	58,959.50	182,786.50
10/1/26	8.10%	133,857.00	48,929.51	182,786.51
10/1/27	8.10%	144,700.00	38,087.09	182,787.09
10/1/28	8.10%	156,420.00	26,366.39	182,786.39
10/1/29	8.10%	169,091.00	13,696.37	182,787.37
		2,139,656.00	4,822,131.95	6,961,787.95

Prepared 8/16/91

SPECIMEN

BLITHO BORDER ONLY BY MIDWEST BANK NOTE CO - PLYMOUTH MICH

R-1

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

_____

In the presence of:

_____

"SPECIMEN"

"SPECIMEN"

BLITHO BORDER ONLY BY MIDWEST BANK NOTE CO.-PLYMOUTH MICH.

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
UNION PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM REVENUE BOND, 1991 SERIES B

No. BR-1 $4,229,604

KNOW ALL MEN BY THESE PRESENTS: That UNION PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Kanawha County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of Four Million Two Hundred Twenty-Nine Thousand Six Hundred and Four and no/100 Dollars ($4,229,604), 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, 1992. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the Registered Owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

SPECIMEN

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority dated August 28, 1991.

This Bond is one of a series of Bonds (the "Bonds") issued in the original principal amount of $4,229,604 (i) to pay a portion of the cost of refinancing certain outstanding bonds of the Issuer, (ii) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the System of the Issuer (the "Project"); and (iii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A

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of the Code of West Virginia, 1931, as amended (the "Act"), and a Resolution and Supplemental Resolution duly adopted by the Issuer on August 27, 1991 (collectively called the "Resolution"), and is subject to all the terms and conditions thereof. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Resolution.

THE BONDS ARE ON A PARITY AS TO LIEN ON AND SOURCE OF PAYMENT AND SECURITY FROM THE NET REVENUES (AS DEFINED IN THE RESOLUTION) WITH THE UNION PUBLIC SERVICE DISTRICT SEWERAGE SYSTEM REVENUE BONDS, 1991 SERIES A, ISSUED TO THE AUTHORITY (THE "1991 SERIES A BONDS"), ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $2,139,656.

THE BONDS ARE ISSUED CONCURRENTLY WITH THE UNION PUBLIC SERVICE DISTRICT SUBORDINATE SEWERAGE SYSTEM REVENUE BONDS, 1991 SERIES C OF THE ISSUER (THE "1991 SERIES C BONDS"), ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $237,602, WHICH 1991 SERIES C BONDS ARE JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS AND SOURCES OF AND SECURITY FOR PAYMENT TO THIS BOND AND THE 1991 SERIES A BONDS.

The Bonds, the 1991 Series A Bonds and the 1991 Series C Bonds are being issued in the aggregate original principal amount of $6,606,862 and are collectively referred to herein as the 1991 Bonds.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Resolution) to be derived from the operation of the System, moneys in the Reserve Account created under the Resolution for the Bonds (the "1991 Series B Bonds Reserve Account") and unexpended proceeds of the Bonds (the "Bond Proceeds"). Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside in a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the 1991 Series B Bonds Reserve Account and unexpended Bond Proceeds. Pursuant to the Resolution, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, including certain reserves required by the Public Service Commission of West Virginia, and to leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on each series of the 1991 Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with any of the 1991 Bonds, provided however, that so long as the 1991 Series A Bonds Reserve Account and the 1991 Series B Bonds Reserve Account are funded at an amount at least equal to the maximum amount of principal and interest which will come due on said Bonds in the then current or any succeeding year, the 1991 Series C Bonds Reserve Account is funded at an amount at least equal to the maximum amount of principal which will become due on the 1991 Series C Bonds in the then current or any succeeding year and the reserve account for any other obligations outstanding prior to or on a parity with any of the 1991 Bonds, is funded at an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owners of the

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

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

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

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

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

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

IN WITNESS WHEREOF, UNION PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated August 28, 1991.

[SEAL]

Chairman

ATTEST:

Secretary

"SPECIMEN"

"SPECIMEN"

R-1

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the 1991 Series B Bonds described in the within-mentioned Resolution and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below.

Date: August 28, 1991

ONE VALLEY BANK, NATIONAL ASSOCIATION,
Charleston, West Virginia, as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

West Virginia Water Development Authority
Interest Bearing Local Loan from Series 1991 A Pool
Debt Service Schedule - Union Public Service District

Closing 8/28/91
Total Amount Borrowed: $4,229,604.00

Date	Coupon	Principal	Interest	Debt Service
10/1/91	7.75%	0.00	30,047.81	30,047.81
10/1/92	7.75%	0.00	327,794.31	327,794.31
10/1/93	7.75%	18,864.00	327,794.31	346,658.31
10/1/94	7.75%	20,326.00	326,332.35	346,658.35
10/1/95	7.75%	21,901.00	324,757.08	346,658.08
10/1/96	7.75%	23,598.00	323,059.76	346,657.76
10/1/97	7.75%	25,427.00	321,230.91	346,657.91
10/1/98	7.75%	27,398.00	319,260.32	346,658.32
10/1/99	7.75%	29,521.00	317,136.97	346,657.97
10/1/00	7.75%	31,809.00	314,849.10	346,658.10
10/1/01	7.75%	34,274.00	312,383.90	346,657.90
10/1/02	7.75%	36,930.00	309,727.66	346,657.66
10/1/03	7.75%	39,792.00	306,865.59	346,657.59
10/1/04	7.75%	42,876.00	303,781.71	346,657.71
10/1/05	7.75%	46,199.00	300,458.82	346,657.82
10/1/06	7.75%	49,780.00	296,878.40	346,658.40
10/1/07	7.75%	53,638.00	293,020.45	346,658.45
10/1/08	7.75%	57,794.00	288,863.50	346,657.50
10/1/09	7.75%	62,274.00	284,384.47	346,658.47
10/1/10	7.75%	67,100.00	279,558.23	346,658.23
10/1/11	7.75%	72,300.00	274,357.98	346,657.98
10/1/12	7.75%	77,903.00	268,754.73	346,657.73
10/1/13	7.75%	83,941.00	262,717.25	346,658.25
10/1/14	7.75%	90,446.00	256,211.82	346,657.82
10/1/15	7.75%	97,456.00	249,202.26	346,658.26
10/1/16	7.75%	105,009.00	241,649.42	346,658.42
10/1/17	7.75%	113,147.00	233,511.22	346,658.22
10/1/18	7.75%	121,916.00	224,742.33	346,658.33
10/1/19	7.75%	131,364.00	215,293.84	346,657.84
10/1/20	7.75%	141,545.00	205,113.13	346,658.13
10/1/21	7.75%	152,515.00	194,143.39	346,658.39
10/1/22	7.75%	164,334.00	182,323.48	346,657.48
10/1/23	7.75%	177,070.00	169,587.59	346,657.59
10/1/24	7.75%	190,793.00	155,864.67	346,657.67
10/1/25	7.75%	205,580.00	141,078.21	346,658.21
10/1/26	7.75%	221,512.00	125,145.76	346,657.76
10/1/27	7.75%	238,679.00	107,978.58	346,657.58
10/1/28	7.75%	257,177.00	89,480.96	346,657.96
10/1/29	7.75%	277,108.00	69,549.74	346,657.74
10/1/30	7.75%	298,584.00	48,073.87	346,657.87
10/1/31	7.75%	321,724.00	24,933.61	346,657.61
		4,229,604.00	9,647,899.49	13,877,503.49

Prepared 8/16/91

"SPECIMEN"

BLITHO BORDER ONLY BY MIDWEST BANK NOTE CO - PLYMOUTH MICH

R-1

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

_____

In the presence of:

_____

"SPECIMEN"

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UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
UNION PUBLIC SERVICE DISTRICT
SUBORDINATE SEWERAGE SYSTEM REVENUE BOND, 1991 SERIES C

No. CR-1 $237,602

KNOW ALL MEN BY THESE PRESENTS: That UNION PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Kanawha County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of Two Hundred Thirty-Seven Thousand Six Hundred and Two and no/100 Dollars ($237,602), in annual installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, without interest.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part but only with the express written consent of the Authority and upon the terms and conditions prescribed by, and otherwise in compliance with, the Supplemental Loan Agreement between the Issuer and the Authority dated August 28, 1991.

This Bond is one of a Series of Bonds (the "Bonds") issued in the original principal amount of $237,602 (i) to pay a portion of the cost of refinancing certain outstanding bonds of the Issuer; (ii) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the System of the Issuer (the "Project"); and (iii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), and a Resolution and Supplemental Resolution duly adopted by the Issuer on August 27, 1991 (collectively called the "Resolution"), and is subject to all the terms and conditions thereof. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Resolution.

THE BONDS ARE JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE OUTSTANDING UNION PUBLIC SERVICE DISTRICT SEWERAGE SYSTEM

REVENUE BONDS, 1991 SERIES A, OF THE ISSUER (THE "1991 SERIES A BONDS"), ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL PRINCIPAL AMOUNT OF $2,139,656 AND ARE ALSO JUNIOR AND SUBORDINATE TO THE UNION PUBLIC SERVICE DISTRICT SEWERAGE SYSTEM REVENUE BONDS, 1991 SERIES B, ISSUED TO THE AUTHORITY IN THE ORIGINAL PRINCIPAL AMOUNT OF $4,229,604 (THE "1991 SERIES B BONDS").

The Bonds, the 1991 Series A Bonds and the 1991 Series B Bonds are being issued in the aggregate original principal amount of $6,606,862 and are collectively referred to herein as the 1991 Bonds.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Resolution) to be derived from the operation of the System after there has first been paid from said Net Revenues all payments then due and owing on account of the 1991 Series A Bonds and the 1991 Series B Bonds herein described and from all moneys in the reserve account created under the Resolution (the "1991 Series C Bonds Reserve Account") for the Bonds 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, except from said special fund provided from the Net Revenues, the moneys in the 1991 Series C Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Resolution, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, including certain reserves required by the Public Service Commission of West Virginia, and to leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on each Series of the 1991 Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with any of the 1991 Bonds, provided however, that so long as the 1991 Series C Bonds Reserve Account is funded at an amount at least equal to the maximum amount of principal which will become due on the Bonds in the then current or any succeeding year, the 1991 Series A Bonds Reserve Account is funded at an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, the 1991 Series B Bonds Reserve Account, is funded at least at the requirement therefor, and the reserve account for any other obligations outstanding prior to or on a parity with any of the 1991 Bonds is funded at an amount at least equal to the requirement therefore such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owners of the Bonds for the terms of which reference is made to the Resolution. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Resolution, only upon the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar") by the Registered Owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together

SPECIMEN

with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or its attorney duly authorized in writing.

Subject to the registration requirements 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 Refinancing or the Costs of the Project described in the Resolution, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the Registered Owners of the Bonds, which lien is subordinate to the lien in favor of the Registered Owners of the 1991 Series A Bonds and the 1991 Series B Bonds.

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

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

IN WITNESS WHEREOF, UNION PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated August 28, 1991.

[SEAL]

Chairman

ATTEST:

Secretary

"SPECIMEN"

R-1

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the 1991 Series C Bonds described in the within-mentioned Resolution and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below.

Date: August 28, 1991

ONE VALLEY BANK, NATIONAL ASSOCIATION,
Charleston, West Virginia, as Registrar

By _____
Its Authorized Officer

"SPECIMEN"

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EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

West Virginia Water Development Authority
Interest Free Local Loan from Series 1990 A and 1991 A Pool
Debt Service Schedule - Union Public Service District

Closing 8/28/91
Total Amount Borrowed: $237,602.00

Date	Interest Free Loan	Debt Service
10/1/91		
10/1/92	2,542.29	2,542.29
10/1/93	6,157.55	6,157.55
10/1/94	6,157.55	6,157.55
10/1/95	6,157.55	6,157.55
10/1/96	6,157.55	6,157.55
10/1/97	6,157.55	6,157.55
10/1/98	6,157.55	6,157.55
10/1/99	6,157.55	6,157.55
10/1/00	6,157.55	6,157.55
10/1/01	6,157.55	6,157.55
10/1/02	6,157.55	6,157.55
10/1/03	6,157.55	6,157.55
10/1/04	6,157.55	6,157.55
10/1/05	6,157.55	6,157.55
10/1/06	6,157.55	6,157.55
10/1/07	6,157.55	6,157.55
10/1/08	6,157.55	6,157.55
10/1/09	6,157.55	6,157.55
10/1/10	6,157.55	6,157.55
10/1/11	6,157.55	6,157.55
10/1/12	6,157.55	6,157.55
10/1/13	6,157.55	6,157.55
10/1/14	6,157.55	6,157.55
10/1/15	6,157.55	6,157.55
10/1/16	6,157.55	6,157.55
10/1/17	6,157.55	6,157.55
10/1/18	6,157.55	6,157.55
10/1/19	6,157.55	6,157.55
10/1/20	6,157.55	6,157.55
10/1/21	6,157.55	6,157.55
10/1/22	6,157.55	6,157.55
10/1/23	6,157.55	6,157.55
10/1/24	6,157.55	6,157.55
10/1/25	6,157.55	6,157.55
10/1/26	6,157.55	6,157.55
10/1/27	6,157.55	6,157.55
10/1/28	6,157.55	6,157.55
10/1/29	6,157.53	6,157.53
10/1/30	3,615.26	3,615.26
10/1/31	3,615.12	3,615.12
	237,602.00	237,602.00

Prepared 8/16/91

"SPECIMEN"

R-1

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

_____

In the presence of:

_____

"SPECIMEN"

"SPECIMEN"

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UNION PUBLIC SERVICE DISTRICT

$2,139,656 Sewerage System Revenue Bonds, 1991 Series A

$4,229,604 Sewerage System Revenue Bonds, 1991 Series B

$237,602 Subordinate Sewerage System Revenue Bonds, 1991 Series C

CERTIFICATE OF SECRETARY AS TO TRUTH AND ACCURACY OF DOCUMENTS DELIVERED

I, the undersigned Joe W. Williams, Secretary of the Public Service Board (the "Board") of Union Public Service District (the "District"), hereby certify that the copies of the following documents being delivered in connection with the closing of the sale of $2,139,656 Union Public Service District Sewerage System Revenue Bonds, 1991 Series A, $4,229,604 Union Public Service District Sewerage System Revenue Bonds, 1991 Series B and $237,602 Union Public Service District Subordinate Sewerage System Revenue Bonds, 1991 Series C (the "Bonds"), are, as of the date hereof, true and accurate copies of the originals of those documents maintained on file with the District and delivered in the transcript of proceedings, that said documents have been duly adopted or entered by the Board, and that said documents are still in full force and effect as of the date hereof and have not been repealed, rescinded, superseded, amended or modified in any way unless the document effecting such repeal, rescission, supersedence, amendment or modification is also listed below:

1. Rules of Procedure.

2. Order of The County Commission of Kanawha County (the "County Commission") creating the District.

3. Order of the County Commission appointing current Board members.

4. Certificate as to Oaths of Office of Board members.

5. West Virginia Water Development Authority ("WDA") Loan Agreement and Supplemental Loan Agreement, both dated August 28, 1991.

6. United States Environmental Protection Agency grant agreement dated September 28, 1987, with evidence of Part B approval.

7. Minutes of 1991 organizational meeting of the Board.

8. Minutes of the August 27, 1991, special meeting of the Board, wherein the Bond Resolution and the Supplemental Resolution with respect to the Bonds were adopted.

9. Bond Resolution.

10. Supplemental Resolution.

WITNESS my signature and the official seal of the Union Public Service District as of the 28th day of August, 1991.

Joe W. Williams

Secretary, Public Service Board,
Union Public Service District

(SEAL)

1159H

UNION PUBLIC SERVICE DISTRICT

$2,139,656 Sewerage System Revenue Bonds, 1991 Series A, $4,229,604 Sewerage System Revenue Bonds, 1991 Series B

CERTIFICATE AS TO NON-ARBITRAGE

I, Robert H. Brick, Chairman of the Public Service Board of Union Public Service District, in Kanawha County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of $6,369,260 aggregate principal amount of Sewerage System Revenue Bonds, 1991 Series A, and Sewerage System Revenue Bonds, 1991 Series B, of the Issuer, both dated August 28, 1991 (collectively, the "Bonds"), hereby certify as follows:

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986 and applicable regulations (the "Code"). I am one of the officers of the Issuer charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the Issuer.

2. This certificate may be relied upon as the certificate of the Issuer.

3. The Issuer has not been notified by the Internal Revenue Service of any listing or proposed listing of it as an issuer and certification of which may not be relied upon by holders of obligations of the Issuer or that there is any disqualification of the Issuer by the Internal Revenue Service because a certification made by the Issuer contains a material misrepresentation.

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on August 28, 1991, the date on which the Bonds are to be physically delivered in exchange for the issue price thereof, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

5. In the Bond Resolution pursuant to which the Bonds are issued, the Issuer has covenanted to make no use of the proceeds of the Bonds which would cause the Bonds to be "arbitrage bonds" within the meaning of the Code.

6. The Bonds and the Subordinate Sewerage System Revenue Bonds, 1991 Series C (the "1991 Series C Bonds") which bear no interest were sold on August 28, 1991, to the West Virginia Water Development Authority (the "Authority") for an aggregate purchase price of $6,606,862, (100% of the principal amount thereof).

7. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of refinancing certain outstanding bonds of the Issuer, (ii) permanently financing a portion of the costs of acquisition and construction of certain improvements and extensions to the existing sewage collection and transportation system of the Issuer (the "Project"), and (iii) paying costs of issuance and other costs in connection therewith.

8. Construction and acquisition of the Project will proceed with due diligence to completion. Construction of the Project is expected to be completed by September 9, 1992.

9. The total cost of the Project is estimated at $10,982,162. Sources and uses of funds for the Project are as follows:

SOURCES

Bonds and 1991 Series C Bonds	$ 6,606,862.00
EPA Grant	$ 4,375,300.00
Tap Fees	-0- .00
Total Sources	$10,982,162.00

USES

Refinancing	$ 1,433,751.01
Construction Contracts	7,553,495.00
Technical Service	1,115,491.00
Legal and Fiscal	37,348.00
Bond Counsel	20,000.00
Administrative	37,348.00
Land Purchase and Rights of Way	46,575.00
Other Costs	209,288.99
Interim Financing Costs	-0-
Contingency	528,865.00
Interest on Bonds	-0-
Total Uses	$10,982,162.00

The amount of Project costs not expected to be reimbursed by the grant from the United States Environmental Protection Agency (the "EPA Grant") or paid from proceeds and funds of the

Issuer lawfully available therefor is estimated to be at least equal to the gross proceeds of the Bonds and the 1991 Series C Bonds. Except for the proceeds of the Bonds, the 1991 Series C Bonds, the EPA Grant and as otherwise provided in the Resolution, no other funds of the Issuer will be available to meet the costs of the Project and no balances are available to meet such costs in any account which may, without legislative or judicial action, be invaded to pay such expenditures without a legislative, judicial or contractual requirement that such account be reimbursed.

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

(1) Revenue Fund;

(2) Renewal and Replacement Fund;

(3) Construction Trust Fund;

(4) 1991 Series A Bonds Sinking Fund, and within the 1991 Series A Bonds Sinking Fund, the 1991 Series A Bonds Reserve Account;

(5) 1991 Series B Bonds Sinking Fund, and within the 1991 Series B Bonds Sinking Fund, the 1991 Series B Bonds Reserve Account.

(6) 1991 Series C Bonds Sinking Fund, and within the 1991 Series C Bonds Sinking Fund, the 1991 Series C Bonds Reserve Account;

11. Pursuant to Article VI of the Bond Resolution, and the Escrow Agreement, Bond proceeds in the amount of $1,433,751.01 will be used to refinance the Prior Bonds.

12. Moneys held in the respective Sinking Funds will be used solely to pay principal of and interest on the Bonds and the 1991 Series C Bonds and will not be available to meet costs of construction of the Project. To the extent not required by the Resolution to be deposited in the Earnings Fund and the Rebate Fund, all investment earnings on moneys in the 1991 Series A Bonds Sinking Fund, and the 1991 Series A Bonds Reserve Account, in the 1991 Series B Bonds Sinking Fund and the 1991 Series B Bonds Reserve Account, will be placed in the Earnings Fund for use in accordance with the terms thereof. All investment earnings on moneys in the 1991 Series C Bonds Sinking Fund and the 1991 Series C Bonds Reserve Account will be annually withdrawn therefrom and deposited into the Construction Trust Fund until completion of the Project, and thereafter will be deposited, not less than once each year, in the Revenue Fund.

13. Except for the Sinking Funds and the Reserve Accounts, there are no other funds or accounts established or held by the Issuer which are reasonably expected to be used to pay debt service on the Bonds, or which are pledged as collateral for Bonds, and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Bonds, if the Issuer encounters financial difficulties. The Issuer does not expect that moneys in the Renewal and Replacement Fund will be used or needed for payments upon the Bonds. Except as provided herein, no funds which have been or will be used to acquire directly or indirectly securities, obligations, annuity contracts or other investment-type property producing a yield in excess of the yield on the Bonds, have been or will be pledged to payment of the Bonds. Less than 10% of the proceeds of the Bonds will be deposited in the Reserve Accounts or any other reserve or replacement fund. The amounts deposited in the Reserve Account from time to time by the Issuer will not exceed the maximum annual principal and interest on the Bonds and will not exceed 125% of average annual principal and interest on the Bonds. Amounts in the Reserve Account, not to exceed 10% of the proceeds of the Bonds, if invested, will be invested without yield limitation. The establishment of the Reserve Accounts is required by the Authority, is vital to its purchase of the Bonds and is reasonably required to assure payments of debt service on the Bonds.

14. The Issuer plans to enter into contracts for the construction of the Project on September 9, 1991, and construction will commence on or about September 9, 1991.

15. Work with respect to the construction of the Project will proceed with due diligence to completion. Construction is expected to be completed within 12 months.

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

17. With the exception of the amounts deposited in the Sinking Funds, for payment of interest on the Bonds and amounts deposited in the Reserve Accounts, if any, all of the proceeds of the Bonds will be expended on the Project within 24 months from the date of issuance thereof.

18. Any money deposited in the Sinking Funds for payment of the principal and interest on the Bonds (other than the Reserve Accounts therein) will be spent within a thirteen month period beginning on the date of receipt and any moneys received from investment of amounts held in the Sinking Funds (other than the Reserve Accounts therein) will be spent within a one-year period beginning the date of receipt.

19. All the proceeds of the Bonds which were used for the payment of costs of the Project will be expended for such purposes within three years of July 11, 1990.

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

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

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

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

24. The original proceeds of the Bonds and the 1991 Series C Bonds will not exceed the amount necessary for the purposes of issue.

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

26. The Issuer will expend the gross proceeds of the Bonds for the Project no later than the day which is two years after the date of issuance of the Bonds. The Issuer will expend the net proceeds (including, without limitation, investment proceeds earned before the close of the period involved on the investment of the proceeds of the Bonds) of the Bonds for the Project within the following periods beginning on the date of issuance of the Bonds.

Not less than 10 percent within 6 months,

Not less than 45 percent within 1 year,

Not less than 75 percent within 18 months, and

Not less than 100 percent within 2 years

(except for a reasonable retainage not exceeding 5% of the net proceeds of the Bonds which will be spent within 3 years). The Issuer has elected the application of Section 148(f)(4)(B)(iv)(V) of the Code to the Bonds and has agreed to pay a penalty with respect to the close of each 6-month period

after the date the Bonds are issued equal to 1-1/2 percent of the amount of the net proceeds of the Bonds which, as of the close of such period, are not spent as set forth in this paragraph. At least 75% of the net proceeds of the Bonds are to be used for construction expenditures with respect to property owned by the Issuer, and the Project will be owned by the Issuer.

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

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

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

30. The Issuer has retained the right to amend or supplement its authorizing documents if such amendment or supplement is necessary to preserve the exclusion from gross income for federal income tax purposes of the Bonds.

31. The Issuer shall comply with the yield restriction on the proceeds of the Bonds as set forth in the Code.

32. The Issuer has either (a) funded the Reserve Accounts at the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Reserve Accounts which will be funded with equal payments on a monthly basis over a 10 year period until such Reserve Accounts hold an amount equal to the maximum amount of principal and interest which will mature and become due on each Series of Bonds in the then current or any succeeding year. Moneys in the Reserve Accounts and the Sinking Funds (established for the annual payment of principal and interest) will be used solely to pay principal of and

interest on each Series of Bonds and will not be available to pay costs of the Project.

33. The Issuer shall submit to the Authority within 30 days following the end of the Issuer's bond year a certified copy of its rebate calculation or if the Issuer qualifies for an exception to rebate, then the Issuer shall submit to the Authority a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the bond year which would make the Bonds subject to rebate.

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

35. The Issuer covenants and agrees to comply with the rebate requirements of the Code if not exempted therefrom, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Bonds.

36. Jackson & Kelly is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinions regarding the tax-exempt status of interest on the Bonds.

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

IN WITNESS WHEREOF, I have set my hand this 28th day of August, 1991.

UNION PUBLIC SERVICE DISTRICT

By _____
Chairman, Public Service Board

1157H

CERTIFICATE

The undersigned certifies that I am duly authorized to execute this Certificate on behalf of Kelley, Gidley, Blair & Wolfe, Inc., Consulting Engineer for Union Public Service District (the "Issuer"), and based on the plans and specifications prepared by my firm and the anticipated construction schedule and schedule of expenditures of the proceeds of the Bonds (as defined in the Certificate as to Non-Arbitrage to which this Certificate is attached), the representations set forth in Paragraph 26 of such Certificate as to Non-Arbitrage are reasonable. This Certificate may be relied upon by the Issuer for purposes of electing the two-year spend-down exception to the rebate requirements of Section 148(f) of the Internal Revenue Code of 1986, as amended.

Dated: August 28, 1991

KELLEY, GIDLEY, BLAIR & WOLFE, INC.

[SEAL]

T. J. BLAIR, III, P.E.
REGISTERED
No. 3743
STATE OF
WEST VIRGINIA
PROFESSIONAL ENGINEER

By: _____
T. J. Blair, III
Its: President

UNION PUBLIC SERVICE DISTRICT

$2,139,656 Sewerage System Revenue Bonds,
1991 Series A

$4,229,604 Sewerage System Revenue Bonds,
1991 Series B

$237,602 Subordinate Sewerage System
Revenue Bonds, 1991 Series C

CERTIFICATE OF CONSULTING ENGINEER

I, T. J. Blair, III, Registered Professional Engineer, West Virginia License No. 3743, of Kelley, Gidley, Blair & Wolfe, Inc., Consulting Engineers, Charleston, West Virginia, hereby certify that my firm is engineer for the construction and acquisition of certain improvements and extensions to the existing sewerage collection system (herein called the "Project") of Union Public Service District (the "District") to be constructed primarily in Kanawha County, West Virginia, which construction and acquisition are being permanently financed in part by the above-captioned bonds (the "Bonds") of the District. Capitalized words not defined herein shall have the meaning set forth in the Bond Resolution adopted by the Public Service Board of the District on August 27, 1991, and the Loan Agreement and Supplemental Loan Agreement by and between the District and the West Virginia Water Development Authority (the "Authority") dated August 28, 1991.

1. The Project and the refinancing are estimated to cost $10,982,162 and are being funded by (i) a grant from the United States Environmental Protection Agency ("EPA") in the amount of $4,375,300; and (ii) the Bonds in the aggregate principal amount of $6,606,862.

2. The undersigned hereby certifies that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm and as described in the application submitted to the Authority requesting the Authority to purchase the Bonds (the "Application") and approved by all necessary governmental bodies, (ii) the Project is adequate for the purpose for which it was designed and has an estimated useful life of at least forty years, (iii) the District has received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application and my firm has ascertained that all contractors will make required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds will be verified by my firm for accuracy and the District intends to enter into contracts with respect to said bids on September 9, 1991, (iv) the District has obtained or has pending all permits required by the laws of the State and the federal government necessary for the construction of the Project,

(v) the rates and charges for the System as adopted by the Public Service Board of the District and approved by the Public Service Commission of West Virginia are sufficient to comply with the provisions of Subsection 4.1(b)(ii) of the Loan Agreements, and (vi) that the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, are sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application.

WITNESS my signature on this 28th day of August, 1991.

KELLEY, GIDLEY, BLAIR & WOLFE, INC.

By T. J. Blair, III
License No. 3743

T. J. BLAIR, III, P.E.
REGISTERED
No. 3743
STATE OF
WEST VIRGINIA
PROFESSIONAL ENGINEER

AMENDED SCHEDULE A

NAME OF GOVERNMENTAL AGENCY: Union Public Service District

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

A. Cost of Project

Construction	$ 7,553,495.	
Technical Services	$ 1,115,491.	
Legal and Fiscal	$ 37,348.	
Administrative	$ 37,348.	
Site and Other Lands	$ 46,575.	
Step I and/or Step II (Design)		
or Other Loan Repayment		
(Specify Type: Current Debt & Interest Due Engineer	$ 1,643,040.	
Interim Financing Costs	$	
Contingency	$ 528,865	
Total of Lines 1 through 8		$10,962,162

B. Sources of Funds

Federal Grants:[1] (Specify Source)	Environmental Protection Agency	$ 4,375,300.	
State Grants:[1] (Specify Source)		$	
Other Grants:[1] (Specify Source)		$	
Any Other Source[2] (Specify)		$	
Total of Lines 10 through 13			$ 4,375,300
Net Proceeds Required from Bond Issue (Line 9 less Line 14)			$ 6,586,862

C. Cost of Financing

Capitalized Interest (Construction period plus six months)	$	
Funded Reserve Account[3]	$	
Other Costs[4] Bond Counsel	$ 20,000.	
Total Cost of Financing (Lines 16 through 18)		$ 20,000
Size of Bond Issue (Line 15 plus Line 19)		$ 6,606,862

UNION PUBLIC SERVICE DISTRICT

$2,139,656 Sewerage System Revenue Bonds,
1991 Series A

$4,229,604 Sewerage System Revenue Bonds, 1991 Series B

$237,602 Subordinate Sewerage System Revenue
Bonds, 1991 Series C

CERTIFICATE OF ACCOUNTANT AS TO COVERAGE

Daniel L. Selby, Certified Public Accountant, has reviewed the sewer service rates which were adopted by the Union Public Service District (the "District") and which were approved in the Orders of the Public Service Commission of West Virginia granting the District a Certificate of Convenience and Necessity, approving the financing of the Project and approving the rates, dated July 19, 1991, as amended on August 27, 1991. It is my opinion that those rates are adequate to pay operation and maintenance expenses, and to meet the debt service coverage requirements of the Bond Resolution and Supplemental Resolution adopted by the Public Service Board (the "Board") of the District on August 27, 1991, as supplemented, and are sufficient to comply with the provisions of Subsection 4.1(b)(ii) of the Loan Agreement and the Supplemental Loan Agreement entered into between the District and the West Virginia Water Development Authority on August 28, 1991.

WITNESS my signature as of this 28th day of August, 1991.

Daniel L. Selby,
Certified Public Accountant
1113 Charleston National Plaza
Charleston, West Virginia 25301

1158H

UNION PUBLIC SERVICE DISTRICT

$2,139,656 SEWERAGE SYSTEM REVENUE BONDS, 1991 SERIES A

$4,229,604 SEWERAGE SYSTEM REVENUE BONDS, 1991 SERIES B

$237,602 SUBORDINATE SEWERAGE SYSTEM REVENUE BONDS
1991 SERIES C

CERTIFICATE OF ACCOUNTANT AS TO ESCROW FUNDS

SELBY & ASSOCIATES, Certified Public Accountants, after reviewing the Escrow Agreement dated as of August 28, 1991 (the "Agreement") entered into by the Union Public Service District and the West Virginia Municipal Bond Commission hereby certify that the anticipated receipt from the Government Obligations described on Schedule B to the Agreement will be sufficient to pay when due, the principal of and interest on the Sewer Refunding and Revenue Bonds Series B and the Sewer Refunding and Revenue Bonds Series C of the Union Public Service District, issued on July 30, 1967, outstanding in the aggregate principal amount of $1,532,000 on October 1, 1991, at a redemption price of par plus accrued interest to the date of redemption.

WITNESS my signature as of this 28th day of August, 1991.

SELBY & ASSOCIATES, CERTIFIED
PUBLIC ACCOUNTANTS

By: Daniel L. Selby

Daniel L. Selby

5078h

$2,139,656 Sewerage System Revenue Bonds, 1991 Series A

$4,229,604 Sewerage System Revenue Bonds, 1991 Series B

$237,602 Subordinate Sewerage System
Revenue Bonds, 1991 Series C

CERTIFICATE OF WEST VIRGINIA MUNICIPAL BOND
COMMISSION WITH RESPECT TO ESCROW AGREEMENT

The undersigned R. Witter Hallan, Executive Director of the West Virginia Municipal Bond Commission (the "Commission") hereby certifies as follows in connection with the above-captioned Bond issue:

I have executed on behalf of the Commission the Escrow Agreement with the Union Public Service District dated August 28, 1991.

The Government Securities and moneys on deposit in the Escrow Fund pursuant to the said Escrow Agreement are shown by the attachments to the Escrow Agreement to be in amounts sufficient to discharge the Prior Bonds described in the Escrow Agreement, including payment of all interest and principal due thereon as required by said Escrow Agreement.

WITNESS our signatures this 28th day of August, 1991.

WEST VIRGINIA MUNICIPAL BOND
COMMISSION

By: _____
Its Executive Director

5070h

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 28th day of August, 1991, by and between UNION PUBLIC SERVICE DISTRICT, a public corporation organized and existing under the laws of, and a political subdivision of, the State of West Virginia (the "Governmental Agency"), and ONE VALLEY BANK, NATIONAL ASSOCIATION, Charleston, West Virginia, a national banking association (the "Registrar").

WHEREAS, the Governmental Agency has, contemporaneously with the execution hereof, issued and sold its $2,139,656 Union Public Service District Sewerage System Revenue Bonds, 1991 Series A (the "1991 Series A Bonds"), in the form of one bond numbered AR-1 and its $4,229,604 Union Public Service District Sewerage System Revenue Bonds, 1991 Series B (the "1991 Series B Bonds") in the form of one bond numbered BR-1 and its $237,602 Union Public Service District Subordinate Sewerage System Revenue Bonds, 1991 Series C (the "1991 Series C Bonds"), in the form of one bond numbered CR-1 each in fully registered form (collectively the "Bonds"), pursuant to a Bond Resolution and a Supplemental Resolution duly adopted August 27, 1991 (collectively, the "Resolution");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Resolution, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Resolution provides for an appointment by the Governmental Agency of a Registrar for the Bonds; and

WHEREAS, the Governmental Agency desires to appoint, and by the Resolution and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Resolution and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Governmental Agency and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Resolution, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exclusion of interest on the 1991 Series A Bonds and the 1991 Series B Bonds from gross income for federal income tax purposes, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the

Municipal Securities Rulemaking Board or similar regulatory bodies as the Governmental Agency advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Governmental Agency with appropriate records of all transactions carried out by it as Registrar and to furnish the Governmental Agency with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Governmental Agency may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Governmental Agency.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Governmental Agency hereby agrees to pay to the Registrar, from time to time, the compensation for services rendered as provided in the annexed schedule and reimbursement for reasonable expenses incurred in connection with this Registrar's Agreement.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Resolution with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Resolution, the terms of the Resolution shall govern.

6. The Governmental Agency and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Resolution will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective address:

GOVERNMENTAL AGENCY

Union Public Service District
5110 Washington Street, W.
Charleston, West Virginia 25312
Attention: Chairman

REGISTRAR:

One Valley Bank, National Association
P. O. Box 1793
Charleston, West Virginia 25326
Attention: Corporate Trust Department

The Governmental Agency and the Registrar shall notify the other in writing of any change of address.

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Resolution.

IN WITNESS WHEREOF, UNION PUBLIC SERVICE DISTRICT and One Valley Bank, National Association, Charleston, West Virginia, have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

UNION PUBLIC SERVICE DISTRICT

By: _____
Chairman, Public Service Board

ONE VALLEY BANK, NATIONAL ASSOCIATION
Charleston, West Virginia

By: _____
Authorized Officer

5010h

Invoice

ONEVALLEY BANK

UNION PUBLIC SERVICE DISTRICT
5110 WASHINGTON STREET, WEST
CHARLESTON, WV 25312

DATE AUGUST 28, 1991

ATTN: CHAIRMAN

UNITS	ITEM DESCRIPTION	TOTAL
	UNION PUBLIC SERVICE DISTRICT SEWERAGE SYSTEM REVENUE BONDS, 1991 SERIES A $2,139,656; SERIES B $4,229,604; SERIES C $237,602 SUBORDINATE BONDS.	
	ANNUAL DEPOSITORY FEE THRU 8/31/92	$1,000.00

SEND REMITTANCE TO: One Valley Bank
One Valley Square
P.O. Box 1793
Charleston, WV 25326

Attn: CHARLOTTE S MORGAN

EXHIBIT A

(See Tab 10)

UNION PUBLIC SERVICE DISTRICT

$2,139,656 Sewerage System Revenue Bonds, 1991 Series A

$4,229,604 Sewerage System Revenue Bonds, Series 1991 B

$237,602 Subordinate Sewerage System
Revenue Bonds, Series 1991 C

ACCEPTANCE OF DUTIES OF DEPOSITORY BANK

The Bank of Cross Lanes, a state banking association, with its principal office in Cross Lanes, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Resolution duly adopted by Union Public Service District on August 27, 1991, and the Supplemental Resolution adopted August 27, 1991 (collectively, the "Resolution") authorizing issuance of Union Public Service District Sewerage System Revenue Bonds, 1991 Series A, dated August 28, 1991, in the aggregate principal amount of $2,139,656, Union Public Service District Sewerage System Revenue Bonds, 1991 Series B, dated August 28, 1991, in the aggregate principal amount of $4,229,604, and Union Public Service District Subordinate Sewerage System Revenue Bonds, 1991 Series C, dated August 28, 1991, in the aggregate principal amount of $237,602 (collectively the "Bonds") and agrees to perform all duties of the Depository Bank in connection with such Bonds, all as set forth in said Resolution.

Witness my signature as of the 28th day of August, 1991.

THE BANK OF CROSS LANES

By: Carrell D. Costa, Pres
Authorized Officer

5013h

UNION PUBLIC SERVICE DISTRICT

$2,139,656 Sewerage System Revenue Bonds, 1991 Series A

$4,229,604 Sewerage System Revenue Bonds, 1991 Series B

$237,602 Subordinate Sewerage System
Revenue Bonds, 1991 Series C

ACCEPTANCE OF DUTIES OF CONSTRUCTION
TRUST FUND DEPOSITORY BANK

One Valley Bank, National Association, a national banking association, with its principal office in Charleston, West Virginia, hereby accepts appointment as the Construction Trust Fund Depository Bank in connection with a Bond Resolution duly adopted by Union Public Service District on August 27, 1991, and the Supplemental Resolution adopted August 27, 1991 (collectively, the "Resolution") authorizing issuance of Union Public Service District Sewerage System Revenue Bonds, 1991 Series A, dated August 28, 1991, in the aggregate principal amount of $2,139,656, Union Public Service District Sewerage System Revenue Bonds, 1991 Series B, dated August 28, 1991, in the aggregate principal amount of $4,229,604, and Union Public Service District Subordinate Sewerage System Revenue Bonds, 1991 Series C, dated August 28, 1991, in the aggregate principal amount of $237,602 (collectively the "Bonds") and agrees to perform all duties of the Construction Trust Fund Depository Bank in connection with such Bonds, all as set forth in said Resolution.

Witness my signature as of the 28th day of August, 1991.

ONE VALLEY BANK, NATIONAL ASSOCIATION
Charleston, West Virginia

By: Charlotte L. Morgan
Authorized Officer

5035h

CERTIFICATE OF INVESTMENT INSTRUCTIONS

TO: One Valley Bank, National Association
As Construction Trust Fund Depository Bank
P.O. Box 1793
Charleston, West Virginia 25326

RE: Union Public Service District Sewerage System
Revenue Bonds, 1991 Series A, 1991 Series B,
and 1991 Series C

TO WHOM IT MAY CONCERN:

The Public Service Board of the Union Public Service District (the "District") hereby authorizes you to invest the net proceeds of the above-referenced bonds in repurchase agreements (1-day or 7-day). The funds in the Construction Trust Fund should remain in such investment until further written notice from the Board.

WITNESS my signature this 28th day of August, 1991.

UNION PUBLIC SERVICE DISTRICT

By _____
Chairman

REQUEST AND AUTHORIZATION AS TO AUTHENTICATION
AND DELIVERY OF THE BONDS

August 28, 1991

One Valley Bank, National Association
P.O. Box 1793
Charleston, West Virginia 25326

Ladies and Gentlemen:

We herewith hand to you, duly executed, (a) $2,139,656 Union Public Service District Sewerage System Revenue Bonds, 1991 Series A, in the form of one bond numbered AR-1, (b) $4,229,604 Union Public Service District Sewerage System Revenue Bonds, 1991 Series B, in the form of one bond numbered BR-1 and (c) $237,602 Union Public Service District Subordinate Sewerage System Revenue Bonds, 1991 Series C, in the form of one bond numbered CR-1 (the "Bonds"), each authorized to be issued under and pursuant to the Bond Resolution, duly adopted by the Public Service Board (the "Board") of Union Public Service District (the "District") on August 27, 1991 and a Supplemental Resolution adopted by the Board on August 27, 1991 (collectively, the "Resolution").

You are hereby requested and authorized to register, authenticate and deliver the Bonds on behalf of the District to the West Virginia Water Development Authority.

UNION PUBLIC SERVICE DISTRICT

By _____
Chairman, Public Service Board

(SEAL)

Attest:

_____
Secretary, Public Service Board

5012h

UNION PUBLIC SERVICE DISTRICT

$2,139,656 Sewerage System Revenue Bonds,
1991 Series A

$4,229,604 Sewerage System Revenue Bonds, 1991 Series B

$237,602 Subordinate Sewerage System Revenue Bonds,
1991 Series C

CERTIFICATE OF REGISTRATION OF BONDS

I, Charlotte S. Morgan, Corporate Trust Administrative Officer for One Valley Bank, National Association, Charleston, West Virginia, as Registrar (the "Registrar"), hereby certify that on the 28th day of August, 1991, (a) the bonds of Union Public Service District in the principal amount of $2,139,656 designated "Union Public Service District Sewerage System Revenue Bonds, 1991 Series A" (the "1991 Series A Bonds"), and numbered AR-1, (b) the bonds in the principal amount of $4,229,604 designated "Union Public Service District Sewerage System Revenue Bonds, 1991 Series B" (the "1991 Series B Bonds"), and numbered BR-1, and (c) the bonds in the principal amount of $237,602 designated "Union Public Service District Subordinate Sewerage System Revenue Bonds, 1991 Series C" (the "1991 Series C Bonds"), and numbered CR-1, each dated as of the date hereof, were registered as to principal and the 1991 Series A Bonds and the 1991 Series B Bonds were registered as to interest in the name of "West Virginia Water Development Authority" in the books of the District kept for that purpose at our office, by a duly authorized officer on behalf of One Valley Bank, National Association, Charleston, West Virginia, as Registrar.

WITNESS my signature as of the 28th day of August, 1991.

ONE VALLEY BANK, NATIONAL ASSOCIATION
Charleston, West Virginia,
as Registrar

By Charlotte S. Morgan
Authorized Officer

1162H

UNION PUBLIC SERVICE DISTRICT

$2,139,656 Sewerage System Revenue Bonds, 1991 Series A

$4,229,604 Sewerage System Revenue Bonds, 1991 Series B

$237,602 Subordinate Sewerage System
Revenue Bonds, 1991 Series C

RECEIPT FOR BONDS

The undersigned, BARBARA B. MEADOWS, Secretary-Treasurer of the West Virginia Water Development Authority, for and on behalf of the West Virginia Water Development Authority (the "Authority"), hereby certifies as follows:

1. On the 28th day of August, 1991, in Dunbar, West Virginia, the Authority received (a) the entire original issue of $2,139,656 in aggregate principal amount of the Union Public Service District Sewerage System Revenue Bonds, 1991 Series A (the "1991 Series A Bonds"), (b) the entire original issue of $4,229,604 in aggregate principal amount of Union Public Service District Sewerage System Revenue Bonds, 1991 Series B (the "1991 Series B Bonds") and (c) the entire original issue of $237,602 in aggregate principal amount of Union Public Service District Subordinate Sewerage System Revenue Bonds, 1991 Series C (the "1991 Series C Bonds") (collectively, the "Bonds"), said Bonds being dated the 28th day of August, 1991; and issued in the form of one bond per series, fully registered to the Authority, and numbered AR-1, BR-1 and CR-1, respectively.

2. At the time of receipt of such Bonds, they had been executed by Robert H. Brick, as Chairman of the Public Service Board of the District, by manual signature, and attested by Joe W. Williams, as Secretary of the Public Service Board of the District, by manual signature, and the official seal of said District had been impressed upon each Bond.

IN WITNESS WHEREOF, Barbara B. Meadows duly signed and delivered this receipt on behalf of the West Virginia Water Development Authority on the 28th day of August, 1991.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

By: Barbara B. Meadows
Secretary-Treasurer

5011h

UNION PUBLIC SERVICE DISTRICT

$2,139,656 Sewerage System Revenue Bonds,
1991 Series A

$4,229,604 Sewerage System Revenue Bonds, 1991 Series B

$237,602 Subordinate Sewerage System Revenue
Bonds, 1991 Series C

RECEIPT FOR BOND PROCEEDS

The undersigned Robert H. Brick, Chairman of the Public Service Board of the Union Public Service District (the "District"), hereby certifies as follows:

1. The District has received and hereby acknowledges receipt from the West Virginia Water Development Authority (the "Authority"), as original purchaser of the $2,139,656 Union Public Service District Sewerage System Revenue Bonds, 1991 Series A, of the purchase price of said bonds in the amount of $2,139,656 (100% of par value).

2. The District has received and hereby acknowledges receipt from the Authority, as original purchaser of the $4,229,604 Union Public Service District Sewerage System Revenue Bonds, 1991 Series B, of the purchase price of said bonds in the amount of $4,229,604 (100% of par value).

3. The District has received and hereby acknowledges receipt from the Authority, as original purchaser of the $237,602 Union Public Service District Subordinate Sewerage System Revenue Bonds, 1991 Series C, of the purchase price of said bonds in the amount of $237,602 (100% of par value).

IN WITNESS WHEREOF, Union Public Service District has caused this receipt to be executed by the Chairman of its Public Service Board on this 28th day of August, 1991.

UNION PUBLIC SERVICE DISTRICT

By _____
CHAIRMAN, PUBLIC SERVICE BOARD

1156H

DISBURSEMENT REQUEST FORM

One Valley Bank, National Association
P. O. Box 1793
Charleston, West Virginia 25326

Re: Union Public Service District $2,139,656 Sewerage System Revenue Bonds, 1991 Series A, $4,229,604 Sewerage System Revenue Bonds, 1991 Series B and $237,602 Subordinate Sewerage System Revenue Bonds, 1991 Series C

Ladies and Gentlemen:

You are authorized, on behalf of Union Public Service District, to make the following disbursements from the Bond Construction Trust Fund:

The expenses listed above have been incurred as Costs of the Project that have not been the basis of any previous disbursement. Each item listed above for which payment is now due and owing is or was necessary in connection with the Project and has been otherwise properly incurred. A copy of the Resolution of Union Public Service District authorizing the disbursements is attached hereto.

Very truly yours,

UNION PUBLIC SERVICE DISTRICT

By _____
Authorized Officer

KELLEY, GIDLEY, BLAIR & WOLFE, INC.

By _____
Authorized Officer

Date: _____

1188H

CERTIFICATE DESIGNATING AUTHORIZED
SIGNATORIES FOR CONSULTING ENGINEER

TO: One Valley Bank, National Association
As Construction Trust Fund Depository Bank
P. O. Box 1793
Charleston, West Virginia 25326

Re: Union Public Service District Sewerage System Revenue Bonds, 1991 Series A, 1991 Series B, and 1991 Series C

To Whom It May Concern:

The following individuals are hereby designated as authorized signatories for the purpose of the Certificate required by Section 6.02 of the Bond Resolution for the above-referenced bonds:

T. J. Blair, III
Gene R. Weekley, Jr.
James L. Downey, Jr.
E. Michael Pyles

WITNESS my signature this 28th day of August, 1991.

KELLEY, GIDLEY, BLAIR & WOLFE, INC.

By _____
Authorized Officer

1186H

WRD 1A-82
Revised 5-89

STATE OF WEST VIRGINIA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF WATER RESOURCES
1201 Greenbrier Street
Charleston, West Virginia 25311

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM

WATER POLLUTION CONTROL PERMIT

Permit No. WV0037486

Issue Date: September 28, 1989

Subject: Sewage Facilities

Effective Date: October 28, 1989

Expiration Date: September 27, 1994

Supersedes: WV/NPDES Permit No. WV0037486 Issue Date September 30, 1984

Location: Cross Lanes (City) Kanawha (County) Kanawha (Drainage Basin)

Outlet Sites: Latitude: 38° 25' 55" N
Longitude: 81° 44' 19" W

To whom it may concern:

This is to certify that Union Public Service District, 5110 West Washington Street, Charleston, WV 25312 is hereby granted a NPDES Water Pollution Control Permit to operate and maintain an existing wastewater collection system and an existing 1.5 MGD contact stabilization wastewater treatment plant which are further described as follows.

The wastewater collection system is comprised of approximately 4,960 linear feet of six(6) inch diameter, 117,400 linear feet of eight(8) inch diameter, 5,360 linear feet of 10 inch diameter, 1,880 linear feet of 12 inch diameter and 14,280 linear feet of 16 inch diameter gravity sewer lines, 720 manholes, eight(8) lift stations, 100 linear feet of four(4) inch diameter force main, 675 linear feet of six(6) inch diameter force main and all requisite appurtenances.

The wastewater treatment plant is comprised of a comminutor, an aeration contact chamber and a reaeration chamber with a total combined volume of 480,000 gallons, four(4) clarifiers with a total volume of 111,100 gallons and a surface area of 1,350 square feet, two(2) chlorine contact chambers with a total volume of 34,035 gallons, two(2) aerobic digesters with a total volume of 286,400 gallons, 10 sludge drying beds with a total area of 9,000 square feet, and all requisite appurtenances.

The facilities are designed to serve a population equivalent of 15,000 persons in the Union Public Service District (Rocky Fork Plant) and discharge treated wastewater to Rocky Fork (approximately 2.3 miles from its mouth) of the Pocatalico River of the Kanawha River.

(Continued on Page 1A)

This permit is subject to the following terms and conditions:

Department of Health Certificates of Approval Nos. 2020 and 4996.

The information submitted on and with Permit Application No. WV0037486 dated the 30th day of March 1989, and the information submitted with Permit Application No. WV0037486 dated the 7th day of July 1983, is all hereby made terms and conditions of this Permit with like effect as if all such permit application information was set forth herein, and with other conditions set forth in Sections A, B, C, D, E, F, and G.

Form **8038-G** (Rev. October 1989) Department of the Treasury Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ Under Section 149(e)
▶ See separate instructions
(Use Form 8038-GC if the issue price is under $100,000)

OMB No. 1545-0720
Expires 5-31-92

Part I Reporting Authority — Check box if Amended Return ▶ ☐

1 Issuer's name: Union Public Service District
2 Issuer's employer identification number: 55-0461788
3 Number and street: 5110 Washington Street, W.
4 Report number: G19 91 - 01
5 City or town, state, and ZIP code: Charleston, West Virginia 25312
6 Date of issue: 8/28/91
7 Name of Issue: Union Public Service District Sewerage System Revenue Bonds, 1991 Series A and 1991 Series B
8 CUSIP Number: N/A

Part II Type of Issue (check box(es) that applies and enter the Issue Price)

		Issue price
9	Check box if obligations are tax or other revenue anticipation bonds ▶ ☐	
10	Check box if obligations are in the form of a lease or installment sale ▶ ☐	
11	☐ Education	$
12	☐ Health and hospital	
13	☐ Transportation	
14	☐ Public safety	
15	☒ Environment (including sewage bonds)	6,369,260
16	☐ Housing	
17	☐ Utilities	
18	☐ Other. Describe (see Instructions) ▶	

IRS RECEIVED 91091 28 PSC PHILA., PA 403

Part III Description of Obligations

		(a) Maturity date	(b) Interest rate	(c) Issue price	(d) Stated redemption price at maturity	(e) Weighted average maturity	(f) Yield	(g) Net interest cost
19	Final maturity	10/1/2031	7.75 %	321,724	321,724			
20	Entire issue			6,369,260	6,369,260	27.7 years	7.866 %	7.866 %

Part IV Uses of Original Proceeds of Bond Issues (including underwriters' discount)

21	Proceeds used for accrued interest			21	-0-
22	Issue price of entire issue (enter line 20c)			22	6,369,260
23	Proceeds used for bond issuance costs (including underwriters' discount)	23	30,000		
24	Proceeds used for credit enhancement	24			
25	Proceeds allocated to reasonably required reserve or replacement fund	25			
26	Proceeds used to refund prior issues	26	1,433,751.01		
27	Total (add lines 23, 24, 25, and 26)			27	1,463,751.01
28	Nonrefunding proceeds of the issue (subtract line 27 from line 22 and enter amount here)			28	4,905,508.99

Part V Description of Refunded Bonds (complete this part only for refunding bonds)

29 Enter the remaining weighted average maturity of the bonds to be refunded ▶ 16 years
30 Enter the last date on which the refunded bonds will be called ▶ October 1,1991
31 Enter the date(s) the refunded bonds were issued ▶ July 30, 1967

ORIGINAL INPUT

Part VI Miscellaneous

32 Enter the amount of the state volume cap allocated to the issue ▶
33 Enter the amount of the bonds designated by the issuer under section 265(b)(3)(B)(i)(III) (small issuer exception) ▶

ACKMT COPY ONLY

34 Pooled financings:
a Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units ▶
b Check box if this issue is a loan made from the proceeds of another tax-exempt issue ▶ ☒ and enter the name of the issuer ▶ West Virginia Water Development Auth. and the date of the issue ▶ 8/28/91 and 7/11/90

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Please Sign Here

Signature of officer ▶ — Date: 8/28/91 — Type or print name and title ▶ Chairman

For Paperwork Reduction Act Notice, see page 1 of the Instructions.

Form **8038-G** (Rev. 10-89)

☆U.S. Government Printing Office: 1989-262-151/00019

WV MUNICIPAL BOND COMMISSION
Suite 337 Building 3
1800 Washington St. E
State Capitol Complex
Charleston, WV 25305
(304) 348-3971

NEW ISSUE REPORT FORM

Date of Report: August 28, 1991

(See Reverse for Instructions)

ISSUE: $2,139,656 Sewerage System Revenue Bonds, 1991 Series A

ADDRESS: Public Service Board, Union Public Service District 5110 Washington Street, W., Charleston, WV 25312 COUNTY: Kanawha

PURPOSE OF ISSUE: New Money X Refunding X Refunds issue(s) dated: July 1, 1967

ISSUE DATE: August 28, 1991 CLOSING DATE: August 28, 1991

ISSUE AMOUNT: $ 2,139,656 RATE: 8.10%

1st DEBT SERVICE DUE: October 1, 1991 1st PRINCIPAL DUE: October 1, 1992

1st DEBT SERVICE AMOUNT: $15,886.95 PAYING AGENT: W.Va. Municipal Bond Commission

ISSUERS

BOND COUNSEL: Jackson & Kelly

Contact Person: Samme L. Gee

Phone: (304) 340-1318

DEPOSITORY CLOSING BANK: The Bank of Cross Lanes

Contact Person: Carroll G. Casto

Phone: 304-776-4111

KNOWLEDGEABLE ISSUER CONTACT

Contact Person: Robert H. Brick

Position: Chairman of District

Phone: (304) 776-3131

UNDERWRITERS

BOND COUNSEL: N/A

Contact Person:

Phone:

REGISTRAR: ESCROW TRUSTEE: One Valley Bank, N. A.

Contact Person: Charlotte Morgan

Phone: 304-348-7239

PURCHASER: OTHER: West Virginia Water Development Authority

Contact Person: Mr. Daniel B. Yonkosky

Function: Director

Phone: (304) 348-3612

DEPOSITS TO MBC AT CLOSE:

By ____ Wire
____ Check

____	Accrued Interest:	$ -0-
____	Capitalized Interest:	$ -0-
____	Reserve Account:	$ -0-
____	Other:	$ -0-

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By ____ Wire
X Check
____ IGT

X	To Escrow Trustee:	$ 1,433,751.01*
____	To Issuer:	$
____	To Cons. Invest. Fund:	$
____	To Other:	$

NOTES: *For the purpose of refinancing the Union Public Service District Sewer Refunding and Revenue Bonds, Series B and Series C

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS REQUIRED:

TRANSFERS REQUIRED:

WV MUNICIPAL BOND COMMISSION
Suite 337 Building 3
1800 Washington St. E
State Capitol Complex
Charleston, WV 25305
(304) 348-3971

NEW ISSUE REPORT FORM

Date of Report: August 28, 1991

(See Reverse for Instructions)

ISSUE: $4,229,604 Sewerage System Revenue Bonds, 1991 Series B

ADDRESS: Public Service Board, Union Public Service District, 5110 Washington Street, W., Charleston, WV 25312 COUNTY: Kanawha

PURPOSE OF ISSUE: New Money X Refunding X Refunds issue(s) dated: July 1, 1967

ISSUE DATE: August 28, 1991 CLOSING DATE: August 28, 1991

ISSUE AMOUNT: $4,229,604 RATE: 7.75%

1st DEBT SERVICE DUE: October 1, 1991 1st PRINCIPAL DUE: October 1, 1993

1st DEBT SERVICE AMOUNT: $30,047.81 PAYING AGENT: W. Va. Municipal Bond Commission

ISSUERS

BOND COUNSEL: Jackson & Kelly
Contact Person: Samme L. Gee
Phone: (304) 340-1318

DEPOSITORY ~~CLOSING~~ BANK: The Bank of Cross Lanes
Contact Person: Carroll G. Casto
Phone: (304) 776-4111

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Robert H. Brick
Position: Chairman of District
Phone: (304) 776-3131

UNDERWRITERS

BOND COUNSEL: N/A
Contact Person:
Phone:

REGISTRAR: ~~ESCROW TRUSTEE~~ One Valley Bank, N.A.
Contact Person: Charlotte Morgan
Phone: (304) 348-7239

PURCHASER: ~~OTHER~~: W.Va. Water Development Authority
Contact Person: Mr. Daniel B. Yonkosky
Function: Director
Phone: (304) 348-3612

DEPOSITS TO MBC AT CLOSE:

By ____ Wire
____ Check

____	Accrued Interest:	$ -0-
____	Capitalized Interest:	$ -0-
____	Reserve Account:	$ -0-
____	Other:	$ -0-

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By ____ Wire
X Check
____ IGT

X	To Escrow Trustee:	$ 1,433,751.01*
____	To Issuer:	$
____	To Cons. Invest. Fund:	$
____	To Other:	$

NOTES: *For purpose of refinancing the Union Public Service District Sewer Refunding and Revenue Bonds, Series B and Series C

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS REQUIRED:

TRANSFERS REQUIRED:

WV MUNICIPAL BOND COMMISSION
Suite 337 Building 3
1800 Washington St. E
State Capitol Complex
Charleston, WV 25305
(304) 348-3971

NEW ISSUE REPORT FORM

Date of Report: August 28, 1991

(See Reverse for Instructions)

ISSUE: $237,062 Subordinate Sewerage System Revenue Bonds, 1991 Series C

ADDRESS: Public Service Board, Union Public Service District, 5110 Washington Street, W., Charleston, WV 25312 **COUNTY:** Kanawha

PURPOSE OF ISSUE: New Money x Refunding x **Refunds issue(s) dated:** July 1, 1967

ISSUE DATE: August 28, 1991 **CLOSING DATE:** August 28, 1991

ISSUE AMOUNT: $237,062 **RATE:** 0%

1st DEBT SERVICE DUE: October 1, 1992 **1st PRINCIPAL DUE:** October 1, 1992

1st DEBT SERVICE AMOUNT: $2,542.29 **PAYING AGENT:** W. Va. Municipal Bond Commission

ISSUERS

BOND COUNSEL: Jackson & Kelly
Contact Person: Samme L. Gee
Phone: (304) 340-1318

DEPOSITORY ~~CLOSING~~ **BANK:** The Bank of Cross Lanes
Contact Person: Carroll G. Casto
Phone: (304) 776-4111

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Robert H. Brick
Position: Chairman of District
Phone: (304) 776-3131

UNDERWRITERS

BOND COUNSEL: N/A
Contact Person:
Phone:

REGISTRAR: ~~ESCROW TRUSTEE~~ One Valley Bank, N.A.
Contact Person: Charlotte Morgan
Phone: (304) 348-7239

PURCHASER: ~~OTHER~~: W.Va. Water Development Authority
Contact Person: Mr. Daniel B. Yonkosky
Function: Director
Phone: (304) 348-3612

DEPOSITS TO MBC AT CLOSE:
By ____ Wire
____ Check

____	Accrued Interest:	$ -0-
____	Capitalized Interest:	$ -0-
____	Reserve Account:	$ -0-
____	Other:	$ -0-

REFUNDS & TRANSFERS BY MBC AT CLOSE:
By ____ Wire
x Check
____ IGT

x	To Escrow Trustee:	$ 1,433,751.01*
____	To Issuer:	$
____	To Cons. Invest. Fund:	$
____	To Other:	$

NOTES: * For purpose of refinancing the Union Public Service District Sewer Refunding and Revenue Bonds, Series B and Series C

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED:
TRANSFERS REQUIRED:

LOAN PROGRAM II
REQUISITION AS TO LOAN TO GOVERNMENTAL AGENCY

TO: One Valley Bank, National Association, Trustee

A. Name of Governmental Agency to which payment is to be made: Union Public Service District

B. Total Amount to be paid: $2,139,656

C. Certification by Water Development Authority.

I hereby certify that under the terms and provisions of the Loan Agreement providing for the Loan to the above-captioned Governmental Agency, dated as of August 28, 1991, said Governmental Agency has sold its Sewerage System Revenue Bonds, 1991 Series A (the "Local Bonds") to the Authority in the principal amount equal to the amount of the Loan set forth in (B) above, that such Governmental Agency is obligated to make Local Bonds Payment and to pay Fees and Charges in accordance with Section 9.09 of the General Resolution and that such Governmental Agency is not in default under any of the terms or provisions of said Loan Agreement.

I further certify that the Local Bonds Payments, and other moneys available therefor, will be sufficient to pay interest on and Principal Installments of the Local Bonds, the proceeds of which were used to fund the Loan Obligation, as such interest and Principal Installments come do.

The above certification complies with Subsections 6.06(2)(a)(ii) and (v) of the General Resolution.

Barbara B Meadows
Authorized Representative
West Virginia Water Development Authority

DATE: August 28, 1991

ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the West Virginia Water Development Authority hereby sells, assigns and transfers unto One Valley Bank National Association, Charleston, West Virginia, the Union Public Service District $2,139,656 Sewerage Revenue Bonds, 1991 Series A numbered AR-1, standing in the name of the West Virginia Water Development Authority on the books of registration of said Governmental Agency.

Dated: August 28, 1991.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Barbara B Meadows
Authorized Representative

1190H

LOAN PROGRAM II
REQUISITION AS TO LOAN TO GOVERNMENTAL AGENCY

TO: One Valley Bank, National Association, Trustee

A. Name of Governmental Agency to which payment is to be made: Union Public Service District

B. Total Amount to be paid: $4,229,604

C. Certification by Water Development Authority.

I hereby certify that under the terms and provisions of the Loan Agreement providing for the Loan to the above-captioned Governmental Agency, dated as of August 28, 1991, said Governmental Agency has sold its Sewerage System Revenue Bonds, 1991 Series B (the "Local Bonds") to the Authority in the principal amount equal to the amount of the Loan set forth in (B) above, that such Governmental Agency is obligated to make Local Bonds Payment and to pay Fees and Charges in accordance with Section 9.09 of the General Resolution and that such Governmental Agency is not in default under any of the terms or provisions of said Loan Agreement.

I further certify that the Local Bonds Payments, and other moneys available therefor, will be sufficient to pay interest on and Principal Installments of the Local Bonds, the proceeds of which were used to fund the Loan Obligation, as such interest and Principal Installments come do.

The above certification complies with Subsections 6.06(2)(a)(ii) and (v) of the General Resolution.

Barbara B. Meadows
Authorized Representative
West Virginia Water Development Authority

DATE: August 28, 1991

ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the West Virginia Water Development Authority hereby sells, assigns and transfers unto One Valley Bank National Association, Charleston, West Virginia, the Union Public Service District the $4,229,604 Sewerage System Revenue Bonds, 1991 Series B numbered BR-1, standing in the name of the West Virginia Water Development Authority on the books of registration of said Governmental Agency.

Dated: August 28, 1991.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Barbara B. Meadows
Authorized Representative

5073h

JACKSON & KELLY
ATTORNEYS AT LAW
1600 LAIDLEY TOWER
P. O. BOX 553
CHARLESTON, WEST VIRGINIA 25322

TELEPHONE 304-340-1000 TELECOPIER 304-340-1130

WRITER'S DIRECT DIAL NO.

300 FOXCROFT AVENUE
MARTINSBURG, WEST VIRGINIA 25401
TELEPHONE 304-263-8800

6000 HAMPTON CENTER
MORGANTOWN, WEST VIRGINIA 26505
TELEPHONE 304-599-3000

256 RUSSELL AVENUE
NEW MARTINSVILLE, WEST VIRGINIA 26155
TELEPHONE 304-455-1751

250 CHARLES STREET
SISTERSVILLE, WEST VIRGINIA 26175
TELEPHONE 304-652-5541

175 EAST MAIN STREET
LEXINGTON, KENTUCKY 40595
TELEPHONE 606-255-9500

202 WEST MAIN STREET
FRANKFORT, KENTUCKY 40601
TELEPHONE 502-227-4000

1701 PENNSYLVANIA AVENUE N.W.
WASHINGTON, D.C. 20006
TELEPHONE 202-956-7680

700 EAST WASHINGTON STREET
CHARLES TOWN, WEST VIRGINIA 25414
TELEPHONE 304-728-6088

August 28, 1991

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

Ladies and Gentlemen:

We are bond counsel to Union Public Service District (the "Governmental Agency"), a duly organized and presently existing public corporation under the laws of the State of West Virginia.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement, dated August 28, 1991, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of Union Public Service District Sewerage System Revenue Bonds, 1991 Series A of the Governmental Agency, dated August 28, 1991 (the "1991 Series A Bonds"), and the Union Public Service District Sewerage System Revenue Bonds, 1991 Series B of the Governmental Agency, dated August 28, 1991 (the "1991 Series B Bonds") to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The 1991 Series A Bonds are in the principal amount of $2,139,656, issued in the form of one bond registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, beginning October 1, 1991, at the respective rate and with principal payable in installments on October 1 in each of the years 1992 through 2029, inclusive, all as set forth in Exhibit A incorporated in and made a part of the 1991 Series A Bonds. The 1991 Series B Bonds are in the principal amount of $4,229,604 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 in October 1, 1991, at the respective rate and with principal payable in installments on October 1 in each of the years 1993 through 2031, inclusive, all as set forth in Exhibit A incorporated in and made a part of the 1991 Series B Bonds.

The 1991 Series A Bonds and the 1991 Series B Bonds are issued for the purposes of paying a portion of the costs of refinancing certain indebtedness of the District and the costs of acquiring and constructing certain improvements and extensions to the existing public sewerage system for the Governmental Agency, and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Local Statute"), under which the 1991 Series A Bonds and the 1991 Series B Bonds are issued, and the Loan Agreement that has been undertaken, including all schedules and exhibits to the Loan Agreement. The 1991 Series A Bonds and the 1991 Series B Bonds have been authorized by a Bond Resolution (the "Resolution") and a Supplemental Resolution duly passed by the Governmental Agency on August 27, 1991, effective August 27, 1991, (collectively the "Local Act"), which contain provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement. The 1991 Series A Bonds and the 1991 Series B Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan 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 corporation 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 1991 Series A Bonds and the 1991 Series B Bonds, all under the Local Statute and other applicable provisions of law.

4. The Governmental Agency has legally and effectively adopted the Local Act and all other necessary resolutions and orders in connection with the issuance and sale of the 1991 Series A Bonds and the 1991 Series B Bonds.

5. The 1991 Series A Bonds and the 1991 Series B Bonds are valid and legally enforceable special obligations of the Governmental Agency, payable from the net revenues of the System referred to in the Local Act and are secured by a first lien on and pledge of the net revenues of said System. The 1991 Series C Bonds, as defined in the Local Act, are junior, subordinate and inferior to the lien on the net revenues in favor of the 1991 Series A Bonds and the 1991 Series B Bonds, 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 1991 Series A Bonds and the 1991 Series B Bonds, as provided in the Local Act.

7. The interest on the 1991 Series A Bonds and the 1991 Series B Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. The opinion set forth in the preceding sentence is subject to the condition that the Governmental Agency comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the 1991 Series A Bonds and the 1991 Series B Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the 1991 Series A Bonds and the 1991 Series B Bonds to be includable in gross income retroactive to the date of issuance of the 1991 Series A Bonds and the 1991 Series B Bonds. The Governmental Agency has covenanted to comply with all such requirements. We express no opinion regarding other federal tax consequences with respect to the 1991 Series A Bonds and the 1991 Series B Bonds.

8. The 1991 Series A Bonds and the 1991 Series B Bonds and the interest thereon are, by the Local Statute,

exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

It is to be understood that the rights of the holders of the 1991 Series A Bonds and the 1991 Series B Bonds and the enforceability of the 1991 Series A Bonds and the 1991 Series B Bonds, and the Local Act may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that such enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined executed 1991 Series A Bonds and the 1991 Series B Bonds numbered AR-1 and BR-1 respectively, and in our opinion the form of said bonds and their execution and authentication are regular and proper.

Very truly yours,

Jackson & Kelly

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August 28, 1991

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

Ladies and Gentlemen:

We are bond counsel to Union Public Service District (the "Governmental Agency"), a public corporation created and existing under the laws of, and a political division of, the State of West Virginia.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement, dated August 28, 1991 (the "Supplemental Loan Agreement'), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority"), and (ii) the issue of the Union Public Service District Subordinate Sewerage System Revenue Bonds 1991 Series C of the Governmental Agency, dated August 28, 1991 (the "1991 Series C Bonds"), to be purchased by the Authority in accordance with the provisions of the Supplemental Loan Agreement. The 1991 Series C Bonds are in the principal amount of $237,602, 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 1992 through 2031, inclusive, all as set forth in Exhibit A incorporated in and made a part of the 1991 Series C Bonds.

The Supplemental Loan Agreement is supplemental to a loan agreement dated August 28, 1991, also between the Governmental Agency and the Authority (the "Loan Agreement"). The 1991 Series C Bonds are junior, subordinate and inferior as to lien and source of and security for payment to the Union Public Service District Sewerage System Revenue Bonds, 1991 Series A and the Union Public Service District Sewerage System Revenue Bonds, 1991 Series B, issued pursuant to the Loan Agreement (the "Local Bonds"), which Local Bonds are issued simultaneously herewith.

The 1991 Series C Bonds are issued, together with the Local Bonds, for the purpose of refinancing certain indebtedness of the District, acquiring and constructing certain improvements and extensions to the existing sewerage collection and transportation system of the Governmental Agency, and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Local Statute"), under which the 1991 Series C Bonds are issued, and the Supplemental Loan Agreement that has been undertaken, including all schedules and exhibits to the Supplemental Loan Agreement. The 1991 Series C Bonds have been authorized by a bond resolution (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 1991 Series C 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 public corporation created and existing under the laws of, and a 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 1991 Series C Bonds, all under the Local Statute and other applicable provisions of law.

4. The Governmental Agency has legally and effectively adopted the Local Act and all other necessary resolutions and orders in connection with the issuance and sale of the 1991 Series C Bonds.

5. The 1991 Series C 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 second lien on and pledge of the net revenues of said System, all in accordance with the terms of the 1991 Series C Bonds and the Local Act, and have been duly issued and delivered to the Authority. Said lien and pledge are junior, subordinate and inferior to that created for the Local Bonds.

6. The Governmental Agency has reserved the right to issue additional bonds ranking on a parity with the 1991 Series C Bonds, as provided in the Local Act.

7. The 1991 Series C Bonds are, by statute, exempt from direct 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 1991 Series C Bonds under any applicable bankruptcy, insolvency, moratorium or other laws affecting creditors rights.

We have examined executed 1991 Series C 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,

Jackson & Kelly

1166H

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August 28, 1991

Public Service Board
Union Public Service District
5110 Washington Street, W.
Charleston, West Virginia 25312

Re: Union Public Service District Sewerage System Revenue Bonds, 1991 Series A and 1991 Series B

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of the Union Public Service District Sewerage System Revenue Bonds, 1991 Series A and 1991 Series B (the "Bonds"), in the aggregate principal amount of $6,369,260, of the Union Public Service District (the "District"), a political subdivision organized and existing under the laws of the State of West Virginia, and a Certificate as to Non-Arbitrage executed by Robert H. Brick, Chairman of the District on this date. In the Certificate as to Non-Arbitrage, the District represented that the proceeds of the issuance of the Bonds will not be used in a manner that would cause the Bonds to be an "arbitrage bond" within the meaning of Section 148 of the Internal Revenue Code of 1986 (the "Code").

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

Assuming compliance with the certifications, representations, warranties and covenants contained in such Certificate as to Non-Arbitrage, under existing statutes, regulations, rulings and court decisions, the proceeds from the sale of the Bonds deposited in the Construction Trust Fund

described in such Certificate as to Non-Arbitrage will not be subject to rebate to the United States under Section 148(f) of the Code.

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

The opinions set forth above are subject to the condition that the District comply with all requirements of the Code relating to arbitrage that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The District has convenanted to comply with all such requirements. Failure to comply with such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

Very truly yours,

Jackson & Kelly

1168H

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August 28, 1991

West Virginia Water Development
Authority
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Charleston, WV 25322

RE: Union Public Service District,
$2,139,656 Sewerage System Revenue Bonds,
1991 Series A.

$4,229,604 Sewerage System Revenue Bonds,
1991 Series B

$237,602 Subordinate Sewerage System Revenue
Bonds, 1991 Series C

Ladies and Gentlemen:

I am counsel to Union Public Service District (the "District"). As such counsel, I have examined copies of the approving opinions of Jackson & Kelly, as bond counsel, relating to the above-captioned bonds of the District (the "Bonds"), the Loan Agreement and Supplemental Loan Agreement by and between the West Virginia Water Development Authority (the "Authority") and the District, both dated August 28, 1991, and a Bond Resolution duly adopted by the Public Service Board of the District on August 27, 1991, as supplemented by a Supplemental Resolution adopted August 27, 1991 (collectively, the "Resolution"), and other documents relating to the Bonds. Terms used in said opinions, the Loan Agreement, Supplemental Loan Agreement and Resolution and not otherwise defined herein have the same meanings herein.

I am of the opinion that:

1. The Loan Agreement and Supplemental Loan Agreement have been duly authorized, executed and delivered by the District and, assuming due authorization, execution and delivery by the Authority, constitute valid and binding agreements of District in accordance with their terms.

2. The members of the Public Service Board were duly and properly appointed and are thereby authorized to act on behalf of the District.

3. The Resolution has been duly adopted by the Public Service Board of the District and is in full force and effect.

4. The District has obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the issuance of the Bonds, construction of the Project and imposition of rates and charges and has or will take any and all other action required for the imposition of such rates and charges and has obtained from the necessary parties waivers with regard to the period for appeal from such orders.

5. The execution and delivery of the Bonds and the Loan Agreement and Supplemental Loan Agreement and the consummation of the transactions contemplated by the Loan Agreement or the Supplemental 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 District a breach of or default under any agreement or other instrument to which the District is a party or any existing law, regulation, court order or consent decree to which the District is subject.

6. The District has obtained or will obtain all the necessary permits, licenses, approvals and authorizations that are presently necessary to construct the Project.

7. The District currently has two formal complaints pending against it before the West Virginia Public Service Commission and has entered into a Consent Decree with the West Virginia Division of Natural Resources, however, these matters in the opinion of counsel should not adversely effect the transactions contemplated by or the validity of the Bonds. After reasonable diligence, to the best of my knowledge, there is no other action, suit, proceeding or investigation at law or in equity before or by any court, public council or body, pending or threatened, wherein an

unfavorable decision, ruling or finding would adversely affect the transactions contemplated by or the validity of the Bonds or the collection or pledge of the revenues.

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

Sincerely,

H. Wyatt Hanna, III

HWHIII/rD

cc: Mr. Bob Brick, Chairman
Mr. Joe W. Williams, Commissioner
Dr. Charles C. Warner, Jr., Commissioner
Mr. William Carter, Manager
Mr. Dan Selby
Mr. Jim Downey

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August 28, 1991

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West Virginia Water Development
Authority
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Dunbar, WV 25064

Jackson & Kelly
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RE: Union Public Service District,
$2,139,656 Sewerage System Revenue Bonds,
1991 Series A.

$4,229,604 Sewerage System Revenue Bonds,
1991 Series B

$237,602 Subordinate Sewerage System Revenue
Bonds, 1991 Series C

Ladies and Gentlemen:

I have served as counsel to Union Public Service District (the "Issuer") in regard to certain matters concerning the Public Service Commission of West Virginia (the "PSC"). I was active in obtaining the Issuer's Certificate of Convenience and Necessity granted by the Recommended Decision of the PSC dated July 19, 1991, which with certain amendments became the Final Order of the PSC on August 27, 1991. I am also familiar with the rates adopted by the Board of the Public Service District on August 27, 1991. Pursuant to the above-noted documents, I am of the opinion as follows:

1. The Issuer has received a Certificate of Convenience and Necessity from the Public Service Commission of West Virginia (Case No. 90-660-PSD-CN) and said Certificate is in full force and effect. The time for appeal of the Final Order of the PSC has not expired prior to the date hereof. However, the Commission staff has stated in a letter dated August 27, 1991, that it does not intend to appeal such Order. By letter dated August 27, 1991, the Goff Mountain Road Association, by counsel, intervenor in Case No. 90-660-PSD-CN, stated it does not intend to appeal such Order. The District does not intend to appeal such Order. Such Order is not subject to appeal by any other person.

2. The rates adopted on August 27, 1991, were duly adopted by the Board of the Issuer and will become effective upon the award of contracts for the Project.

3. The Issuer has the authority under Article 13A of Chapter 16 of the West Virginia Code to adopt the rates which have been approved by the Public Service Commission and the revenues from said rates may be used to pay the debt service on the above-noted bonds and the operation and maintenance cost of the system.

This opinion may be relied upon as if addressed to all counsel.

Sincerely,

H. Wyatt Hanna, III

HWHIII/rb

cc: Bob Brick
Joe Williams
Dr. Charles Warner
Dan Selby
Jim Downey