

**\$284,652**  
**UNION-WILLIAMS PUBLIC SERVICE DISTRICT**  
**SERIES 2007**  
**(WEST VIRGINIA INFRASTRUCTURE FUND)**

**Date of Closing: March 29, 2007**



**UNION-WILLIAMS PUBLIC SERVICE DISTRICT  
SERIES 2007 (WEST VIRGINIA INFRASTRUCTURE FUND)**

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LLP, Bond Counsel
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**UNION-WILLIAMS PUBLIC SERVICE DISTRICT**

**SEWER REVENUE BONDS,**

**SERIES 2007 (WEST VIRGINIA INFRASTRUCTURE FUND)**

**BOND RESOLUTION**

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# UNION-WILLIAMS PUBLIC SERVICE DISTRICT

## BOND RESOLUTION

RESOLUTION AUTHORIZING THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWER SYSTEM OF UNION-WILLIAMS PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY UNION-WILLIAMS PUBLIC SERVICE DISTRICT OF NOT MORE THAN TWO HUNDRED EIGHTY-FOUR THOUSAND SIX HUNDRED FIFTY-TWO DOLLARS (\$284,652.00) IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2007 (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY ACTING ON BEHALF OF THE WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

## ARTICLE I

### STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution (together with any order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is adopted pursuant to the provisions of Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A. Union-Williams Public Service District (the "Issuer") is a public service district, public corporation and political subdivision of the State of West Virginia in Wood and Pleasants Counties of said State.

B. The Issuer presently owns and operates a public sewer system. However, it was previously deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed certain extensions, additions, betterments and improvements to the Issuer's existing sewer system, including the extensions, additions, betterments and improvements described in Exhibit A hereto (collectively, the "Project") (the Issuer's existing sewer system, the Project and any further additions, extensions, betterments and improvements thereto are herein called the "System") in accordance with the plans and specifications prepared by Cerrone Associates, Inc., Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer. In order to finance a portion of the costs of the Project, the Issuer previously issued its Sewer Revenue Bonds, Series 2004A (West Virginia SRF Program) (the "Series 2004A Bonds") in the aggregate principal amount of \$15,596,291 and its Sewer Revenue Bonds, Series 2004B (West Virginia Infrastructure Fund) in the aggregate principal amount of \$1,900,000 (the "Series 2004B Bonds").

C. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of the System, the principal of and interest on the Series 2007 Bonds and the Prior Bonds and all Sinking Funds, Reserve Accounts and other payments provided for herein, all as such terms are hereinafter defined.

D. It is now deemed necessary for the Issuer to issue its Series 2007 Bonds in the aggregate principal amount of not more than \$284,652, in one series, being the Sewer Revenue Bonds, Series 2007 (West Virginia Infrastructure Fund) (the "Series 2007 Bonds"), to permanently finance a portion of the remaining costs 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; interest upon the Series 2007 Bonds prior to and during construction and acquisition and for a period not exceeding 6 months after completion of construction of the Project; amounts which may be deposited in the Series 2007 Bonds Reserve Account; engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to

determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2007 Bonds, and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2007 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes, shall be deemed Costs of the Project, as hereinafter defined.

E. The estimated maximum cost of the acquisition and construction of the Project and issuance of the Series 2007 Bonds, the Series 2004A Bonds and the Series 2004B Bonds is \$18,416,686, of which \$500,000 has been or will be paid with a West Virginia Infrastructure and Jobs Development Council Grant, \$101,660 has been or will be reimbursed by the West Virginia Department of Highways (the "DOH Reimbursement"), \$34,083 is anticipated to be paid with a contribution from the Town of North Hills (the "North Hills Contribution"), \$15,596,291 has been or will be paid with the proceeds of the Series 2004A Bonds, \$1,900,000 has been or will be paid with the proceeds of the Series 2004B Bonds, and the balance of which will be permanently financed with the proceeds of the Series 2007 Bonds herein authorized.

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

G. It is in the best interest of the Issuer that its Series 2007 Bonds be issued and sold to the West Virginia Water Development Authority (the "Authority") pursuant to the terms and provisions of a loan agreement between the Issuer and the Authority acting on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (the "Loan Agreement"), the execution, delivery and form of which is ratified and approved herein, to pay remaining costs of the Project.

H. There are outstanding obligations of the Issuer which will initially rank prior and senior to the Series 2007 Bonds as to liens and sources of and security for payment, which obligations are designated and have the lien positions, together with the Series 2007 Bonds, as follows:

<u>Designation</u>	<u>Lien Position</u>
Sewerage System Revenue Bonds, Series 1991, dated April 16, 1991, issued in the original aggregate principal amount of \$540,000 (the "Series 1991 Bonds")	First Lien
Sewer Revenue Bonds, Series 2000 (West Virginia SRF Program), dated December 15, 2000, issued in the original aggregate principal amount	First Lien

of \$412,000 (the "Series 2000 Bonds")

Sewer Revenue Bonds, Series 2004A  
(West Virginia SRF Program), dated  
February 19, 2004, issued in the  
original aggregate principal amount  
of \$15,596,291 (the "Series 2004A Bonds")

First Lien

Sewer Revenue Bonds, Series 2004B  
(West Virginia Infrastructure Fund), dated  
February 19, 2004, issued in the  
original aggregate principal amount  
of \$1,900,000 (the "Series 2004B Bonds")

First Lien

Series 2007 Bonds

Second Lien\*

\*The Series 2007 Bonds will initially be in a second lien position subject to being elevated to a first lien, parity position as provided herein.

The Series 2007 Bonds shall be issued on parity with each other and initially junior and subordinate to the Series 1991 Bonds, the Series 2000 Bonds, the Series 2004A Bonds and the Series 2004B Bonds (collectively, the "Prior Bonds") with respect to liens, pledges and sources of and security for payment and in all other respects. The Issuer hereby covenants with the Holder of the Series 2007 Bonds to take all reasonable actions to fulfill all requirements for the Series 2007 Bonds to be on parity with the Prior Bonds. Upon the Series 2007 Bonds becoming on parity with the Prior Bonds, the Issuer shall deliver a certificate (the "Parity Certificate") to the Authority, the Council, the Commission and the other Holders of the Prior Bonds that all requirements for the Series 2007 Bonds to be on parity with the Prior Bonds have been fulfilled and that, accordingly, the Series 2007 Bonds are on parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by the revenues or assets of the System.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the planning, development, design, acquisition, construction and operation of the Project and the System and issuance of the Series 2007 Bonds or will have so complied prior to issuance of any thereof, including, among other things, the approval of the Project and the financing thereof by the West Virginia Infrastructure and Jobs Development Council (the "Council"), and the obtaining of a Certificate of Public Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which has expired prior to the issuance of the Bonds or has been waived by all necessary parties.

J. The Project has been approved by the Council as required under Chapter 31, Article 15A of the West Virginia Code of 1931, as amended.

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

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

“Act” means, collectively, Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

“Authority” means the West Virginia Water Development Authority, or any other agency of the State of West Virginia that succeeds to the functions of the Authority, which is expected to be the original purchaser of the Series 2007 Bonds.

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

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

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

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

“Bonds” means, collectively, the Prior Bonds, Series 2007 Bonds and, where appropriate, any bonds on parity therewith authorized to be issued hereunder or by another resolution of the Issuer.

“Certificate of Authentication and Registration” means the certificate of authentication and registration on the Series 2007 Bonds in substantially the form set forth in the bond form contained herein.

“Chairman” means the Chairman of the Governing Body of the Issuer or any temporary Chairman duly appointed by the Governing Body.

“Closing Date” means the date upon which there is an exchange of the Series 2007 Bonds for an advance of more than a de minimis amount of the principal of the Series 2007 Bonds by the Authority.

“Code” means the Internal Revenue Code of 1986, as amended and supplemented from time to time, and the Regulations.

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

“Consulting Engineers” means Cerrone Associates, Inc., or any qualified engineer or firm of professional engineers, licensed by the State, who shall not be a regular, full-time employee of the State or any of its agencies, commissions or political subdivisions, that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended.

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

“Council” means the West Virginia Infrastructure and Jobs Development Council or any successor thereof.

“DEP” means the West Virginia Department of Environmental Protection or any agency, board or department of the State that succeeds to the functions of the DEP.

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

“Event of Default” means any occurrence or event specified in Section 9.01.

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

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

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

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

“Grant” means the \$500,000 West Virginia Infrastructure and Jobs Development Council Grant for the Project.

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

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

“I/A Future Connection Fund” means the Union-Williams Public Service District I/A Future Connection Fund established by the Series 1991 Bonds Resolution.

“Independent Certified Public Accountants” shall mean any public accountant or certified public accountant or firm of public accountants or 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.

“Issuer” means Union-Williams Public Service District, a public service district, public corporation and political subdivision of the State of West Virginia, in Wood and Pleasants Counties, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

“Loan Agreement” shall mean the Loan Agreement entered into or to be entered into by and between the Issuer and the Authority on behalf of the Council, providing for the purchase of the Series 2007 Bonds from the Issuer by the Authority, attached hereto as Exhibit B, the form of which is approved, and the execution and delivery by the Issuer are authorized and directed by Section 3.11 hereof and by the Supplemental Resolution..

“Net Proceeds” means the face amount of the Series 2007 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series 2007 Bonds Reserve Account, if any. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2007 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.

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

“Outstanding,” when used with reference to Bonds 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 and (iv) for purposes of consents or other action by a specified percentage of Bondholders, Bonds registered to the Issuer.

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

“Parity Certificate” means the Parity Certificate described in Section 1.02(H).

“Paying Agent” means the Commission, or such other entity or authority as may be designated by the Issuer.

“Prior Bonds” means the Series 1991 Bonds, the Series 2000 Bonds and the Series 2004 Bonds.

“Prior Bonds Reserve Accounts” means the Reserve Accounts established for the Prior Bonds in the Prior Resolutions.

“Prior Bonds Sinking Funds” means the Sinking Funds established for the Prior Bonds in the Prior Resolutions.

“Prior Resolutions” means the Series 1991 Bonds Resolution, the Series 2000 Bonds Resolution and the Series 2004 Bonds Resolution.

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

“Project” means the acquisition and construction of certain extensions, additions, betterments and improvements to the Issuer’s existing sewer system, as described in Exhibit A attached hereto.

“Qualified Investments” means and includes any of the following:

(a) Government Obligations;

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

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

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

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

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

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

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

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

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

"Registrar" means the Bond Registrar.

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

"Reserve Accounts" means, collectively, the respective Reserve Accounts established for the Series 2007 Bonds and the Prior Bonds.

“Reserve Requirement” means, collectively, the respective amount required to be on deposit in the Reserve Accounts for the Series 2007 Bonds and Prior Bonds.

“Revenue Fund” means the Revenue Fund established or continued by Section 5.01 hereof.

“Secretary” means the Secretary of the Governing Body of the Issuer.

“Series 1991 Bonds” means the Issuer’s Sewerage System Revenue Bonds, Series 1991, dated April 16, 1991, issued in the original aggregate principal amount of \$540,000 and purchased by the United States Department of Agriculture.

“Series 1991 Bonds Resolution” means the Bond Resolution adopted by the Issuer on April 16, 1991, authorizing the issuance of the Series 1991 Bonds, as supplemented and amended.

“Series 2000 Bonds” means the Issuer’s Sewer Revenue Bonds, Series 2000 (West Virginia SRF Program), dated December 15, 2000, issued in the original aggregate principal amount of \$412,000.

“Series 2000 Bonds Resolution” means the Bond Resolution adopted on December 13, 2000, authorizing the issuance of the Series 2000 Bonds, as supplemented and amended.

“Series 2004 Bonds” means collectively the Series 2004A Bonds and the Series 2004B Bonds.

“Series 2004 Bonds Resolution” means the Bond Resolution adopted on February 11, 2004, authorizing the issuance of the Series 2004 Bonds, as supplemented and amended.

“Series 2004A Bonds” means the Issuer’s Sewer Revenue Bonds, Series 2004A (West Virginia SRF Program), dated February 19, 2004, issued in the original aggregate principal amount of \$15,596,291.

“Series 2004B Bonds” means the Issuer’s Sewer Revenue Bonds, Series 2004B (West Virginia Infrastructure Fund), dated February 19, 2004, issued in the original aggregate principal amount of \$1,900,000.

“Series 2007 Bonds” means the Sewer Revenue Bonds, Series 2007 (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution, the original aggregate principal amount of which shall be as set forth in the Supplemental Resolution.

“Series 2007 Bonds Construction Trust Fund” means the Series 2007 Bonds Construction Trust Fund established by Section 5.01 hereof.

“Series 2007 Bonds Reserve Account” means the Series 2007 Bonds Reserve Account established in the Series 2007 Bonds Sinking Fund pursuant to Section 5.02 hereof.

“Series 2007 Bonds Reserve Requirement” means, as of any date of calculation, the maximum amount of principal and interest, if any, which will become due on the Series 2007 Bonds in the then concurrent or any succeeding year.

“Series 2007 Bonds Sinking Fund” means the Series 2007 Bonds Sinking Fund established by Section 5.02 hereof.

“SRF Administrative Fee” means any administrative fee required to be paid under the Loan Agreement relating to the Series 2004A Bonds.

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

“State” means the State of West Virginia.

“Supplemental Resolution” means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article “the,” refers specifically to the Supplemental Resolution authorizing the sale of the Series 2007 Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2007 Bonds and not so included may be included in another Supplemental Resolution.

“Surplus Revenues” means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds or any other obligations of the Issuer, as further defined in Section 5.03(B) hereof.

“System” means the complete properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, in its entirety or any integral part thereof, of the Issuer, and shall include the Project and any improvements or extensions thereof, both within and without said Issuer.

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

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

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 enactment of this Resolution.

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

## ARTICLE II

### AUTHORIZATION AND RATIFICATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization and Ratification of Acquisition and Construction of the Project. There are hereby authorized and ratified the acquisition and construction of the Project, at an estimated cost of \$18,416,686, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The foregoing Project costs, including without limitation costs associated with the issuance of the Series 2007 Bonds, not paid with the proceeds of the Grant or the Series 2004 Bonds shall be paid with the proceeds of the Series 2007 Bonds. The proceeds of the Series 2007 Bonds hereby authorized shall be applied as provided in Article VI hereof.

The Issuer has received bids and has entered into or will enter into contracts for the acquisition and construction of the Project, which are in an amount and otherwise compatible with the financing plan submitted to the Authority, SRF Program and the Council.

The Cost of the Project, including without limitation the costs of issuing the Series 2007 Bonds, is estimated not to exceed \$18,416,686, which is to be paid with the proceeds of the Series 2004 Bonds, the Series 2007 Bonds, the Grant, the DOH Reimbursement and the North Hills Contribution.

## ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2007 Bonds, funding a reserve account for the Series 2007 Bonds, paying the Costs of the Project not otherwise provided for, and paying certain costs of issuance of the Series 2007 Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 2007 Bonds of the Issuer, in an aggregate principal amount of not more than \$284,652. The Series 2007 Bonds shall be issued in one series to be designated "Sewer Revenue Bonds, Series 2007 (West Virginia Infrastructure Fund)," and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2007 Bonds remaining after the funding of the Series 2007 Bonds Reserve Account (if funded from the Bond proceeds), capitalization of interest, if any, shall be deposited in or credited to the respective Series 2007 Bonds Construction Trust Funds established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2007 Bonds shall be issued in such principal amount not to exceed \$284,652 in the aggregate; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2007 Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2007 Bonds shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2007 Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2007 Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2007 Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2007 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 Series 2007 Bonds shall cease to be such officer of the Issuer before the Series 2007 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2007 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2007 Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Series 2007 Bond shall be conclusive evidence that such Series 2007 Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2007 Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2007 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting any of said Bonds shall be conclusively deemed to have agreed that such Series 2007 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bond shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 2007 Bonds remain Outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain the books for the registration and transfer of the Bonds.

The registered Series 2007 Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto, together with a written instrument of transfer satisfactory to the Bond Registrar, duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2007 Bonds or transferring the registered Series 2007 Bonds are exercised, Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2007 Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 2007 Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange

or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 2007 Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2007 Bonds or, in the case of any proposed redemption of Series 2007 Bonds, next preceding the date of the selection of Series 2007 Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2007 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided and amounts, if any, in the Series 2007 Bonds Sinking Fund and the Series 2007 Bonds Reserve Account. No holder or holders of any of the Series 2007 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2007 Bonds or the interest thereon, if any.

Section 3.08. Series 2007 Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Prior Bonds. The payment of the debt service of all the Series 2007 Bonds shall be secured equally and ratably with each other initially by a second lien on the Net Revenues derived from the System, subordinate and junior to the lien on the Net Revenues in favor of the Holders of the Prior Bonds, until such time as the Parity Certificate described in paragraph 1.02(H) has been delivered after which time the payment of the debt service of all of the Series 2007 Bonds shall be secured by a first lien on the Net Revenues derived from the System on parity with the lien on the Net Revenue in favor of the Holders of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 2007 Bonds and the Prior Bonds and to make the payments into all funds and accounts either existing or hereinafter established are hereby irrevocably pledged to the payment of the principal of and interest on the Series 2007 Bonds and Prior Bonds as the same become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2007 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2007 Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2007 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2007 Bonds to the original purchasers;

C. An executed and certified copy of the Bond Legislation;

D. An executed copy of the Loan Agreement; and

E. The approving opinion of bond counsel on the Series 2007 Bonds.

Section 3.10. Form of Series 2007 Bonds. The text of the Series 2007 Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[Form of Series 2007 Bond]

**UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
UNION-WILLIAMS PUBLIC SERVICE DISTRICT  
SEWER REVENUE BOND,  
SERIES 2007  
(WEST VIRGINIA INFRASTRUCTURE FUND)**

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

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

KNOW ALL MEN BY THESE PRESENTS: That UNION-WILLIAMS PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Wood and Pleasants Counties of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of \_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as Exhibit A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing on September 1, 2031, as set forth on the "Debt Service Schedule" attached as Exhibit B hereto and incorporated herein by reference.

This Bond shall bear no 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 only be redeemed prior to its stated date of maturity in whole or in part but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council") and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, acting on behalf of the Council, dated \_\_\_\_\_, 20\_\_.

This Bond is issued (i) to permanently finance a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewer system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public sewer system of the Issuer, the Project and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Resolution duly adopted by the Issuer on \_\_\_\_\_, 2007 (the "Bond Resolution") and a Supplemental Resolution duly adopted by the Issuer on \_\_\_\_\_, 2007 (collectively called the "Bond

Legislation”), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other securities provided for the Bonds of this Series (the “Bonds”) under the Bond Legislation.

THIS BOND IS ISSUED INITIALLY SUBORDINATE AND JUNIOR WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH (1) THE SEWERAGE SYSTEM REVENUE BONDS, SERIES 1991, OF THE ISSUER, DATED APRIL 16, 1991, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$540,000 (THE “SERIES 1991 BONDS”); (2) THE SEWER REVENUE BONDS, SERIES 2000 (WEST VIRGINIA SRF PROGRAM), OF THE ISSUER, DATED DECEMBER 15, 2000, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$412,000 (THE “SERIES 2000 BONDS”); (3) THE SEWER REVENUE BONDS, SERIES 2004A (WEST VIRGINIA SRF PROGRAM), OF THE ISSUER, DATED FEBRUARY 19, 2004, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$15,596,291 (THE “SERIES 2004A BONDS”), AND (4) THE SEWER REVENUE BONDS, SERIES 2004B (WEST VIRGINIA INFRASTRUCTURE FUND), OF THE ISSUER, DATED FEBRUARY 19, 2004, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$1,900,000 (COLLECTIVELY, THE “PRIOR BONDS”), PROVIDED THAT, UPON THE DELIVERY OF THE PARITY CERTIFICATE DESCRIBED IN SECTION 1.02(H) OF THE BOND RESOLUTION DESCRIBED ABOVE, THE BONDS SHALL BE ON PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE PRIOR BONDS.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the System, initially subordinate and junior to the pledge of the Net Revenues in favor of the holders of the Prior Bonds, provided that, upon the delivery of the Parity Certificate described in Section 1.02(H) of the Bond Resolution described above, the Bonds shall be on parity with the Prior Bonds with respect to the pledge of the Net Revenues, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the “Series 2007 Bonds Reserve Account”), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2007 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues senior to or on a parity with the Bonds, including the Prior Bonds, provided however, that so long as there exists in the Series 2007 Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will

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

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

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

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

In accordance with the requirements of the United States Department of Agriculture, this Bond will be in default should any proceeds of this Bond be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to provide an agricultural commodity.

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 do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

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

IN WITNESS WHEREOF, the UNION-WILLIAMS 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 \_\_\_\_\_, 2007.

UNION-WILLIAMS PUBLIC SERVICE DISTRICT

[SEAL]

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary

(Form of)

**CERTIFICATE OF AUTHENTICATION AND REGISTRATION**

This Bond is one of the Series 2007 Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

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

\_\_\_\_\_,  
as Registrar

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

**EXHIBIT A**

**RECORD OF ADVANCES**

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

Total \$ \_\_\_\_\_

**EXHIBIT B**

**DEBT SERVICE SCHEDULE**

(Form of)

**ASSIGNMENT**

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

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

Dated: \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_

In the presence of:

\_\_\_\_\_

Section 3.11. Sale of Series 2007 Bonds; Approval and Ratification of Execution of Loan Agreement with Authority. The Series 2007 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. The Loan Agreement, including all schedules and exhibits attached thereto, is hereby approved and ratified. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement substantially in the form attached hereto as Exhibit B and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.12. Series 2007 Bonds are Issued Initially Junior and Subordinate to Prior Bonds; Issuer to Take All Reasonable Actions for Series 2007 Bonds to Be on Parity with Prior Bonds. The Series 2007 Bonds are issued and shall initially be junior and subordinate to the Prior Bonds. The Issuer hereby covenants with the Holder of the Series 2007 Bonds to take all reasonable actions to fulfill all requirements for the Series 2007 Bonds to be on parity with the Prior Bonds. Upon the Series 2007 Bonds becoming on parity with the Prior Bonds, the Issuer shall deliver the Parity Certificate to the Authority, the Council, the Commission and the other Holders of the Prior Bonds stating that all requirements for the Series 2007 Bonds to be on parity with the Prior Bonds have been fulfilled and that, accordingly, the Series 2007 Bonds are on parity with the Prior Bonds.

Section 3.13. Filing of "Amended Schedule". Upon completion of acquisition and construction of the Project, the Issuer will file with the DEP, the Council and the Authority an amended schedule, the form of which will be provided by the DEP and the Council, setting forth the actual costs of the Project and sources of funds therefor.

**ARTICLE IV**

**[RESERVED]**

## ARTICLE V

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

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

- A. Revenue Fund (established by the Series 1991 Bonds Resolution);
- B. Sewerage System Reserve Account (established by the Series 1991 Bonds Resolution);
- C. Renewal and Replacement Fund (created by the Series 1991 Bonds Resolution);
- D. I/A Future Connection Fund (created by the Series 1991 Bonds Resolution); and
- E. Series 2007 Bonds Construction Trust Fund.

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

- A. Series 2000 Bonds Sinking Fund (created by the Series 2000 Bonds Resolution);
- B. Within the Series 2000 Bonds Sinking Fund, the Series 2000 Bonds Reserve Account (created by the Series 2000 Bonds Resolution);
- C. Series 2004A Bonds Sinking Fund (created by the Series 2004 Bonds Resolution);
- D. Within the Series 2004A Bonds Sinking Fund, the Series 2004A Bonds Reserve Account (created by the Series 2004 Bonds Resolution);
- E. Series 2004B Bonds Sinking Fund (created by the Series 2004 Bonds Resolution);
- F. Within the Series 2004B Bonds Sinking Fund, the Series 2004B Bonds Reserve Account (created by the Series 2004 Bonds Resolution);
- G. Series 2007 Bonds Sinking Fund; and

H. Within the Series 2007 Bonds Sinking Fund, the Series 2007 Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds.

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

1. The Issuer shall first each month pay from the monies in the Revenue Fund all current Operating Expenses of the System.

2. The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the National Finance Office the amount required by the Series 1991 Bonds Resolution for payment of interest on the Series 1991 Bonds.

3. The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the National Finance Office the amount required by the Series 1991 Bonds Resolution for payment of principal of the Series 1991 Bonds; (ii) remit to the Commission for deposit in the Series 2000 Bonds Sinking Fund the amount required by the Series 2000 Bonds Resolution for payment of principal of the Series 2000 Bonds; (iii) remit to the Commission for deposit in the Series 2004A Bonds Sinking Fund the amount required by the Series 2004 Bonds Resolution for payment of principal of the Series 2004A Bonds; (iv) remit to the Commission for deposit in the Series 2004B Bonds Sinking Fund the amount required by the Series 2004 Bonds Resolution for payment of principal of the Series 2004B Bonds; and (v) commencing on the latter of (a) the first day of the month following the date on which the Issuer has delivered the Parity Certificate, or (b) the date 3 months prior to the first principal payment date of the Series 2007 Bonds, remit to the Commission for deposit in the Series 2007 Bonds Sinking Fund, a sum equal to 1/3rd of the amount of principal which will mature and become due on the Series 2007 Bonds on the next ensuing quarterly principal payment date, provided, that in the event the period to elapse between the date of such initial deposit in the Series 2007 Bonds Sinking Fund and the next ensuing quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next ensuing quarterly principal payment date, the required amount of principal coming due on such date.

4. The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Depository Bank the amount required by the Series 1991 Bonds Resolution to be deposited in the Sewerage System Reserve Account with respect to the Series 1991 Bonds; (ii) remit to the Commission for deposit in the Series 2000 Bonds Reserve Account the amount required by the Series 2000 Bonds Resolution to be deposited therein; (iii) remit to the Commission for deposit in the Series 2004A Bonds Reserve Account the amount required by the Series 2004 Bonds Resolution to be deposited therein; (iv) remit to the Commission for deposit in the Series 2004B Bonds Reserve Account the amount required by the Series 2004 Bonds Resolution to be deposited therein; and (v) commencing on

the latter of (a) the date on which the Issuer has delivered the Parity Certificate, or (b) the first day of the month in which the Issuer is obligated to commence remitting principal payments to the Commission with respect to the Series 2007 Bonds pursuant to Section 5.03.A.3 above, remit to the Commission for deposit in the Series 2007 Bonds Reserve Account, if not fully funded upon issuance of the Series 2007 Bonds, an amount equal to 1/120 of the Series 2007 Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 2007 Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2007 Bonds Reserve Requirement; and provided that the Issuer shall deposit in the Series 2007 Bonds Reserve Account any monies remaining in the Sewerage System Reserve Account created by the Series 1991 Bonds Resolution after payment in full of the Series 1991 Bonds and any monies remaining in the Series 2000 Bonds Reserve Account created by the Series 2000 Bonds Resolution upon payment in full of the Series 2000 Bonds.

5. Prior to and until the date on which the Issuer has delivered the Parity Certificate and beginning 3 months prior to the first principal payment date of the Series 2007 Bonds, remit to the Commission for deposit in the Series 2007 Bonds Sinking Fund, a sum equal to 1/3rd of the amount of principal which will mature and become due on the Series 2007 Bonds on the next ensuing quarterly principal payment date, provided, that in the event the period to elapse between the date of such initial deposit in the Series 2007 Bonds Sinking Fund and the next ensuing quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next ensuing quarterly principal payment date, the required amount of principal coming due on such date.

6. Prior to and until the date on which the Issuer has delivered the Parity Certificate and commencing on the first day of the month in which the Issuer is obligated to commence remitting principal payments to the Commission with respect to the Series 2007 Bonds pursuant to Section 5.03.A.5 above, remit to the Commission for deposit in the Series 2007 Bonds Reserve Account, if not fully funded upon issuance of the Series 2007 Bonds, an amount equal to 1/120 of the Series 2007 Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 2007 Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2007 Bonds Reserve Requirement; and provided that the Issuer shall deposit in the Series 2007 Bonds Reserve Account any monies remaining in the Sewerage System Reserve Account created by the Series 1991 Bonds Resolution after payment in full of the Series 1991 Bonds and any monies remaining in the Series 2000 Bonds Reserve Account created by the Series 2000 Bonds Resolution upon payment in full of the Series 2000 Bonds.

7. The Issuer shall next, by the fifteenth of each month, so long as the Series 1991 Bonds remain Outstanding, transfer from the Revenue Fund to the I/A Future Connection Fund established by the Series 1991 Bonds Resolution, the amounts required by Section 4.02(B)(4) of the Series 1991 Bonds Resolution.

8. The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund to the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month (provided that, so long as the Series 1991 Bonds remain

Outstanding such sum shall not be less than \$575.00 each month), exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in any of the Reserve Accounts, except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof, shall be promptly eliminated with moneys from the Renewal and Replacement Fund, provided that, until delivery by the Issuer of the Parity Certificate, any such payments into the Series 2007 Bonds Reserve Account shall be junior and subordinate in all respects to payments into the Reserve Accounts for the Prior Bonds.

As further reflected in the flow of funds set forth above, the Series 2007 Bonds will initially be junior and subordinate to the Prior Bonds and, accordingly, prior to the date on which the Issuer has delivered the Parity Certificate, the deposits into the Series 2007 Bonds Sinking Fund and Series 2007 Bonds Reserve Account required by this Bond Legislation shall not be made until all deposits required by the Prior Resolutions to be made into the Prior Bonds Sinking Funds and the Prior Bonds Reserve Accounts have been made. On and after the date on which the Issuer has delivered the Parity Certificate, the Series 2007 Bonds will be on parity with the Prior Bonds as to liens and sources of and security for payment and, accordingly, on and after the date on which the Issuer has delivered the Parity Certificate, the deposits into the Series 2007 Bonds Sinking Fund and Series 2007 Bonds Reserve Account required by this Bond Legislation shall be made simultaneously with the deposits required by the Prior Resolutions to be made into the Prior Bonds Sinking Funds and the Prior Bonds Reserve Accounts, respectively.

Moneys in the Series 2007 Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2007 Bonds as the same shall become due. Moneys in the Series 2007 Bonds Reserve Account shall be used only for the purposes of paying principal of and interest, if any, on the Series 2007 Bonds, as the same shall come due, when other moneys in the Series 2007 Bond Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2007 Bonds Sinking Fund and the Series 2007 Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the respective Series 2007 Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2007 Bonds, respectively, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2007 Bonds Reserve Account which result in a reduction in the balance of the Series 2007 Bonds Reserve Account to below the Series 2007 Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the priority set forth above.

As and when additional Bonds ranking on a parity with the Series 2007 Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional Parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in a amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the Series 2007 Bonds Sinking Fund, or into the Series 2007 Bonds Reserve Account therein when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2007 Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

Principal, interest or reserve payments, whether made for a deficiency or otherwise shall initially be made on a first, prior and senior basis with respect to the Prior Bonds and all such payments with respect to the Series 2007 Bonds shall be junior and subordinate to the Prior Bonds in all respects until the delivery by the Issuer of the Parity Certificate, and on and after the date on which the Issuer has delivered the Parity Certificate, principal, interest or reserve payments, whether made for a deficiency or otherwise shall be made on a parity and pro rata with respect to the Prior Bonds and the Series 2007 Bonds in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2007 Bonds Sinking Fund and the Series 2007 Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority in writing at any time, the Issuer shall make the necessary arrangements whereby required payments into the Series 2007 Bonds Sinking Fund and the Series 2007 Bonds Reserve Account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 2007 Bonds Sinking Fund and the Series 2007 Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2007 Bonds Sinking Fund, including the Series 2007 Bonds Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2007 Bonds under the conditions and restrictions set forth herein.

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 the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

C. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month), deposit with the Commission the

required interest, principal and reserve account payments with respect to the Series 2007 Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

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

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

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

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

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

All Tap Fees shall be deposited by the Issuer, as received, in the Revenue Fund and may be used for any lawful purpose of the System.

## ARTICLE VI

### BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds.  
From the moneys received from the sale of any or all of the Series 2007 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2007 Bonds, there shall first be deposited with the Commission in the Series 2007 Bonds Sinking Fund, the amount, if any, specified in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2007 Bonds for the period commencing on the date of issuance of the Series 2007 Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 2007 Bonds, there shall be deposited with the Commission in the Series 2007 Bonds Reserve Account the sum, if any, set forth in the Supplemental Resolution for funding of the Series 2007 Bonds Reserve Account.

C. As the Issuer receives advances of the remaining moneys derived from the sale of such Series 2007 Bonds, such moneys shall be deposited with the Depository Bank in the Series 2007 Bonds Construction Trust Fund. The monies in the Series 2007 Bonds Construction Trust Fund shall be applied solely to payment of Costs of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 2007 Bonds.

D. After completion of construction of the Project, as certified by the Consulting Engineers, and all Costs have been paid, any remaining proceeds of the Series 2007 Bonds shall be expended as directed by the Authority and the Council.

### Section 6.02. Disbursements From the Series 2007 Bonds Construction Trust Fund.

The Issuer shall each month provide the Council with a requisition for the costs incurred for the Project together with such documentation as the Council shall require. Payments for Costs of the Project from the proceeds of the Series 2007 Bonds shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2007 Bonds Construction Trust Fund shall be made only after submission to, and approval from the Council of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

1. None of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;
2. 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;
3. Each of such costs has been otherwise properly incurred; and

4. Payment for each of the items proposed is then due and owing.

Pending such application, moneys in the Series 2007 Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

The Issuer shall expend all proceeds of the Series 2007 Bonds within 3 years of the date of issuance of the Council's bonds, the proceeds of which were used to make the loan to the Issuer.

## ARTICLE VII

### ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2007 Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of said Series 2007 Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2007 Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Series 2007 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2007 Bonds or the interest thereon, if any.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of the Series 2007 Bonds issued hereunder shall be secured equally and ratably with each other initially by a second lien on the Net Revenues derived from the operation of the System, subordinate and junior to the lien on the Net Revenues in favor of the Holders of the Prior Bonds, until such time as the Parity Certificate described in paragraph 1.02(H) has been delivered after which time the payment of the debt service of all of the Series 2007 Bonds shall be secured by a first lien on the Net Revenues derived from the System on parity with the lien on the Net Revenue in favor of the Holders of the Prior Bonds. The Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 2007 Bonds and to make the payments into the sinking funds, including the reserve accounts therein, and all other payments provided for in the Bond Legislation and the Prior Resolutions are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Series 2007 Bonds and the Prior Bonds as the same become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the Recommended Decision of the Public Service Commission of West Virginia (the "PSC") entered January 29, 2004, which became the Final Order of the PSC on February 9, 2004 pursuant to the Commission Order Waiving Exception Period Entered February 3, 2004, in Case No. 03-0397-PSD-CN, and are hereby ratified, approved and affirmed and which rates are incorporated herein by reference as a part hereof.

So long as any of the Series 2007 Bonds are Outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2007 Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent and in the manner authorized by law, immediately adjust and increase such schedule of rates and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are Outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, or any part thereof, except as provided in the Prior Resolutions. Additionally, so long as the Series 2007 Bonds are Outstanding and except as otherwise required by law or with the written consent of the Council and the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Series 2007 Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall immediately be simultaneously remitted to the National Finance Office for payment of the Series 1991 Bonds and to the Commission for deposit in the Series 2000 Bonds Sinking Fund, the Series 2004A Bonds Sinking Fund, the Series 2004B Bonds Sinking Fund and the Series 2007 Bonds Sinking Fund, respectively, pro rata, with respect to the principal amount of each of the Prior Bonds and the Series 2007 Bonds then Outstanding, provided that, until the Parity Certificate has been delivered by the Issuer, no proceeds of such sale, mortgage or other disposition of the System shall be paid with respect to the Series 2007 Bonds until the Prior Bonds have been paid in full, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the National Finance Office and the Commission to apply such proceeds to the payment of principal of and interest on the Series 2007 Bonds and Prior Bonds in such manner. Any balance remaining after the payment of all the Series 2007 Bonds and Prior 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 \$50,000, 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 \$50,000

but not in excess of \$200,000, 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 in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property shall be deposited in the Renewal and Replacement Fund. Such payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said fund by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$200,000 and insufficient to pay the Series 2007 Bonds and Prior Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of the Series 2007 Bonds and Prior Bonds then outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Series 2007 Bonds and Prior Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and in Section 7.07, so long as any of the Series 2007 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 Series 2007 Bonds. All obligations issued by the Issuer after the issuance of the Series 2007 Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 2007 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Sinking Funds, Reserve Accounts, the Renewal and Replacement Fund and the I/A Future Connection Fund at the time of the issuance of such subordinate obligations have been made and are current. Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2007 Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2007 Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

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

No additional bonds payable from the revenues of the System may be issued until the Parity Certificate has been delivered and the Series 2007 Bonds are on parity with the Prior Bonds.

Section 7.07. Parity Bonds. So long as any of the Prior Bonds are Outstanding, the limitations on the issuance of parity obligations set forth in the respective Prior Resolutions shall

be applicable. In addition, no Parity Bonds or obligations which rank prior to the Series 2007 Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2007 Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2007 Bonds, and must have the prior written consent of the Authority and the Council.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the design, construction or acquisition of extensions, improvements or betterments to the System or refunding one or more series of the Prior Bonds, the Series 2007 Bonds issued pursuant hereto or one or more subsequent series of Parity Bonds, or both such purposes.

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

- (1) The Prior Bonds and Series 2007 Bonds then Outstanding;
- (2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Resolution then Outstanding; and
- (3) The Parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates adopted by the Issuer, the period for appeal of which has expired (without successful appeal) prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accounts, 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 said Independent Certified Public Accountants on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the period for appeal of which has expired (without successful appeal) prior to issuance of such Parity Bonds.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Series 2007 Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation or separate resolution authorizing said parity Bonds required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the Series 2007 Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2007 Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Bond Legislation and the Prior Resolutions with respect to the Series 2007 Bonds and Prior Bonds then Outstanding, and any other payments provided for in this Bond Legislation, shall have been made in full as required to the date of delivery of such Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Bond Legislation.

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

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

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

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

The Issuer shall file with the Authority and the Council, 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 and Surplus Revenues derived from and relating to the System.

B. A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation with respect to said Bonds and Prior Bonds and the status of all said funds and accounts.

C. The amount of any Bonds or other obligations outstanding.

Until the Parity Certificate has been delivered and the Series 2007 Bonds are on parity with the Prior Bonds, the annual report shall also contain a report with respect to the status of the requirements for the Series 2007 Bonds to be on parity with the Prior Bonds, including the status of the funding of the various funds and accounts relating to the Prior Bonds and the debt service coverage ratio 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 in compliance with the applicable OMB Circular and the Single Audit Act or successor thereto in effect at the time, to the extent required, 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 and the Council or any other original purchaser of the Bonds. Such audit report submitted to the Authority and the Council shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation, and that the Issuer's revenues are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

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

Section 7.09. Rates. Prior to the issuance of the Series 2007 Bonds, 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 the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2007 Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 2007 Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit, respectively, in the Series 2007 Bonds Reserve Account and reserve accounts for obligations prior to or on a parity with the Series 2007 Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Series 2007 Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 2007 Bonds, including the Prior Bonds.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the Council within 30 days of adoption thereof. The Issuer, with the approval of the Governing Body, may amend the budget during the subject Fiscal Year provided that the budget remains balanced after such amendment. If the budget is so amended, a copy of the amended budget shall be submitted to the Authority and the Council within 15 days of the adoption of such amendment. After the adoption of any such amendment, the budget, as amended, shall be the budget of the Issuer for the balance of the subject Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and

maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget, any amendments thereto and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and the Council and to any Holder of any Bonds who shall file his or her address with the Issuer and request in writing that copies of all such budgets, any amendments thereto and resolutions be furnished him or her and shall make available such budgets, any amendments thereto 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 on behalf of such Holder of any Bonds.

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

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

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

The Issuer shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator to operate the System so long as the Series 2007 Bonds are Outstanding. The Issuer shall notify the Council in writing of the certified operator employed at the 50% completion stage.

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the water facilities are not owned by the Issuer, the Issuer shall enter into a termination agreement with the water provider, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

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

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as any of the Series 2007 Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

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

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

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

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

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

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

B. The Issuer shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to 100% of the contract price of the portion of the Project covered by the particular contract as security for the faithful performance of such contract. The Issuer shall verify such bonds prior to commencement of construction. The Issuer shall also require all contractors engaged in the construction of the Project to carry such workers' compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project; provided that the amounts and terms of such coverage are satisfactory to the Authority and the Council. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the

Issuer, the prime contractor and all subcontractors, as their interest may appear. The Issuer shall verify such insurance prior to commencement of construction.

Section 7.16. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Bureau for Public Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Bureau for Public Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

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

Section 7.17. Completion and Operation of Project; Permits and Orders. The Issuer will complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

The Issuer has obtained all permits required by state and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Series 2007 Bonds required by state law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Compliance With Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all terms and conditions of the Loan Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer will provide the Council with all copies submitted to the Authority.

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

Section 7.19. Securities Laws Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.20. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2007 Bonds or within thirty days thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Council for written approval. The Issuer shall obtain the written approval of the Council before expending any proceeds of the Series 2007 Bonds held in "contingency" as set forth in the schedule attached to the Certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Council before expending any proceeds of the Series 2007 Bonds made available due to bid or construction or project underruns.

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

Section 7.21. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2007 Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2007 Bonds during the term thereof is, under the terms of the Series 2007 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect to any property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2007 Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2007 Bonds during the term thereof is, under the terms of the Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2007 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 2007 Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related, all of the foregoing to be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2007 Bonds or \$5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2007 Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure that tax-exempt status of the Series 2007 Bonds and the interest thereon, if any, including, without limitation, the information return required under Section 149(e) of the Code, to the extent applicable.

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on any bonds issued by or on behalf of the Authority, the DEP or the Council, the proceeds of which were used to fund all or any portion of the loans evidenced by the Series 2007 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, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.22. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2007 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2007 Bonds and shall be for the equal benefit of all Holders of Series 2007 Bonds; provided, however, that the statutory mortgage lien in favor of the Holders of the Series 2007 Bonds shall initially be junior and subordinate to the statutory mortgage lien in favor of the Holders of the Prior Bonds until such time as the Issuer has delivered the Parity Certificate, and on and after the date on which the Parity Certificate has been delivered by the Issuer, the statutory lien in favor of the Holders of the Series 2007 Bonds shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 7.23. Covenants with Respect to Erosion and Wetlands. The Issuer covenants and agrees that the Project shall not contribute to excessive erosion of highly erodible land or conversion of wetlands to produce an agricultural commodity.

## ARTICLE VIII

### INVESTMENT OF FUNDS

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year during which the respective banks hold any such funds, accounts or investments (or more often if reasonably requested by the Issuer), a summary of such funds, accounts, and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2007 Bonds are Outstanding and as long thereafter as necessary to comply with the Code.

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2007 Bonds as a condition of issuance of the Series 2007 Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2007 Bonds as may be necessary in order to maintain the status of the Series 2007 Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2007 Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the Council, as the case may be, from which the proceeds of the Series 2007 Bonds are derived, to lose their status as tax-exempt

bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the Council, to ensure compliance with the covenants and agreements set forth in this Section 8.02, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2007 Bonds and any additional information requested by the Authority.

## ARTICLE IX

### DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an “Event of Default” with respect to the Series 2007 Bonds:

1. If default occurs in the due and punctual payment of the principal of or interest on any of the Series 2007 Bonds; or

2. If default occurs in the Issuer’s observance of any of the covenants, agreements or conditions on its part relating to the Series 2007 Bonds, set forth in this Bond Legislation, any supplemental resolution or in the Series 2007 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond; or

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

4. If a default occurs under any of the Prior Bonds or any of the Prior Resolutions.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Holders of the Bonds, including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Holders of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that all rights and remedies of the Holders of the Series 2007 Bonds shall initially be subject to, junior and subordinate to the rights and remedies of the Holders of the Prior Bonds, and on and after the date on which the Parity Certificate has been delivered by the Issuer, the rights and remedies of the Holders of the Series 2007 Bonds will be on a parity with the Holders of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Holder of a Bond, may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Holder of a Bond, shall, in addition to all other remedies or rights, have the right by appropriate legal

proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other avenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

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

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

## ARTICLE X

### PAYMENT OF BONDS

Section 10.01. Payment of Series 2007 Bonds. If the Issuer shall pay or there shall otherwise be paid, to the respective Holders of all Series 2007 Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 2007 Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2007 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

## ARTICLE XI

### MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to the issuance of the Series 2007 Bonds, this Resolution may be amended or supplemented in any way by Supplemental Resolution. Following issuance of the Series 2007 Bonds, no material modification or amendment of this Bond Legislation, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Series 2007 Bonds shall be made without the consent in writing of the Holders of the Series 2007 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Series 2007 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 Holder as may be necessary to assure that the Series 2007 Bonds remain public purpose bonds.

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

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution, or the Series 2007 Bonds.

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

Section 11.05. Conflicting Provisions Repealed. All orders or resolutions and or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed, provided that in the event of any conflict between this Resolution and any of the Prior Resolutions, such Prior Resolution shall control (unless less restrictive), so long as the respective Prior Bonds or any portion thereof are Outstanding.

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

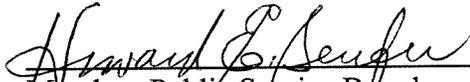
any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

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

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ADOPTED this 21<sup>st</sup> day of March, 2007.

  
\_\_\_\_\_  
Chairman

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

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

**CERTIFICATION**

Certified a true copy of a Resolution duly adopted by the Public Service Board of the UNION-WILLIAMS PUBLIC SERVICE DISTRICT on the 21<sup>st</sup> day of March, 2007.

Dated: March 29, 2007.

  
Secretary, Public Service District

[SEAL]

## EXHIBIT A

### DESCRIPTION OF PROJECT

The acquisition and construction of certain extensions, additions, betterments and improvements to the Issuer's existing sewerage system, including improvements to the sewage treatment plant and extensions and improvements to the sewage collection system, generally described as follows:

Extension of sewer lines to the following areas of Union and Williams Magisterial Districts in Wood County to serve approximately 1,479 customers:

Route 31 north From Route 2 to Williamtown, including access road;

Route 2 from east of Cooper's Ridge Road to the Emerson Avenue I-77 interchange;

Route 31 from WV Route 2 to Whipperwill Ridge Road;

Old St. Mary's Pike from WV Route 2 South; and

WV Route 68 from the Emerson Avenue I-77 interchange to just outside the City of Parkersburg service area.

The Project has or will tie all existing sewerage collection systems into the new collection system, perform selected rehabilitation of existing systems, and decommission all public or community owned package plant systems.

The Issuer's wastewater treatment plant capacity has or will be increased from 90,000 GPD to 800,000 GPD to accommodate the additional flow. The effluent from this plant will discharge directly into the Ohio River at Waverly.

The Project does and will also receive flow from the Town of North Hills and transmit it to the Issuer's wastewater system.

**EXHIBIT B**

**SERIES 2007 BONDS LOAN AGREEMENT**

**[See Transcript Document No. 3]**

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**UNION-WILLIAMS PUBLIC SERVICE DISTRICT  
SEWER REVENUE BONDS,  
SERIES 2007 (WEST VIRGINIA INFRASTRUCTURE FUND)**

**SUPPLEMENTAL RESOLUTION**

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PRINCIPAL PAYMENT DATES, REDEMPTION PROVISIONS, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2007 (WEST VIRGINIA INFRASTRUCTURE FUND) OF UNION-WILLIAMS PUBLIC SERVICE DISTRICT; AUTHORIZING, RATIFYING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A BOND REGISTRAR, DEPOSITORY BANK, AND PAYING AGENT; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board of Union-Williams Public Service District (the "Issuer") has duly and officially adopted a Resolution on March 21, 2007 (the "Resolution") entitled:

RESOLUTION AUTHORIZING THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWER SYSTEM OF UNION-WILLIAMS PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY UNION-WILLIAMS PUBLIC SERVICE DISTRICT OF NOT MORE THAN TWO HUNDRED EIGHTY-FOUR THOUSAND SIX HUNDRED FIFTY-TWO DOLLARS (\$284,652.00) IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2007 (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY ACTING ON BEHALF OF THE WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Resolution provides for the issuance by the Issuer of not more than Two Hundred Eighty-Four Thousand Six Hundred Fifty-Two Dollars (\$284,652.00) in aggregate principal amount of Sewer Revenue Bonds, Series 2007 (West Virginia Infrastructure Fund) (the "Series 2007 Bonds"), and has authorized the execution and delivery of a loan agreement relating to the Series 2007 Bonds, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority") acting on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), all in accordance with Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Resolution it is provided that the exact principal amount, date, maturity date, interest rate, principal payment dates, redemption provisions, sale price and other terms of the Series 2007 Bonds should be established by a supplemental resolution pertaining to the Series 2007 Bonds; and that other matters relating to the Series 2007 Bonds be herein provided for;

WHEREAS, the Series 2007 Bonds shall be on parity with respect to liens, pledges and sources of and security for payment with respect to each other and the Series 2007 Bonds shall initially be junior and subordinate with respect to the Prior Bonds with respect to liens, pledges and sources of and security for payment, subject to the obligation of the Issuer to take all reasonable actions to fulfill all requirements for the Series 2007 Bonds to be on parity with the Prior Bonds so that the Series 2007 Bonds will be on parity with the Prior Bonds as further provided in the Resolution;

WHEREAS, the form of the Loan Agreement has been presented to the Issuer at this meeting for final ratification and approval;

WHEREAS, the Series 2007 Bonds are proposed to be purchased by the Authority on behalf of the Council pursuant to the Loan Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be finally ratified, approved and entered into by the Issuer, that the exact principal amount, date, maturity date, interest rate, principal payment dates, redemption provisions, sale price and other terms of the Series 2007 Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Series 2007 Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE UNION-WILLIAMS PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Sewer Revenue Bonds, Series 2007 (West Virginia Infrastructure Fund) of the Issuer, originally represented by a single bond, numbered R-1, in the principal amount of \$284,652. The Series 2007 Bonds shall be dated the date of delivery thereof, shall finally mature on June 1, 2038, shall bear no interest, shall be subject to redemption upon the written consent of the Authority and the

Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be registered owner of the Series 2007 Bonds, and shall be payable in quarterly installments of principal on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2031, in the amounts as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Series 2007 Bonds.

Section 2. All other provisions relating to the Series 2007 Bonds and the text of the Series 2007 Bonds shall be as provided in the Resolution.

Section 3. The Issuer does hereby authorize, ratify, approve and accept the form of the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Chairman and the Secretary and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed. The price of the Series 2007 Bonds shall be 100% of par value, there being no interest accrued thereon. The proceeds of the Series 2007 Bonds shall be advanced from time to time as requisitioned by the Issuer, and at closing, there shall be requisitioned and advanced a portion of the proceeds of the Series 2007 Bonds in the amount of \$87,491.40 being more than a de minimis amount with respect to the 2007 Bonds. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the application to the Council.

Section 4. The Issuer does hereby appoint and designate WesBanco Bank, Inc., Wheeling, West Virginia, to serve as Bond Registrar for the Series 2007 Bonds (the "Registrar") and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Series 2007 Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Series 2007 Bonds under the Resolution.

Section 6. The Issuer does hereby appoint and designate WesBanco Bank, Inc., Parkersburg, West Virginia, to serve as Depository Bank under the Resolution.

Section 7. The Series 2007 Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2007 Bonds Sinking Fund as capitalized interest.

Section 8. The Series 2007 Bonds proceeds in the amount of \$-0- shall be deposited in a Series 2007 Bonds Reserve Account.

Section 9. The remaining proceeds of the Series 2007 Bonds shall be deposited in the Series 2007 Bonds Construction Trust Fund as received from time to time for payment of Costs of the Project, and payment of cost of issuance of the Series 2007 Bonds and the reimbursement of the Issuer of any such Costs paid by the Issuer.

Section 10. The Chairman and Secretary are hereby authorized and directed to execute and deliver the Series 2007 Bonds and such other documents, agreements, instruments and certificates required or desirable in connection with the Series 2007 Bonds hereby and by the Resolution approved and provided for, and to affix thereon the seal of the Issuer, as appropriate, to the end that the Series 2007 Bonds may be delivered to the Authority pursuant to the Loan Agreement on or about March 29, 2007, or as soon thereafter as practicable.

Section 11. The acquisition and construction of the Project and the financing thereof with the proceeds of the Series 2007 Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 12. The Governing Body hereby determines that it is in the best interest of the Issuer to invest all monies in the funds and accounts established by the Resolution held by the Depository Bank in time deposits of the Depository Bank, secured by a pledge of Government Obligations, and therefore the Issuer hereby authorizes and directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such time deposits until further directed by the Issuer. Monies in the Sinking Fund and Reserve Account for the Series 2007 Bonds shall be invested by the Commission in the West Virginia Consolidated Fund.

Section 13. All contracts relating to the financing, acquisition and construction of the Project are hereby ratified and approved and the Chairman is hereby authorized and directed to execute and deliver all such contracts.

Section 14. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 21<sup>st</sup> day of March, 2007.

UNION-WILLIAMS PUBLIC SERVICE DISTRICT

  
\_\_\_\_\_  
Chairman

**CERTIFICATION**

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Union-Williams Public Service District on the 21<sup>st</sup> day of March, 2007.

Dated: March 29, 2007.

[SEAL]

  
Secretary

LOAN AGREEMENT

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

UNION-WILLIAMS PUBLIC SERVICE DISTRICT

(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

WHEREAS, the Governmental Agency has completed and filed with the Authority an Application for a Construction Loan with attachments and exhibits and an Amended Application for a Construction Loan also with attachments and exhibits (together,

as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference; and

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

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

## ARTICLE I

### Definitions

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

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

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

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

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

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

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

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

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

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

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

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

## ARTICLE II

### The Project and the System

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

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

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

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

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

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

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

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

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

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

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

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

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

## ARTICLE III

### Conditions to Loan; Issuance of Local Bonds

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

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

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

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

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

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

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

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

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

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

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

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the Authority, which written notice shall be given not less than ten (10) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as

possible to the designated date and mutually agreeable to the Authority, the Council and the Governmental Agency. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority or such later date as is agreed to in writing by the Council.

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

#### ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule X, to provide debt service on the Local Bonds by depositing in a sinking fund one-third (1/3) of the interest payment next coming due on the Local Bonds and one-third (1/3) of the principal payment next coming due on the Local Bonds and, beginning three (3) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit or surety) in an amount

equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement"), by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

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

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

(b) Covenants substantially as follows:

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

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

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

(iv) That, except as otherwise required by State law or with the written consent of the Council and the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Local Bonds

outstanding, with further restrictions on the disposition of portions of the System as are normally contained in such covenants;

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

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

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

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

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority and the Council, which report shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the Governmental Agency's

revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

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

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

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

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

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

(xvii) That the Governmental Agency shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required interest, principal and reserve account payment. The Governmental Agency shall complete the Monthly Payment Form, attached hereto as Exhibit D and incorporated herein by reference, and submit a copy of said form along with a copy of the check or electronic transfer to the Authority by the 5th day of such calendar month;

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

Internal Revenue Code of 1986, as amended, a certificate with respect to its rebate calculations and, at any time, any additional information requested by the Authority;

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

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

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

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

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

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

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

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

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

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

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

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

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

## ARTICLE V

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

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

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

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

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

## ARTICLE VI

### Other Agreements of the Governmental Agency

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

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

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

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

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

## ARTICLE VII

### Miscellaneous

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

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

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

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

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

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

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

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

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

7.10 This Loan Agreement shall terminate upon the earlier of:

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

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

UNION WILLIAMS PUBLIC SERVICE DISTRICT

(SEAL)

Attest:

By: Stephen L. Muller  
Its: Chairman  
Date: March 29, 2007

Howard E. Senfner  
Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

Attest:

By: James B. Zankoski  
Its: Director  
Date: March 29, 2007

Barbara B. Meadows  
Its: Secretary-Treasurer

{C1184353.1}

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

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

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

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

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

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

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by [DEP/BPH/PSC] and any change orders approved by the Issuer, the Council and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least \_\_\_\_\_ years if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A and my firm<sup>1</sup> has ascertained that all \_\_\_\_\_

<sup>1</sup>If another responsible party, such as the Issuer's attorney, reviews the insurance and payment bonds, then insert the following: [and in reliance upon the opinion of \_\_\_\_\_,

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

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

[SEAL]

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

---

Esq.] and delete "my firm has ascertained that".

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

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

West Virginia Infrastructure and  
Jobs Development Council  
300 Summers Street, Suite 980  
Charleston, West Virginia 25301

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

Ladies and Gentlemen:

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

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

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

We have also examined the applicable provisions of \_\_\_\_\_ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond \_\_\_\_\_ duly adopted or enacted by the Governmental Agency on \_\_\_\_\_, as supplemented by the supplemental resolution duly adopted by the Governmental Agency on \_\_\_\_\_ (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement has been undertaken. The Local Bonds are subject to redemption prior

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

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

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

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

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

4. The Local Act and all other necessary orders and resolutions have been legally and effectively adopted or enacted by the Governmental Agency and constitute valid and binding obligations of the Governmental Agency, enforceable against the Governmental Agency in accordance with their terms. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

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

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

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

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

Very truly yours,

EXHIBIT C

MONTHLY FINANCIAL REPORT

Name of Governmental Agency \_\_\_\_\_  
 Name of Bond Issue(s) \_\_\_\_\_  
 Type of Project \_\_\_\_\_ Water \_\_\_\_\_ Wastewater \_\_\_\_\_  
 Fiscal Year \_\_\_\_\_ Report Month \_\_\_\_\_

<u>Item</u>	<u>Current Month</u>	<u>Total Year To Date</u>	<u>Budget Year To Date</u>	<u>Budget Year To Date Minus Total Year To Date</u>
1. Gross Revenues	_____	_____	_____	_____
2. Operating Expenses	_____	_____	_____	_____
3. Bond Payments:				
<u>Type of Issue</u>				
Clean Water SRF	_____	_____	_____	_____
Drinking Water TRF	_____	_____	_____	_____
Infrastructure Fund	_____	_____	_____	_____
Water Development	_____	_____	_____	_____
Authority				
Rural Utilities Service	_____	_____	_____	_____
Economic Development				
Administration	_____	_____	_____	_____
Other (Identify)	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
4. Renewal and Replacement Fund Deposits	_____	_____	_____	_____

\_\_\_\_\_  
Name of Person Completing Form

\_\_\_\_\_  
Address

\_\_\_\_\_  
Telephone

## INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

- Item 1 You will need a copy of the current fiscal year budget adopted by the Governmental Agency to complete Items 1 and 2. In Item 1, provide the amount of actual **Gross Revenues** for the current month and the total amount year-to-date in the respective columns. Divide the budgeted annual Gross Revenues by 12. For example, if Gross Revenues of \$1,200 are anticipated to be received for the year, each month the base would be increased by \$100 ( $\$1,200/12$ ). This is the incremental amount for the Budget Year-to-Date column.
- Item 2 Provide the amount of actual **Operating Expenses** for the current month and the total amount year-to-date in the respective columns. Any administrative fee should be included in the Operating Expenses. Divide the budgeted annual Operating Expenses by 12. For example, if Operating Expenses of \$900 are anticipated to be incurred for the year, each month the base would be increased by \$75 ( $\$900/12$ ). This is the incremental amount for the Budget Year-to-Date column.
- Item 3 Provide the **Bond Payments (principal, interest and reserve account)** for all the outstanding bonds of the Governmental Agency according to the source of funding. For example, Clean Water State Revolving Fund loan from Department of Environmental Protection, Drinking Water Treatment Revolving Fund loan from Bureau for Public Health, Infrastructure Fund loan from Infrastructure and Jobs Development Council, or a loan from the Water Development Authority, etc.
- Item 4 Provide the amount deposited into the **Renewal and Replacement Fund** each month. This amount is equal to 2.5% of Gross Revenues minus the total reserve account payments included in Item 3. If Gross Revenues are \$1,200, then \$30 (2.5% of \$1,200), LESS the amount of all reserve account payments in Item 3 should be deposited into the Renewal and Replacement Fund. The money in the Renewal and Replacement Fund should be kept separate and apart from all other funds of the Governmental Agency.

**The Governmental Agency must complete the Monthly Financial Report and forward it to the Water Development Authority by the 10<sup>th</sup> day of each month, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project.**

EXHIBIT D

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

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

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

[Name of Governmental Agency]

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

Enclosure: copy of check(s)

## SCHEDULE X

### DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds \$284,652  
Purchase Price of Local Bonds \$284,652

The Local Bonds shall bear no interest. Commencing September 1, 2031, principal on the Local Bonds is payable quarterly. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

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

As of the date of the Loan Agreement, the Local Bonds are junior and subordinate to the liens, pledge and source of and security for payment with the following obligations of the Governmental Agency:

(i) Union Williams Public Service District Sewerage System Revenue Bonds, Series 1991, dated April 16, 1991, issued in the original principal amount of \$540,000;

(ii) Union Williams Public Service District Sewer Revenue Bonds, Series 2000 (West Virginia SRF Program), dated December 15, 2000, issued in the original principal amount of \$412,000;

(iii) Union Williams Public Service District Sewer Revenue Bonds, Series 2004A (West Virginia SRF Program), dated February 19, 2004, issued in the original principal amount of \$15,596,291; and

(iv) Union Williams Public Service District Sewer Revenue Bonds, Series 2004B (West Virginia Infrastructure Fund), dated February 19, 2004, issued in the original principal amount of \$1,900,000.

When the Governmental Agency can meet the test for parity debt, it shall take all actions to move the Local Bonds to a shared first lien position. As long as the Local Bonds are in a junior and subordinate lien position, the Governmental Agency shall issue no additional debt secured by its Net Revenues.

SCHEDULE Y

\$284,652

Union-Williams Public Service District

0% Interest Rate

Closing Date: March 29, 2007

Debt Service Schedule

Date	Principal	Coupon	Total P+I
06/01/2007	-	-	-
09/01/2007	-	-	-
12/01/2007	-	-	-
03/01/2008	-	-	-
06/01/2008	-	-	-
09/01/2008	-	-	-
12/01/2008	-	-	-
03/01/2009	-	-	-
06/01/2009	-	-	-
09/01/2009	-	-	-
12/01/2009	-	-	-
03/01/2010	-	-	-
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12/01/2014	-	-	-
03/01/2015	-	-	-
06/01/2015	-	-	-
09/01/2015	-	-	-
12/01/2015	-	-	-
03/01/2016	-	-	-
06/01/2016	-	-	-
09/01/2016	-	-	-
12/01/2016	-	-	-
03/01/2017	-	-	-
06/01/2017	-	-	-
09/01/2017	-	-	-
12/01/2017	-	-	-
03/01/2018	-	-	-

\$284,652

Union-Williams Public Service District

0% Interest Rate

Closing Date: March 29, 2007

### Debt Service Schedule

Date	Principal	Coupon	Total P+I
06/01/2018	-	-	-
09/01/2018	-	-	-
12/01/2018	-	-	-
03/01/2019	-	-	-
06/01/2019	-	-	-
09/01/2019	-	-	-
12/01/2019	-	-	-
03/01/2020	-	-	-
06/01/2020	-	-	-
09/01/2020	-	-	-
12/01/2020	-	-	-
03/01/2021	-	-	-
06/01/2021	-	-	-
09/01/2021	-	-	-
12/01/2021	-	-	-
03/01/2022	-	-	-
06/01/2022	-	-	-
09/01/2022	-	-	-
12/01/2022	-	-	-
03/01/2023	-	-	-
06/01/2023	-	-	-
09/01/2023	-	-	-
12/01/2023	-	-	-
03/01/2024	-	-	-
06/01/2024	-	-	-
09/01/2024	-	-	-
12/01/2024	-	-	-
03/01/2025	-	-	-
06/01/2025	-	-	-
09/01/2025	-	-	-
12/01/2025	-	-	-
03/01/2026	-	-	-
06/01/2026	-	-	-
09/01/2026	-	-	-
12/01/2026	-	-	-
03/01/2027	-	-	-
06/01/2027	-	-	-
09/01/2027	-	-	-
12/01/2027	-	-	-
03/01/2028	-	-	-
06/01/2028	-	-	-
09/01/2028	-	-	-
12/01/2028	-	-	-
03/01/2029	-	-	-

**\$284,652**

**Union-Williams Public Service District**

**0% Interest Rate**

**Closing Date: March 29, 2007**

**Debt Service Schedule**

<b>Date</b>	<b>Principal</b>	<b>Coupon</b>	<b>Total P+I</b>
06/01/2029	-	-	-
09/01/2029	-	-	-
12/01/2029	-	-	-
03/01/2030	-	-	-
06/01/2030	-	-	-
09/01/2030	-	-	-
12/01/2030	-	-	-
03/01/2031	-	-	-
06/01/2031	-	-	-
09/01/2031	10,167.00	-	10,167.00
12/01/2031	10,167.00	-	10,167.00
03/01/2032	10,167.00	-	10,167.00
06/01/2032	10,167.00	-	10,167.00
09/01/2032	10,166.00	-	10,166.00
12/01/2032	10,166.00	-	10,166.00
03/01/2033	10,166.00	-	10,166.00
06/01/2033	10,166.00	-	10,166.00
09/01/2033	10,166.00	-	10,166.00
12/01/2033	10,166.00	-	10,166.00
03/01/2034	10,166.00	-	10,166.00
06/01/2034	10,166.00	-	10,166.00
09/01/2034	10,166.00	-	10,166.00
12/01/2034	10,166.00	-	10,166.00
03/01/2035	10,166.00	-	10,166.00
06/01/2035	10,166.00	-	10,166.00
09/01/2035	10,166.00	-	10,166.00
12/01/2035	10,166.00	-	10,166.00
03/01/2036	10,166.00	-	10,166.00
06/01/2036	10,166.00	-	10,166.00
09/01/2036	10,166.00	-	10,166.00
12/01/2036	10,166.00	-	10,166.00
03/01/2037	10,166.00	-	10,166.00
06/01/2037	10,166.00	-	10,166.00
09/01/2037	10,166.00	-	10,166.00
12/01/2037	10,166.00	-	10,166.00
03/01/2038	10,166.00	-	10,166.00
06/01/2038	10,166.00	-	10,166.00
<b>Total</b>	<b>\$284,652.00</b>	<b>-</b>	<b>\$284,652.00</b>

## SCHEDULE Z

None.



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**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 10<sup>th</sup> day of March, 2006.

CASE NO. 03-0397-PSD-CN (REOPENED)

UNION WILLIAMS PUBLIC SERVICE DISTRICT  
Petition to reopen for approval of refinancing.

**COMMISSION ORDER**

By Recommended Decision entered on January 29, 2004 (Final February 8, 2004 by Commission Order waiving the 15 days exception), the Union Williams Public Service District (District) was granted a certificate of convenience and necessity to construct an addition to its existing sewer system to serve additional residents in Union and Williams Districts in Wood County. Certain rates and charges were also approved. The proposed and approved project funding package consisted of the following: a \$15,596,291 Clean Water State Revolving Fund loan at 0% interest and a 0.5% administrative fee for a term of 30 years; a \$1,900,000 West Virginia Infrastructure and Jobs Development Council (WVIJDC) loan at 0% interest for 40 years; and a \$500,000 WVIJDC grant. The District was directed to request a reopening of this case should the plans, scope or terms of financing for the project change.

On January 18, 2006, the District filed a petition to reopen this case for approval of additional financing due to cost overruns in construction of the project. According to the District, \$284,652 in WVIJDC funding will be made available as a wrap loan, to go into effect after the District's obligation to RUS for its original wastewater project expires. The wrap loan will be set at a pay back rate so that the District will be able to hold current rates.

On February 2, 2006, the District filed a copy of the WVIJDC commitment letter in the amount of \$284,652 for 7 years at 0% interest.



**CONCLUSION OF LAW**

The District's petition for revised funding should be granted, consisting of a \$284,652 WVJDC wrap loan for 7 years at 0% interest.

**ORDER**

IT IS, THEREFORE, ORDERED that the petition to reopen, filed by the Union Williams Public Service District on January 18, 2006, is hereby granted.

IT IS FURTHER ORDERED that the Union Williams Public Service District's petition for the revised funding, consisting of a \$284,652 WVJDC wrap loan for 7 years at 0% interest, is hereby approved.

IT IS FURTHER ORDERED that in the event of any change to the funding, terms of financing, plans, or scope of the approved project, the Union Williams Public Service District shall petition the Commission to reopen this proceeding for approval of the same.

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

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

A True Copy, Teste:



Sandra Squire  
Executive Secretary

TBS/ljm  
030397cc.wpd



PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

Entered: January 29, 2004

FINAL

2-9-04

By Commission  
~~order waiving~~  
15 days

CASE NO. 03-0397-PSD-CN

UNION WILLIAMS PUBLIC SERVICE DISTRICT,  
PO Box 243, Waverly, WV 26184

Application for a certificate of convenience and necessity to construct an extension to its existing sewer system to serve additional residents of Union and Williams Magisterial Districts in Wood County.

CASE NO. 03-1030-S-CN

TOWN OF NORTH HILLS

Application for a certificate of convenience and necessity to operate a sewer system to serve 307 customers in the Town of North Hills.

RECOMMENDED DECISION

Case No. 03-0397-PSD-CN

On March 17, 2003, Union Williams Public Service District (Applicant or District), a public utility, filed a duly verified application for a certificate of convenience and necessity to construct and operate certain additions and improvements to its existing sewage system in order to provide service to additional customers in the Union and Williams Magisterial Districts of Wood County, West Virginia.

This application was properly filed for pre-filing notice with the Commission on November 13, 2002, and was published for public legal notice of pre-filing on October 30 and November 6, 2002, in the St. Marys Oracle (Pleasants County), and on October 31 and November 7, 2002, in the Parkersburg News (Wood County), newspapers duly qualified by the Secretary of State, published and of general circulation in the service territory of the District.

The Applicant initially estimated that construction of this proposed project would cost \$12,534,500 and would be financed by a loan from the West Virginia Water Development Authority State Revolving Fund Program in the amount of \$15,681,125, and a loan from the West Virginia Infrastructure and Jobs Development Council in the amount of \$400,000. Increased rates and charges were requested by the Applicant which would represent approximately a 19.7% increase for the District's customers.

The District has no resale rate in its present tariff. The proposed tariff includes a resale rate of \$3.01/1,000 gallons. The resale customer of Union Williams Public Service District will be the Town of North Hills.

By a Notice of Filing entered March 18, 2003, the Applicant was required to provide public legal notice of this application by causing a copy of said Notice to be published once in a newspaper duly qualified by the Secretary of State, published and of general circulation in Wood County, and to make due return to the Commission of proper certification of publication. Said Notice contained the proposed increased rates and the right to file written protest or notice of intervention within thirty (30) days of publication.

On March 28, 2003, the Applicant filed its Rule 42 financial exhibit for inclusion in this application.

Pursuant to public legal notice, four statements of protest were filed with the Commission on April 16, 18 and 30, 2003. The Protestants were against higher rates and did not believe existing customers should be required to help fund extensions of the system to new customers.

On April 21, 2003, Commission Staff filed its Initial Joint Staff Memorandum in this matter. Staff was seeking additional information and documents from the Applicant and recommended that this matter be referred to the Division of Administrative Law Judges for further proceedings.

On April 25, 2003, the Applicant filed duly executed affidavits of publication demonstrating publication of the Notice of Filing on April 2, 2003, in the St. Marys Oracle and the Parkersburg News, all in compliance with said Notice of Filing entered March 13, 2003.

On May 5, 2003, the Applicant filed its responses to Staff's first set of interrogatories.

By a Commission Referral Order entered May 6, 2003, this application was referred to the Division of Administrative Law Judges for further proceedings with a decision due date of October 14, 2003.

On July 8, 2003, a Procedural Order was issued which scheduled this certificate application for hearing to be held on August 5, 2003, in Wood County.

On July 11, 2003, Commission Staff filed a Further Initial Joint Staff Memorandum in this matter. Staff stated that the project contemplated by this filing is complicated and that the review of additional documents, including certain inter-utility operating agreements, would be required.

On July 31, 2003, the Applicant, by counsel, filed a request to toll the statutory time frame in this case and to cancel the hearing previously scheduled to be held on August 5, 2003.

By Commission Order entered August 1, 2003, the District's motion to toll the statutory period to process this certificate application was

granted. The new statutory deadline was established as January 27, 2004, and the Administrative Law Judge's decision due date was extended until December 1, 2003.

On August 4, 2003, the hearing previously scheduled to be held on August 5, 2003, was cancelled pending further orders. Additionally, the Applicant and Commission Staff were required to file a Joint Status Report on or before August 26, 2003, and to include at least three (3) agreeable hearing dates.

On September 9, 2003, the Applicant filed a modified West Virginia Department of Environmental Protection - NPDES Permit, No. WV 0101443, issued for this prospective sewer project.

On September 12, 2003, the Applicant filed a Revised Rule 42 Exhibit in this matter. The estimated project cost had been revised to \$17,996,291 to reflect actual bids received. As a result, project funding was changed. However, the District was not required to change the proposed increased rates and charges contained in the original filing.

On September 22, 2003, the District filed four professional services agreements required by this project and previously requested by Commission Staff.

On October 20, 2003, the District filed documents relating to the acquisition by the District of the sewer systems currently operated by Par Metta Crest Homeowners Association, Inc., and The Brierwood Property Owners Association, Inc.

On November 21, 2003, the District filed, by telefacsimile, a request to toll the statutory time frame in this case for an additional sixty (60) days.

By a Commission Order entered November 24, 2003, the statutory period to process this certificate application was extended to March 29, 2004, and the Administrative Law Judge's decision due date was extended until January 30, 2004.

On December 8, 2003, the District filed a letter from the West Virginia Department of Environmental Protection expressing a commitment to provide funding for this project from State Revolving Fund bonds in the amount of \$15,681,125, at an annual interest rate of zero percent (0%), with an annual administrative fee of one-half percent ( $\frac{1}{2}\%$ ) for a term not to exceed thirty (30) years. This letter also referenced a previous commitment from the West Virginia Infrastructure & Jobs Development Council to provide funding for this project in the amount of \$2,400,000, for a total funding package of \$17,996,291.

Case No. 03-1030-S-CN

On or about July 7, 2003, the Town of North Hills (Town), North Hills Service Company, Inc., and Union Williams Public Service District filed a duly verified application for a certificate of convenience and necessity and Commission approval for North Hills Service Company, Inc., to discontinue operation of its wastewater treatment plant serving the North Hills residents; for Union Williams Public Service District to

connect North Hills' customers to the District's sewer system and to provide billing service; and for the Town of North Hills to become certificated to operate a sewer utility.

By a previous Commission Order entered in Case No. 03-0836-S-PSD-PW on June 25, 2003, the Town of North Hills was granted a waiver of the requirement of the 30-day notice of intent to file an application for a certificate of convenience and necessity found in West Virginia Code §24-2-11 and Rule 10.3.c. of the Commission's Rules of Practice and Procedure.

On July 7, 2003, the Commission entered a formal Notice of Filing in this matter which required the Applicants to give public legal notice of this filing by causing to be published a copy of said Notice of Filing once in a newspaper duly qualified by the Secretary of State, published and of general circulation in Wood County, West Virginia, and to make due return of proof of such publication to the Commission. The formal Notice of Filing contained the rates and charges for sewer service proposed by the Applicants and made provision for the filing of written statements of protest or objection within thirty (30) days from the date of publication. The Notice provided further that, in the absence of protest, the Commission could waive formal hearing and grant this application based on the evidence submitted and its review thereof.

On July 10, 2003, the Applicants filed the Revised Final Engineering Report on this project, which included updated customer data, project costs and financing information.

On July 30, 2003, the Applicants filed copies of the Sewer Rate Ordinance duly adopted by the Town of North Hills on July 22, 2003, as well as an affidavit of publication demonstrating pre-adoption public legal notice.

On August 8, 2003, the Applicants filed an affidavit of publication demonstrating publication of the Notice of Filing on August 4, 2003, in the Parkersburg News, all in compliance with the Notice of Filing entered July 7, 2003. As of the date of this Recommended Decision, no statements of protest or objection have been filed against this application.

On August 21, 2003, Commission Staff filed its Initial Joint Staff Memorandum in this matter. Staff explained that, pursuant to this application, the privately owned North Hills Service Company, Inc., will discontinue operations as a sewer utility and transfer those operations and facilities to the newly certificated Town of North Hills, which will become a municipal sewer utility. Union Williams Public Service District will then contract with the Town to provide treatment services as well as operation, maintenance, billing and collecting services. All sewer utility operations will be conducted by Union Williams through improvements and interconnections contemplated in Case No. 03-0397-PSD-CN, the certificate application filed by Union Williams Public Service District. Staff recommended that these cases be consolidated and processed on similar courses. Staff also detailed numerous documents and additional information needed in the North Hills certificate case.

By a Commission Referral Order entered August 19, 2003, this case, No. 03-1030-S-CN, was referred to the Division of Administrative Law

Judges for further proceedings with a decision due date of February 2, 2004.

On September 4, 2003, the Town of North Hills filed affidavits from Mayor Michael Butcher demonstrating that Tariff Form 12, Notice of Proposed Increased Rates, had been properly posted and individually mailed to the customers expected to be served by its sewer operations.

On October 15, 2003, the Applicants filed copies of an unexecuted Operation and Maintenance Agreement between Union Williams Public Service District and the Town of North Hills and an Agreement to allow the Town of North Hills to provide sewer service to certain residents in the District's service territory.

On December 8, 2003, the Applicants filed copies of the Agreement between the Town of North Hills and North Hills Service Company, Inc., an Application for Authority to Discontinue Service from North Hills Service Company, Inc., a Petition for Purchase, Lease or Otherwise Acquiring Control of One Public Utility by Another Public Utility, and other documentation relating to this case.

#### Consolidated Cases

On December 17, 2003, a Procedural Order was entered which consolidated Case No. 03-0397-PSD-CN and Case No. 03-1030-S-CN for further proceedings and scheduled these consolidated cases for hearing to be held on January 6, 2004, in Parkersburg, Wood County. Due to the small number of written protests received in these matters, notice of the hearing was required to be provided by direct mail.

On December 30, 2003, Commission Staff filed its Final Joint Staff Memorandum in the Union Williams certificate case. Based on Technical Staff's review, the plans and specifications provided for the project are in general conformance with the Commission rules and regulations. The project is expected to add 1,121 new customers with a cost per customer of \$16,054. Project density is approximately 20 customers per mile of new pipe. Both values are acceptable given the nature and scope of the project. Pursuant to its overall review of the financial and technical aspects of this filing, Staff recommended as follows:

1. That the Union Williams Public Service District be granted a Certificate of Convenience and Necessity to construct an extension to its existing sewer system to serve additional residents of Union and Williams Magisterial Districts in Wood County with the stipulation that all outstanding permits be received prior to construction;
2. Approval of a loan from the State Revolving Fund in the amount of \$15,596,291 for 30 years at 0.5%; a loan from the Infrastructure Jobs and Development Council in the amount of \$1,900,000 for 40 years at 0.0%; and a grant from the Infrastructure Jobs and Development Council in the amount of \$500,000;

3. Approval of the rate increase requested by the Union Williams Public Service District detailed in Appendix A (attached);

4. That, if there are any changes in the scope of the project or if increased financing occurs, Union Williams Public Service District be required to seek permission from the Commission before proceeding;

5. Approval of the purchase agreement between Union Williams Public Service District and Par Metta Crest Homeowners Association. Staff also recommends approval of Union Williams Public Service District acquiring the assets and assuming the debt of Par Metta Crest Homeowners Association. In addition, Staff recommends that Union Williams Public Service District obtain approval from its bondholders concerning this acquisition;

6. Approval of the purchase agreement between Union Williams Public Service District and Brierwood Subdivision Property Owners Association, Inc. Staff also recommends approval of Union Williams Public Service District acquiring the assets and assuming the debt of Brierwood Subdivision Property Owners Association, Inc. In addition, Staff recommends that Union Williams Public Service District obtain approval from its bondholders concerning this acquisition;

7. Approval of the sewer termination agreement between Union Williams Public Service District and the Parkersburg Utility Board;

8. Approval of the agreement between Union Williams Public Service District and the Town of North Hills for billing, collecting, maintenance, sewage treatment and sewer service termination;

9. That new customers should not begin paying the Staff recommended rate until this project is substantially complete; and

10. That Union Williams Public Service District apply to the Commission for a rate review 18 months after the project which is the subject of this certificate of convenience and necessity is substantially complete.

On December 31, 2003, Union Williams Public Service District filed a duly executed affidavit demonstrating that the formal Notice of Filing, containing the proposed increased rates and charges, had been directly mailed to the District's sewer customers on April 11, 2003.

On January 2, 2004, Commission Staff filed its Final Joint Staff Memorandum in the Town of North Hills' certificate case. Technical Staff stated that the plans and specifications provided for the project are in

general conformance with the Commission's rules and regulations. Although the project will not add any new customers, it affects all current customers and the per customer cost of \$4,128 is very reasonable and acceptable. Customer density for this system is adequate. Pursuant to its overall review of the financial and technical aspects of this filing, Staff recommended as follows:

1. That the Town of North Hills be granted a Certificate of Convenience and Necessity to operate a sewer system and serve approximately 304 customers in the Town of North Hills with the stipulation that all outstanding permits be received prior to construction;
2. Approval of a loan from Rural Utilities Service in the amount of \$1,255,000 for 40 years at 4.65%;
3. Approval of the rate ordinance requested by the Town of North Hills detailed in Appendix B, attached;
4. That, if there are any changes in the scope of the project or if increased financing occurs, the Town of North Hills be required to seek approval and permission from the Commission before proceeding;
5. Approval of the purchase agreement between the Town of North Hills and North Hills Service Company, Inc. Staff also recommends approval of the Town of North Hills acquiring the assets and assuming the debt of North Hills Service Company, Inc. In addition, Staff recommends that the Town of North Hills obtain approval from its bondholders concerning this acquisition;
6. Approval of the sewer termination agreement between Town of North Hills and Union Williams Public Service District;
7. Approval of the agreement between Union Williams Public Service District and the Town of North Hills for billing, collecting, maintenance and sewage treatment; and
8. Approval for the Town of North Hills to serve some customers in the geographical boundaries of Union Williams Public Service District.

The hearing convened as scheduled on January 6, 2004, in Parkersburg, Wood County, West Virginia, with all parties in attendance. The Applicants, Union Williams Public Service District and the Town of North Hills, appeared and were represented by their attorney, Steven R. Hardman. Commission Staff appeared and was represented by Staff Attorney Cecelia Jarrell. On January 12, 2004, an accurate transcript consisting of sixty (60) pages of testimony were filed with the Commission. No post-hearing briefs or memoranda of law have been received in these consolidated cases.

## EVIDENCE

At hearing, no customers or members of the public appeared to make statements of protest or objection. However, Charles D. Piersol, owner of Birnham Wood Mobile Home Park, appeared to protest the intended service arrangement contemplated as part of this project. Originally, Union Williams proposed to serve the park as a bulk customer. This was unacceptable to Dr. Perisol. As a result, a compromise solution had apparently been negotiated between the parties. Union Williams will assume ownership of the sewer collection system serving the sixty-four lots inside Birnham Wood and bill each customer individually. This agreement cannot be used as a precedent for requiring Union Williams to take over other mobile home park sewer systems. Dr. Piersol has as-built drawings and the required engineering specifications for his system and is willing to transfer all service rights-of-way to Union Williams. The parties further agreed to reduce their agreement to writing. This agreement would then be submitted post-hearing. (Tr., pp. 8-13).

Under questioning by Commission Staff, Dr. Perisol stated that the mobile home park and its sewer system had been constructed approximately fifteen or twenty years ago. Dr. Piersol acquired the park about one year ago. The sewer system consists of gravity mains and several lift stations leading to a package plant and lagoon. Park residents are individually metered water customers of the Union Williams Public Service District and are not charged separately for sewer service by Dr. Piersol. The park generally operates with a ten percent (10%) vacancy rate. Dr. Piersol believes his sewer system should be taken over because his residents are already individual water customers of the District. Connecting the Birnham Wood system to the Union Williams system will require construction of several grinding stations and connecting mains. Dr. Piersol's system is currently not a certificated sewer utility. (Tr., pp. 13-20).

By agreement of Counsel, Commission Staff presented its case first. Staff called Staff Engineer Jefferson Brady as its first witness. The District and Town stipulated to Mr. Brady's qualifications as an engineer. Mr. Brady produced, identified and sponsored Staff Exhibit No. 1, the Final Joint Staff Memorandum filed December 30, 2003, in Case No. 03-0397-PSD-CN, Union Williams Public Service District. He also produced, identified and sponsored Staff Exhibit No. 2, the Final Joint Staff Memorandum filed on January 2, 2004, in Case No. 03-1030-S-CN, Town of North Hills. Mr. Brady briefly described the District's project which is an extension and upgrade of its existing sanitary sewer system. The District's project will add over 1,100 new customers and eliminate several inadequate package plants and sewage lagoons. The project will also add the Town of North Hills as a bulk sewer customer of the District. The project is necessary in that it will provide reliable modern sanitary sewer service to unserved areas and eliminate failing or outdated treatment facilities in other service areas. Many of these package systems are inadequate and have been under the scrutiny of the Department of Environmental Protection. This project meets several

significant public health concerns. It is also appropriately designed for the job that needs to be done. (Tr., pp. 22-28; Staff Ex. 1).

Concerning Case No. 03-1030-S-CN, Mr. Brady explained that the Town of North Hills is currently served by the privately-owned North Hills Service Company. Under this certificate case, the municipal government of North Hills will acquire ownership of the private sewer system, rehabilitate and refurbish the existing collection system and construct approximately one mile of force main and a pump station in order to connect to the Union Williams system. The private service company's existing sewer lagoon will be decommissioned and reclaimed. Although the Town of North Hills will be the certificated sewer utility, Union Williams Public Service District will perform all billings, maintenance and sewer treatment, by contract. The North Hills project will cost \$1,255,000. The project is necessary because the North Hills collection system is currently deficient in maintenance and operation. Additionally, the existing treatment facility, a lagoon, is the subject of certain enforcement actions and fines by the Department of Environmental Protection. The project is convenient in that the sewerage flows will be treated at reasonable bulk rates by the Union Williams Public Service District. (Tr., pp. 28-31; Staff Ex. 2).

Commission Staff then called Utilities Analyst Randy Lengyel as its next witness. The District and Town stipulated to Mr. Lengyel's qualifications. Mr. Lengyel confirmed that Union Williams had presented funding commitment letters to cover the entire estimated project cost of \$17,996,291.00. Very little grant funding was available for this project, but the loan funding was obtained at favorable terms. The District will treat the Town's sewerage flows at reasonable bulk rates. As a result of the overall project, the District's rates will increase about nineteen percent (19%). Based on the District's financial exhibits, the District's increased revenues will adequately cover the debt service and increased operating and maintenance expense resulting from the project with a coverage ratio of 126%. Staff believes that the District should apply for a review of its rates after eighteen months of actual experience with its completed system. (Tr., pp. 32-39).

In regards to the Town of North Hills' certificate case, Mr. Lengyel stated that the Town had arranged to fund its project with a loan from the Rural Utilities Service in the amount of \$1,225,000, at an interest rate of 4.65%, for a term of forty (40) years. Because the private North Hills Service Company had not increased rates or performed needed maintenance, the North Hills project will result in a dramatic, but necessary, rate increase. This rate increase has already been approved in the form of a municipal rate ordinance, which, in turn, had been reviewed by Staff. A sewer bill in North Hills for 4,500 gallons average usage will be \$49.50; North Hills will be charged a resale rate of \$3.01 per thousand gallons by Union Williams Public Service District. Staff also reviewed and recommended approval of the various inter-utility agreements submitted as part of this complex project. (Tr., pp. 39-44).

At the conclusion of Staff's case-in-chief, the District presented the testimony of its project engineer, Dominick Cerrone. The Staff

Attorney stipulated to Mr. Cerrone's qualifications as an engineer. Mr. Cerrone stated that the West Virginia Division of Highways has approved, to date, every service and construction access permit applied for concerning this project. The last submission, made in September 2003, is currently pending final formal approval, but a verbal approval has been given. Upon receipt, that permit will be filed with the Commission. No Federal Aviation Administration permits were required by this project. Mr. Cerrone also explained the Certificate of Substantial Completion process and how it related to the proposed effective date of the requested rate increase for Union Williams. (Tr., pp. 46-50).

The Town of North Hills then called its project engineer, Manny Frymier, to the witness stand. The Staff Attorney stipulated to Mr. Frymier's qualifications. Mr. Frymier explained that North Hills Service Company uses a sewer lagoon type treatment facility. This lagoon has been in service for nearly 30 years, has several structural deficiencies and does not meet current environmental or regulatory standards. The lagoon was constructed along an environmentally sensitive creek and there is insufficient "freeboard" or elevation between the lagoon and the creek. The lagoon does not meet current treatment standards for the receiving stream and overflows of raw sewerage have occurred. This problem has been under review for a long time and the current project is the most feasible solution. (Tr., pp. 52-54).

On cross-examination by the Staff Attorney, Mr. Frymier explained that a successful upgrade of the current treatment lagoon in North Hills is unlikely because of the low flows in the receiving stream and because the receiving stream flows into the environmentally sensitive McDonough Wildlife Preserve. Any release of untreated flows would not be tolerated by regulators. Additionally, the lagoon walls are seriously eroded and slips have occurred. The best solution is to abandon the outdated lagoon and connect to Union Williams Public Service District. (Tr., pp. 54-56).

In closing, the attorney for the District and Town stated that the Applicants stipulated to the findings and recommendations of the Final Joint Staff Memoranda, Staff Exhibit Nos. 1 and 2, and had no objection to those exhibits or their admission to the record. All exhibits were admitted. (Tr., p. 57).

Staff reminded the Town of North Hills that an affidavit of notice by direct mail was still outstanding and would need to be filed post-hearing. (Tr., p. 58).

This concluded the testimony at hearing.

On January 23, 2004, the Town of North Hills filed a motion for waiver of Rule 150 CSR 10.3(d) in this matter. This motion was filed to address Staff's concern about public notice by direct mail.

#### DISCUSSION

By these two projects, the residents of the northwestern section of Wood County are taking comprehensive action to adequately serve the

region with modern and efficient sanitary sewer service and to alleviate several failing and inadequate package treatment facilities. Because these projects are complex and comprehensive, they also appear to be expensive. However, by paying this cost now, area residents will be providing for continued economic development and environmental compliance in the region.

Both projects are adequately funded using available public sources with favorable interest rates. The resulting increased rates and charges required to cover debt service and operations and maintenance expenses for these utilities are reasonable given the nature and scope of both projects. The low number of protests attests to the fact that residents of the region support responsible environmental remediation and infrastructure development.

At hearing and after the presentation of the evidence, Staff raised its concern that the Town of North Hills had not filed proof of compliance with Rule 10.3.d of the Commission's Rules of Practice and Procedure. That rule requires the mailing of direct notice to customers when a utility seeks a rate increase in a certificate application. The rule requires that Form No. 14 be mailed. In this instance, the Town of North Hills, soon to be a municipal utility, provided direct notice by mailing Tariff Form No. 12, Public Notice Of Change In Rates By Municipalities, to its customers. Clearly, the appropriate information and public notice were provided by the Town. Therefore, the Town has substantially complied with the intent of Rule 10.3.d. and a waiver will be granted.

On January 23, 2004, the District and the Protestant, Dr. Piersol, filed a duly executed agreement whereby the District will acquire ownership of the Birnham Wood Mobile Home Park sewer collection system and make the Birnham Wood residents direct customers of the District. This resolves the protest of Dr. Piersol. However, the agreement will have to be filed as a separate case for Commission approval.

Pursuant to its extensive review of this project, Commission Staff has determined that both projects are required to deal with currently unserved customers, or failing and deficient outdated treatment systems. Both projects are properly designed and suitable for the existing and future requirements of the respective service territories. Consequently, both projects are convenient and necessary and will be approved as recommended by Commission Staff.

#### FINDINGS OF FACT

##### Case No. 03-0397-PSD-CN

1. On March 17, 2003, Union Williams Public Service District, a public utility, filed a duly verified application for a certificate of convenience and necessity to construct and operate certain additions and improvements to its existing sewage system in order to provide service to additional customers in the Union and Williams Magisterial Districts of Wood County, West Virginia. (See, Application filed March 17, 2003).

2. This application was properly filed for prefiling notice with the Commission on November 13, 2002, and was published for public legal notice of prefiling on October 30 and November 6, 2002, in the St. Marys Oracle (Pleasants County), and on October 31 and November 7, 2002, in the Parkersburg News (Wood County), newspapers duly qualified by the Secretary of State, published and of general circulation in the service territory of the District. (See, Letter filed November 13, 2003; Affidavits of Publication filed March 19, 2003).

3. Pursuant to a formal Notice of Filing entered by the Commission on March 13, 2003, the Applicant demonstrated publication of the Notice of Filing on April 12, 2003, in the St. Mary's Oracle and the Parkersburg News. (See, Affidavits of Publication filed April 25, 2003).

4. Pursuant to public legal notice, four statements of protest were filed with the Commission on April 16, 18 and 30, 2003. These Protestants were against higher rates in general and did not believe existing customers should be required to help fund extension of the system to serve new customers. Pursuant to notice and opportunity, no Protestants appeared at hearing. (See, Letters filed April 16, 18 and 30, 2003; Procedural Order entered December 17, 2003; Letter dated December 18, 2003; Tr., pp. 7-8, 21, 60).

5. On December 31, 2003, the District filed a duly executed affidavit demonstrating that the formal Notice of Filing, containing the proposed increased rates and charges, had been directly mailed to the District's sewer customers on April 11, 2003. (See, Affidavit filed December 31, 2003).

6. Pursuant to formal requests filed by the Applicant on July 31, and November 21, 2003, the Commission entered Orders on August 1, and November 24, 2003, which tolled the statutory time frame in this case and established a new statutory deadline of March 29, 2004. (See, Commission Orders entered August 1, and November 24, 2003).

7. The estimated cost of this project has been revised to \$17,996,291, based on actual bids received. As a result, project funding was also revised, but the District was not required to change the proposed increased rates and charges contained in the original filing. (See, Revised Rule 42 Exhibit filed September 12, 2003).

8. This project will be financed by a loan from the Clean Water State Revolving Fund in the amount of \$15,681,125, at an annual interest rate of zero percent (0%), with an annual administrative fee of one-half percent ( $\frac{1}{2}\%$ ) for a term not to exceed thirty (30) years, and a loan from the West Virginia Infrastructure & Jobs Development Council (WVIJDC) in the amount of \$1,900,000, at an annual interest rate of zero percent (0%) for a term of forty (40) years. The WVIJDC will also provide a grant of \$500,000 for this project. Letters of commitment for all funding have been filed in this matter. (See, Letters filed December 8, 2003).

9. The project which is the subject of this application will provide modern, safe sanitary sewer service to approximately 1,120 new

customers in Wood County, West Virginia; rehabilitate and improve sewage collection, transportation and treatment facilities for all District customers; eliminate discharges of raw or inadequately treated sewage for an area waterway; and eliminate the outdated, inefficient and dangerous sewer facilities operated by the Par Metta Crest Homeowners Association, the Brierwood Subdivision Property Owners Association and the Town of North Hills. (See, Final Joint Staff Memorandum filed December 30, 2003; Tr., pp. 22-28; 28-37, 52-54, 54-56).

10. Pursuant to its review, the West Virginia Department of Environmental Protection has approved the plans and specifications for this project. (See, WV/NPDES Permit No. WV0101443, filed September 9, 2003).

11. Commission Staff has reviewed the plans and specifications of this project and found no conflicts with the Commission's rules and regulations concerning engineering requirements. (See, Final Joint Staff Memorandum filed December 30, 2003).

12. Pursuant to its review of this project, Commission Staff has recommended approval of the application filed in this matter and that a certificate of convenience and necessity be issued for said project. Staff further recommended as follows:

1. That the Union Williams Public Service District be granted a Certificate of Convenience and Necessity to construct an extension to its existing sewer system to serve additional residents of Union and Williams Magisterial Districts in Wood County with the stipulation that all outstanding permits be received prior to construction;

2. Approval of a loan from the State Revolving Fund in the amount of \$15,596,291 for 30 years at 0.5%; a loan from the Infrastructure Jobs and Development Council in the amount of \$1,900,000 for 40 years at 0.0%; and a grant from Infrastructure Jobs and Development Council in the amount of \$500,000;

3. Approval of the rate increase requested by the Union Williams Public Service District detailed in Appendix A, attached;

4. That, if there are any changes in the scope of the project or if increased financing occurs, the Union Williams Public Service District be required to seek permission from the Commission before proceeding;

5. Approval of the purchase agreement between Union Williams Public Service District and Par Metta Crest Homeowners Association. Staff also recommends approval of Union Williams Public Service District acquiring the assets and assuming the debt of Par Metta Crest Homeowners Association. In addition, Staff recommends that Union Williams Public Service District

obtain approval from its bondholders concerning this acquisition;

6. Approval of the purchase agreement between Union Williams Public Service District and Brierwood Subdivision Property Owners Association, Inc. Staff also recommends approval of Union Williams Public Service District acquiring the assets and assuming the debt of Brierwood Subdivision Property Owners Association, Inc. In addition, Staff recommends that Union Williams Public Service District obtain approval from its bondholders concerning this acquisition;

7. Approval of the sewer termination agreement between Union Williams Public Service District and the Parkersburg Utility Board;

8. Approval of the agreement between Union Williams Public Service District and the Town of North Hills for billing, collecting, maintenance, sewage treatment and sewer service termination;

9. That new customers should not begin paying the Staff recommended rate until this project is substantially complete; and

10. That Union Williams Public Service District apply to the Commission for a rate review 18 months after the project which is the subject of this certificate of convenience and necessity is substantially complete.

(See, Final Joint Staff Memorandum filed December 30, 2003; Tr., pp. 22-28, 22-39).

13. Commission Staff has designed and recommended a Staff recommended tariff, to become effective for all service rendered on and after the date the project engineer certifies this project as substantially complete. (See, Final Joint Staff Memorandum filed December 30, 2003; Appendix A, attached).

14. Pursuant to public legal notice, four statements of protest were filed in this matter; however, the Protestants did not produce any reliable evidence that this proposed project is not convenient and necessary, or otherwise properly funded. (See, Letters filed April 16, 18 and 30, 2003; transcript generally).

Case No. 03-1030-S-CN

15. On or about July 7, 2003, the Town of North Hills, North Hills Service Company, Inc., and Union Williams Public Service District filed a duly verified application for a certificate of convenience and necessity and Commission approval for North Hills Service Company, Inc., to discontinue operation of its wastewater treatment plant serving the North Hills residents; for Union Williams Public Service District to

connect the North Hills customers to the District's sewer system and to provide billing service; and for the Town of North Hills to become certificated to operate a sewer utility. (See, Application filed July 7, 2003).

16. By a previous Commission Order entered in Case No. 03-0836-S-PSD-PW, on June 25, 2003, the Town of North Hills was granted a waiver of the requirement of the 30-day notice of intent to file an application for a certificate of convenience and necessity found in West Virginia Code §24-2-11 and Rule 10.3.c. of the Commission's Rules of Practice and Procedure. (See, Commission Order entered June 25, 2003, Case No. 03-0836-S-PSD-PW).

17. Pursuant to a formal Notice of Filing entered by the Commission on July 7, 2003, the Town of North Hills demonstrated publication of the Notice of Filing on August 4, 2003, in the Parkersburg News, all in compliance with said Notice of Filing. (See, Affidavit of Publication filed August 8, 2003).

18. Pursuant to public legal notice, no written statements of protest or objection against this application were filed with the Commission, nor did anyone appear at hearing to protest this project. (See, Commission case file generally; Tr., pp. 7-8, 21, 60).

19. On July 30, 2003, the Applicant filed copies of the Sewer Rate Ordinance duly adopted by the Town of North Hills on July 22, 2003, as well as an affidavit of publication demonstrating pre-adoption public legal notice of said ordinance. (See, Ordinance filed July 30, 2003; affidavit of publication filed July 30, 2003).

20. On September 4, 2003, the Town of North Hills filed affidavits demonstrating that Tariff Form 12, Notice of Proposed Increased Rates, had been properly posted and individually mailed to the customers of the Town's proposed sewer utility. (See, Affidavits filed September 4, 2003).

21. The estimated total cost of the Town's project is \$1,255,000, to be funded by a loan for that full amount from the Rural Utilities Service, at an interest rate of 4.625% for a term of forty (40) years. A letter of commitment for this loan is on file with this application. (See, Final Joint Staff Memorandum filed January 2, 2004).

22. This project will allow the Town of North Hills to acquire the sewer facilities of the North Hills Service Company; to reconstruct portions of its collection system; to divert its sewage flows to the modern and efficient treatment facilities of the Union Williams Public Service District; and to decommission and reclaim the deficient and failing sewer lagoon now serving North Hills residents. (See, Final Joint Staff Memorandum filed January 2, 2004; Tr., pp. 28-31, 52-54, 54-56).

23. Commission Staff has reviewed the plans and specifications of this project and found no conflicts with the Commission's rules and regulations concerning engineering requirements. (See, Final Joint Staff Memorandum filed January 2, 2004).

24. Pursuant to its review of this project, Commission Staff has recommended approval of the application filed in this matter and that a certificate of convenience and necessity be issued to the Town's project. Staff's complete recommendations are as follows:

1. That the Town of North Hills be granted a Certificate of Convenience and Necessity to operate a sewer system and serve approximately 304 customers in the Town of North Hills with the stipulation that all outstanding permits be received prior to construction;

2. Approval of a loan from Rural Utilities Service in the amount of \$1,255,000 for 40 years at 4.65%;

3. Approval of the rate ordinance requested by the Town of North Hills detailed in Appendix B, attached;

4. That, if there are any changes in the scope of the project or if increased financing occurs, the Town of North Hills be required to seek approval and permission from the Commission before proceeding;

5. Approval of the purchase agreement between the Town of North Hills and North Hills Service Company, Inc. Staff also recommends approval of the Town of North Hills acquiring the assets and assuming the debt of North Hills Service Company, Inc. In addition, Staff recommends that the Town of North Hills obtain approval from its bondholders concerning this acquisition;

6. Approval of the sewer termination agreement between Town of North Hills and Union Williams Public Service District;

7. Approval of the agreement between Union Williams Public Service District and the Town of North Hills for billing, collecting, maintenance and sewage treatment; and

8. Approval of the Town of North Hills to serve some customers in the geographical boundaries of Union Williams Public Service District.

25. Commission Staff has recommended a tariff incorporating the Town's sewer rate ordinance, to become effective for all service rendered on and after the date the project engineer certifies this project substantially complete. (See, Final Joint Staff Memorandum filed January 2, 2004; Appendix B, attached).

#### CONCLUSIONS OF LAW

Case No. 03-0397-PSD-CN

1. The construction project proposed by Union Williams Public Service District is necessary in that it will provide comprehensive,

modern and efficient sanitary sewer service to approximately 1,120 new customers in the project territory and eliminate several out-dated and failing sewer treatment facilities.

2. This project is convenient in that it does not financially burden existing or new customers and is the only currently viable option to extend reliable, safe and efficient sanitary sewer service to this area.

3. This project is supported by an adequate and favorable financial package, which results in reasonable and adequate increased rates and charges, as recommended by Commission Staff and approved herein.

4. Under the facts and circumstances of this case, the recommendation of Commission Staff and by agreement of the Applicant, it is reasonable to approve the application filed herein on March 17, 2003, and to issue a certificate of convenience and necessity to the Union Williams Public Service District to construct and operate the public sewer improvements detailed in that application.

Case No. 03-1030-S-CN

5. The acquisition and construction proposed by the Town of North Hills is necessary in that it will insure continued modern and efficient sanitary sewer service to approximately 300 existing customers and eliminate a potentially dangerous, out-dated and failing sewer treatment facility.

6. This project is convenient in that it does not unnecessarily financially burden existing customers and is the only viable and environmentally suitable option to insure reliable, safe and efficient sanitary sewer service to this area.

7. This project is supported by an adequate and appropriate financial package, which results in reasonable and adequate increased rates and charges, as adopted by ordinance.

8. Under the facts and circumstances of this case, the recommendation of Commission Staff and by agreement of the Applicant, it is reasonable to approve the application filed herein on July 7, 2003, and to issue a certificate of convenience and necessity to the Town of North Hills to acquire, construct and operate the public sewer improvements detailed in that application.

ORDER

IT IS, THEREFORE, ORDERED that the application filed on March 17, 2003, by Union Williams Public Service District, shall be approved, as amended, and a certificate of convenience and necessity to construct and operate the public sewer project detailed in said application shall be issued to the Union Williams Public Service District.

IT IS FURTHER ORDERED that the Union Williams Public Service District shall be authorized to charge and collect the increased rates

and charges set out in the Staff-recommended rates, attached hereto as Appendix A, for all service rendered on and after the date this project is certified as substantially complete by the District's project engineer. The Certificate of Substantial Completion shall be filed with the Commission immediately upon its issuance.

IT IS FURTHER ORDERED that the Union Williams Public Service District shall file with the Commission the original and at least five (5) copies of its actual tariff setting forth the rates herein approved, within thirty (30) days of first use of the rates.

IT IS FURTHER ORDERED that the proposed project funding package, consisting of a loan from the Clean Water State Revolving Fund in the amount of \$15,596,291, at an interest rate of zero percent (0%) and an administrative fee of one-half percent (0.5%) for a term of thirty (30) years; a loan from the West Virginia Infrastructure and Jobs Development Council (WVIJDC) in the amount of \$1,900,000, at an interest rate of zero percent (0%) per year for a term of forty (40) years; and a grant from the WVIJDC in the amount of \$500,000, shall be approved for Union Williams Public Service District.

IT IS FURTHER ORDERED that, if the plans, scope or terms of financing of this project change, the District shall request a reopening of this case for subsequent review and approval by the Public Service Commission prior to commencement of construction.

IT IS FURTHER ORDERED that the following agreements and actions submitted for consideration as part of this case are approved, without specifically approving the terms and conditions thereof:

- 1) The purchase agreement between Union Williams Public Service District and Par Metta Crest Homeowners Association and the acquisition by the District of the assets and debt of Par Metta Crest Homeowners Association, contingent upon the approval of the bondholders of Union Williams Public Service District of said acquisition and debt assumption; and

- 2) The purchase agreement between Union Williams Public Service District and Brierwood Subdivision Property Owners Association Inc. and the acquisition of the assets and debt of Brierwood Subdivision Property Owners Association, Inc., contingent upon the approval of the bondholders of Union Williams Public Service District of said acquisition and debt assumption.

IT IS FURTHER ORDERED that the following agreements be, and hereby are, approved:

- 1) The sewer termination agreement between Union Williams Public Service District and the Parkersburg Utility Board; and

- 2) The agreement between Union Williams Public Service District and the Town of North Hills for billing, collecting, maintenance, sewage treatment and sewer service termination.

IT IS FURTHER ORDERED that Union Williams Public Service District shall apply to the Public Service Commission for a rate review eighteen (18) months after the increased rates and charges approved herein go into effect.

IT IS ALSO ORDERED that the application filed herein on July 7, 2003, by North Hills Service Co. Inc., the Town of North Hills and the District shall be approved, as amended, and a certificate of convenience and necessity to acquire, construct and operate the public sewer project detailed in said application shall be issued to the Town of North Hills.

IT IS FURTHER ORDERED that the Town of North Hills shall file with the Commission the original and at least five (5) copies of its actual tariff setting forth the rates adopted in its rate ordinance, within thirty (30) days of first use. Said rates and charges are attached hereto as Appendix B.

IT IS FURTHER ORDERED that the proposed funding package, consisting of a loan from the Rural Utilities Service in the amount of \$1,255,000, at an interest rate of 4.65% for a term of forty (40) years, shall be approved for the Town of North Hills.

IT IS FURTHER ORDERED that, if the plans, scope or terms of financing of the project change, the Town shall request a reopening of this case for subsequent review and approval by the Public Service Commission, prior to construction.

IT IS FURTHER ORDERED that the purchase agreement between the Town of North Hills and North Hills Service Company, Inc., and the acquisition by the Town of the assets and debt of North Hills Service Company Inc., contingent upon the approval of the Town's bondholders, be, and hereby are, approved, without approving the terms and conditions thereof.

IT IS FURTHER ORDERED that the following agreements be, and hereby are, approved:

- 1) The sewer termination agreement between the Town of North Hills and Union Williams Public Service District; and
- 2) The agreement between Union Williams Public Service District and the Town of North Hills for billing, collection, operation, maintenance and sewage treatment.

IT IS FURTHER ORDERED that the Town of North Hills shall be approved to serve certain customers located in the geographical boundaries of Union Williams Public Service District, to which direct service by the District is unavailable.

IT IS FURTHER ORDERED that the Town of North Hills shall be granted a waiver of that portion of Rule 10.3.d. of the Commission's Rules of Practice and Procedure, requiring a direct mailing to each customer of Form No. 14. Sufficient public notice was provided pursuant to this application process and the ordinance process executed by the Town.

IT IS FURTHER ORDERED that the Applicants shall file all outstanding permits prior to construction, including permits to be issued by the West Virginia Division of Highways (Union Williams) and the West Virginia Department of Environmental Protection, NPDES Modification and NPDES Stormwater (Town of North Hills).

IT IS FURTHER ORDERED that those consolidated cases shall be removed from the Commission's docket of open cases.

The Executive Secretary is hereby ordered to serve a copy of this order upon the Commission by hand delivery, and upon all parties of record by United States Certified Mail, return receipt requested.

Leave is hereby granted to the parties to file written exceptions supported by a brief with the Executive Secretary of the Commission within fifteen (15) days of the date this order is mailed. If exceptions are filed, the parties filing exceptions shall certify to the Executive Secretary that all parties of record have been served said exceptions.

If no exceptions are so filed this order shall become the order of the Commission, without further action or order, five (5) days following the expiration of the aforesaid fifteen (15) day time period, unless it is ordered stayed or postponed by the Commission.

Any party may request waiver of the right to file exceptions to an Administrative Law Judge's Order by filing an appropriate petition in writing with the Secretary. No such waiver will be effective until approved by order of the Commission, nor shall any such waiver operate to make any Administrative Law Judge's Order or Decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.



Thomas N. Trent  
Administrative Law Judge

TNT:jas  
030397ac.wpd

UNION WILLIAMS PUBLIC SERVICE DISTRICT (Sewer)

CASE NO. 03-0397-PSD-CN

APPROVED RATES

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service and sale for resale sewer service.

RATES

Service Charge	\$7.86 per month.
Usage Charge	\$6.99 per 1,000 gallons of water usage

MINIMUM CHARGE

No bill will be rendered for less than \$21.84 per month, which is the equivalent of 2,000 gallons.

FLAT RATE CHARGE (Customers with non-metered water supply)

Residential customer with non-metered water supply:  
Equivalent of 4,500 gallons of water usage - \$39.32 per month.

Commercial and Industrial Customer:

Meter installation at water source required.

DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full when due, 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.

TAP FEE

The following charges are to be made whenever the utility installs a new tap to serve an applicant.

A tap fee of \$150 will be charged to customers applying for service before construction is completed adjacent to the customer's premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to the applicant's premises that is associated with a certificate proceeding.

A tap fee of \$250 will be charged to customers applying for service outside of a certificate proceeding before the Commission for each new tap to the system.

RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the sewer utility up to a maximum of \$25.00 will be imposed upon any customer whose check for payment of charges is returned by the bank due to insufficient funds.

DISCONNECT/RECONNECT/ADMINISTRATIVE FEES

Whenever water service has been disconnected for non-payment of sewer bill in conjunction with a water service termination agreement with WV-American Water Co., Inc., a disconnection fee of \$20.00 shall be charged or, in the event the delinquent sewer bill is collected by the water company, an administrative fee of \$20.00 shall be charged.

Whenever water service, which has been previously disconnected or otherwise withheld for nonpayment of a sewer bill in conjunction with a water service termination agreement with WV-American Water Co., Inc., is reconnected, a reconnection fee of \$20.00 shall be charged.

Leak Adjustment

\$0.94 per 1,000 gallons of water is to be used when a bill reflects unusual water consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

TOWN OF NORTH HILLS (Sewer)

CASE NO. 03-1030-S-CN

RATES ADOPTED BY MUNICIPAL ORDINANCE

APPLICABILITY

Applicable with the entire territory served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service and sale for resale sewer service.

RATES (customers with metered water supply)

Usage Charge \$11.00 per 1,000 gallons of water usage

MINIMUM CHARGE

No bill will be rendered for less than \$33.00 per month, which is the equivalent of 3,000 gallons of usage with a 5/8" meter.

FLAT RATE CHARGE (Customers with non-metered water supply)

Equivalent of 4,000 gallons of water usage - \$44.00 per month.

DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full when due, 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.

TAP FEE

The following charges are to be made whenever the utility installs a new tap to serve an applicant. A tap fee of \$300 will be charged to customers applying for service before construction is completed adjacent to the customer's premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to the applicant's premises that is associated with a certificate proceeding.

A tap fee of \$300 will be charged to customers applying for service outside of a certificate proceeding before the Commission for each new tap to the system.

RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the sewer utility up to a maximum of \$25.00 will be imposed upon any customer whose check for payment of charges is returned by the bank due to insufficient funds.

DISCONNECT/RECONNECT/ADMINISTRATIVE FEES

Whenever water service has been disconnected for non-payment of sewer bill in conjunction with a water service termination agreement with WV-American Water Co., Inc., a disconnection fee of \$20.00 shall be charged or in the event the delinquent sewer bill is collected by the water company, an administrative fee of \$20.00 shall be charged.

Whenever water service which has been previously disconnected or otherwise withheld for nonpayment of a sewer bill in conjunction with a water service termination agreement with WV-American Water Co., Inc., is reconnected, a reconnection fee of \$20.00 shall be charged.

LEAK ADJUSTMENT

\$6.20 per 1,000 gallons of water is to be used when a bill reflects unusual water consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

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 3<sup>rd</sup> day of February, 2004.

CASE NO. 03-0397-PSD-CN

UNION WILLIAMS PUBLIC SERVICE DISTRICT

Application for a certificate of convenience and necessity to construct an extension to its existing sewer system to serve additional residents of Union and Williams Magisterial Districts in Wood County.

CASE NO. 03-1030-S-CN

TOWN OF NORTH HILLS

Application for a certificate of convenience and necessity to operate a sewer system to serve 307 customers in the Town of North Hills.

COMMISSION ORDER  
WAIVING EXCEPTION PERIOD

On January 29, 2004, Administrative Law Judge Thomas A. Trent entered a Recommended Decision which, among other things, approved, as amended, the application filed March 17, 2003 by Union Williams Public Service District. A certificate of convenience and necessity to construct and operate the public sewer project detailed in said application will be issued to the Union Williams Public Service District. Also approved, as amended, was the application filed on July 7, 2003, by North Hills Service Co. Inc., the Town of North Hills and the District, and a certificate of convenience and necessity to acquire, construct and operate the public sewer project detailed in said application will be issued to the Town of North Hills.

On February 3, 2004, Steven R. Hardman, Counsel, filed a letter requesting a waiver of the fifteen day period of time in which a party may file exceptions to the Recommended Decision in this proceeding. Staff has indicated it has no objection to granting said waiver and motion.

West Virginia Code §24-1-9 provides a time period of at least twenty (20) days from the date of a recommended order until it becomes effective. According to West Virginia Code §24-1-9(c), at least fifteen (15) days must be afforded the parties within which to file exceptions. In addition, §24-1-9(e) provides that when no exceptions are filed within the specified time period, the Commission shall have an additional five (5) days within which to stay or postpone the order.

The Commission is of the opinion and belief that said request of waiver received by the Commission on February 3, 2004, should be granted.

IT IS, THEREFORE, ORDERED that the requested waiver be, and the same hereby is, granted.

IT IS FURTHER ORDERED that the Administrative Law Judge's Recommended Decision in this matter becomes final (5) days after the date of this order absent further action by the Commission.

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

A True Copy, Teste:

  
Sandra Squire  
Executive Secretary

SS/gem  
030397s.wpd

**UNION-WILLIAMS PUBLIC SERVICE DISTRICT  
SEWER REVENUE BONDS,  
SERIES 2007 (WEST VIRGINIA INFRASTRUCTURE FUND)**

**CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS**

The undersigned, Barbara B. Meadows, Secretary-Treasurer of West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority and Stephen L. Nulter, Chairman of the Union-Williams Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

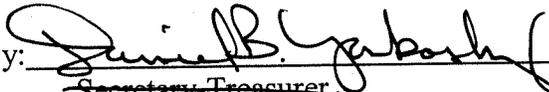
1. On the 29th day of March, 2007, the Authority received the entire original issue of \$284,652.00 in aggregate principal amount of Sewer Revenue Bonds, Series 2007 (West Virginia Infrastructure Fund), of the Issuer (the "Bonds"), issued as a single, fully registered Bond and dated March 29, 2007.

2. At the time of such receipt of the Series 2007 Bonds upon original issuance, the same had been executed by Stephen L. Nulter, as Chairman of the Issuer, by his manual signature, and by Howard E. Seufer, as Secretary of the Issuer, by his manual signature, and the official seal of the Issuer had been affixed upon the Series 2007 Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), as the original purchaser of the Series 2007 Bonds, of the sum of \$ 87,492 , being a portion of the principal amount of the Series 2007 Bonds, there being no interest accrued thereon. The balance of the proceeds of the Series 2007 Bonds will be advanced from time to time by the Authority and the Council as the acquisition and construction of the Project progress.

WITNESS our respective signatures as of this 29th day of March, 2007.

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

By:   
~~Secretary-Treasurer~~  
DIRECTOR

UNION-WILLIAMS PUBLIC SERVICE  
DISTRICT

By:   
Its: Chairman

**UNION-WILLIAMS PUBLIC SERVICE DISTRICT  
SEWER REVENUE BONDS,  
SERIES 2007 (WEST VIRGINIA INFRASTRUCTURE FUND)**

**DIRECTION TO AUTHENTICATE AND DELIVER BONDS**

WesBanco Bank, Inc.,  
as Bond Registrar  
Wheeling, West Virginia

Ladies and Gentlemen:

There are delivered to you herewith:

(1) Bond No. R-1, constituting the entire original issue of the Union-Williams Public Service District Sewer Revenue Bonds, Series 2007 (West Virginia Infrastructure Fund), in the principal amount of \$284,652.00, dated March 29, 2007, (the "Series 2007 Bonds"), executed by the Chairman and Secretary of the Union-Williams Public Service District (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Resolution duly adopted by the Issuer on March 21, 2007, and a Supplemental Resolution duly adopted by the Issuer on March 21, 2007 (collectively, the "Resolution");

(2) A copy of the Resolution authorizing the issuance of the above-captioned Series 2007 Bonds, duly certified by the Secretary of the Issuer;

(3) An executed Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), acting on behalf of the West Virginia Infrastructure and Jobs Development Council, for the Series 2007 Bonds (the "Loan Agreement"); and

(4) Signed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreement and the Series 2007 Bonds.

You are hereby requested and authorized to deliver the Series 2007 Bonds to the Authority upon payment to the account of the Issuer of the sum of \$87,492.00 which amount represent the initial advance of the principal amount of the Series 2007 Bonds, there being no accrued interest thereon. Prior to such delivery of the Series 2007 Bonds, you will please cause the Series 2007 Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the forms of Certificate of Authentication and Registration thereon.

Dated this 29th day of March, 2007.

UNION-WILLIAMS PUBLIC  
SERVICE DISTRICT

By:   
Its: Chairman

**UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
UNION-WILLIAMS PUBLIC SERVICE DISTRICT  
SEWER REVENUE BOND,  
SERIES 2007  
(WEST VIRGINIA INFRASTRUCTURE FUND)**

**SPECIMEN**

No. R-1

\$284,652.00

KNOW ALL MEN BY THESE PRESENTS: That UNION-WILLIAMS PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Wood and Pleasants Counties 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 EIGHTY-FOUR THOUSAND SIX HUNDRED FIFTY-TWO DOLLARS (\$284,652.00), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as Exhibit A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing on September 1, 2031, as set forth on the "Debt Service Schedule" attached as Exhibit B hereto and incorporated herein by reference.

This Bond shall bear no 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 only be redeemed prior to its stated date of maturity in whole or in part but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council") and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, acting on behalf of the Council, dated March 29, 2007.

This Bond is issued (i) to permanently finance a portion of the remaining costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public sewer system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public sewer system of the Issuer, the Project and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Resolution duly adopted

**SPECIMEN**

by the Issuer on March 21, 2007 (the "Bond Resolution") and a Supplemental Resolution duly adopted by the Issuer on March 21, 2007 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other securities provided for the Bonds of this Series (the "Bonds") under the Bond Legislation.

THIS BOND IS ISSUED INITIALLY SUBORDINATE AND JUNIOR WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH (1) THE SEWERAGE SYSTEM REVENUE BONDS, SERIES 1991, OF THE ISSUER, DATED APRIL 16, 1991, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$540,000 (THE "SERIES 1991 BONDS"); (2) THE SEWER REVENUE BONDS, SERIES 2000 (WEST VIRGINIA SRF PROGRAM), OF THE ISSUER, DATED DECEMBER 15, 2000, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$412,000 (THE "SERIES 2000 BONDS"); (3) THE SEWER REVENUE BONDS, SERIES 2004A (WEST VIRGINIA SRF PROGRAM), OF THE ISSUER, DATED FEBRUARY 19, 2004, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$15,596,291 (THE "SERIES 2004A BONDS"), AND (4) THE SEWER REVENUE BONDS, SERIES 2004B (WEST VIRGINIA INFRASTRUCTURE FUND), OF THE ISSUER, DATED FEBRUARY 19, 2004, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$1,900,000 (COLLECTIVELY, THE "PRIOR BONDS"), PROVIDED THAT, UPON THE DELIVERY OF THE PARITY CERTIFICATE DESCRIBED IN SECTION 1.02(H) OF THE BOND RESOLUTION DESCRIBED ABOVE, THE BONDS SHALL BE ON PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE PRIOR BONDS.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the System, initially subordinate and junior to the pledge of the Net Revenues in favor of the holders of the Prior Bonds, provided that, upon the delivery of the Parity Certificate described in Section 1.02(H) of the Bond Resolution described above, the Bonds shall be on parity with the Prior Bonds with respect to the pledge of the Net Revenues, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2007 Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2007 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other

revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues senior to or on a parity with the Bonds, including the Prior Bonds, provided however, that so long as there exists in the Series 2007 Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding senior to or on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

In accordance with the requirements of the United States Department of Agriculture, this Bond will be in default should any proceeds of this Bond be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to provide an agricultural commodity.

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 do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

SPECIMEN

Litho. in U.S.A.

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

**SPECIMEN**

[Rest of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the UNION-WILLIAMS PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated March 29, 2007.

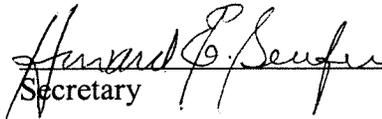
UNION-WILLIAMS PUBLIC SERVICE DISTRICT

[SEAL]

  
Chairman

**SPECIMEN**

ATTEST:

  
Secretary

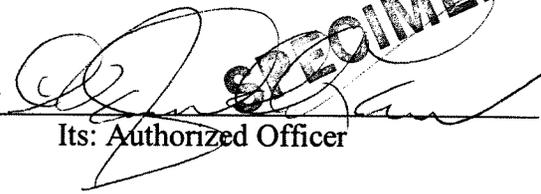
CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2007 Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: March 29, 2007

WESBANCO BANK, INC.,  
as Registrar

By



**SPECIMEN**

Its: Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	<u>Amount</u>	<u>Date</u>	<u>Amount</u>	<u>Date</u>
(1)	\$ 87,492	March 29, 2007	(7)	\$
(2)	\$		(8)	\$
(3)	\$		(9)	\$
(4)	\$		(10)	\$
(5)	\$		(11)	\$
(6)	\$		(12)	\$

Total \$ \_\_\_\_\_

**EXHIBIT B**

**DEBT SERVICE SCHEDULE**

**\$284,652**

**Union-Williams Public Service District**

**0% Interest Rate**

**Closing Date: March 29, 2007**

**Debt Service Schedule**

**Part 1 of 4**

<b>Date</b>	<b>Principal</b>	<b>Coupon</b>	<b>Total P+I</b>
06/01/2007	-	-	-
09/01/2007	-	-	-
12/01/2007	-	-	-
03/01/2008	-	-	-
06/01/2008	-	-	-
09/01/2008	-	-	-
12/01/2008	-	-	-
03/01/2009	-	-	-
06/01/2009	-	-	-
09/01/2009	-	-	-
12/01/2009	-	-	-
03/01/2010	-	-	-
06/01/2010	-	-	-
09/01/2010	-	-	-
12/01/2010	-	-	-
03/01/2011	-	-	-
06/01/2011	-	-	-
09/01/2011	-	-	-
12/01/2011	-	-	-
03/01/2012	-	-	-
06/01/2012	-	-	-
09/01/2012	-	-	-
12/01/2012	-	-	-
03/01/2013	-	-	-
06/01/2013	-	-	-
09/01/2013	-	-	-
12/01/2013	-	-	-
03/01/2014	-	-	-
06/01/2014	-	-	-
09/01/2014	-	-	-
12/01/2014	-	-	-
03/01/2015	-	-	-
06/01/2015	-	-	-
09/01/2015	-	-	-
12/01/2015	-	-	-
03/01/2016	-	-	-
06/01/2016	-	-	-
09/01/2016	-	-	-
12/01/2016	-	-	-
03/01/2017	-	-	-
06/01/2017	-	-	-
09/01/2017	-	-	-
12/01/2017	-	-	-
03/01/2018	-	-	-

\$284,652

Union-Williams Public Service District

0% Interest Rate

Closing Date: March 29, 2007

Debt Service Schedule

Part 2 of 4

Date	Principal	Coupon	Total P+I
06/01/2018	-	-	-
09/01/2018	-	-	-
12/01/2018	-	-	-
03/01/2019	-	-	-
06/01/2019	-	-	-
09/01/2019	-	-	-
12/01/2019	-	-	-
03/01/2020	-	-	-
06/01/2020	-	-	-
09/01/2020	-	-	-
12/01/2020	-	-	-
03/01/2021	-	-	-
06/01/2021	-	-	-
09/01/2021	-	-	-
12/01/2021	-	-	-
03/01/2022	-	-	-
06/01/2022	-	-	-
09/01/2022	-	-	-
12/01/2022	-	-	-
03/01/2023	-	-	-
06/01/2023	-	-	-
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12/01/2024	-	-	-
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09/01/2025	-	-	-
12/01/2025	-	-	-
03/01/2026	-	-	-
06/01/2026	-	-	-
09/01/2026	-	-	-
12/01/2026	-	-	-
03/01/2027	-	-	-
06/01/2027	-	-	-
09/01/2027	-	-	-
12/01/2027	-	-	-
03/01/2028	-	-	-
06/01/2028	-	-	-
09/01/2028	-	-	-
12/01/2028	-	-	-
03/01/2029	-	-	-

**\$284,652**

**Union-Williams Public Service District**

**0% Interest Rate**

**Closing Date: March 29, 2007**

**Debt Service Schedule**

**Part 3 of 4**

<b>Date</b>	<b>Principal</b>	<b>Coupon</b>	<b>Total P+I</b>
06/01/2029	-	-	-
09/01/2029	-	-	-
12/01/2029	-	-	-
03/01/2030	-	-	-
06/01/2030	-	-	-
09/01/2030	-	-	-
12/01/2030	-	-	-
03/01/2031	-	-	-
06/01/2031	-	-	-
09/01/2031	10,167.00	-	10,167.00
12/01/2031	10,167.00	-	10,167.00
03/01/2032	10,167.00	-	10,167.00
06/01/2032	10,167.00	-	10,167.00
09/01/2032	10,166.00	-	10,166.00
12/01/2032	10,166.00	-	10,166.00
03/01/2033	10,166.00	-	10,166.00
06/01/2033	10,166.00	-	10,166.00
09/01/2033	10,166.00	-	10,166.00
12/01/2033	10,166.00	-	10,166.00
03/01/2034	10,166.00	-	10,166.00
06/01/2034	10,166.00	-	10,166.00
09/01/2034	10,166.00	-	10,166.00
12/01/2034	10,166.00	-	10,166.00
03/01/2035	10,166.00	-	10,166.00
06/01/2035	10,166.00	-	10,166.00
09/01/2035	10,166.00	-	10,166.00
12/01/2035	10,166.00	-	10,166.00
03/01/2036	10,166.00	-	10,166.00
06/01/2036	10,166.00	-	10,166.00
09/01/2036	10,166.00	-	10,166.00
12/01/2036	10,166.00	-	10,166.00
03/01/2037	10,166.00	-	10,166.00
06/01/2037	10,166.00	-	10,166.00
09/01/2037	10,166.00	-	10,166.00
12/01/2037	10,166.00	-	10,166.00
03/01/2038	10,166.00	-	10,166.00
06/01/2038	10,166.00	-	10,166.00
<b>Total</b>	<b>\$284,652.00</b>	<b>-</b>	<b>\$284,652.00</b>

**ASSIGNMENT**

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

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

Dated: \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_

In the presence of:

\_\_\_\_\_

**SPECIMEN**

101 South Queen Street  
Martinsburg, West Virginia 25401  
(304) 263-0836

7000 Hampton Center, Suite K  
Morgantown, West Virginia 26505  
(304) 285-2500

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600 Quarrier Street  
Charleston, West Virginia 25301

Post Office Box 1386  
Charleston, West Virginia 25325-1386  
(304) 347-1100

[www.bowlesrice.com](http://www.bowlesrice.com)

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Winchester, Virginia 22601  
(540) 723-8877

5th Floor, United Square  
501 Avery Street  
Parkersburg, West Virginia 26101  
(304) 485-8500

March 29, 2007

Union-Williams Public Service District  
Post Office Box 243  
Waverly, West Virginia 26184-0243

West Virginia Infrastructure and  
Jobs Development Council  
300 Summers Street, Suite 980  
Charleston, West Virginia 25301

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

Re: Union-Williams Public Service District Sewer Revenue Bonds,  
Series 2007 (West Virginia Infrastructure Fund)

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the issuance by Union-Williams Public Service District (the "Issuer"), a public service district, public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its \$284,652 Sewer Revenue Bonds, Series 2007 (West Virginia Infrastructure Fund), dated the date hereof (the "Series 2007 Bonds").

We have examined a certified copy of proceedings and other papers relating to the authorization of a loan agreement dated March 29, 2007, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Issuer and the West Virginia Water Development Authority (the "Authority"), acting on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") and the Series 2007 Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Series 2007 Bonds are issued in the principal amount of \$284,652, in the form of one bond registered as to principal to the Authority, with no interest and with principal payable March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2031, all as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2007 Bonds.

Union-Williams Public Service District  
West Virginia Infrastructure and  
Jobs Development Council  
West Virginia Water Development Authority  
March 29, 2007  
Page 2

The Series 2007 Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (the "Act") for the purposes of permanently financing a portion of the costs of acquisition, construction and equipping of certain additions, betterments and improvements to the existing public sewer system of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act and the Bond Resolution duly adopted by the Issuer on March 21, 2007, as supplemented by a Supplemental Resolution duly adopted on March 21, 2007 (collectively, the "Resolution"), pursuant to and under which Act and Resolution the Series 2007 Bonds are authorized and issued and the Loan Agreement has been undertaken. The Series 2007 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 Resolution and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Resolution and the Loan Agreement.

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

1. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer and is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof.
2. The Loan Agreement inures to the benefit of the Authority and the Council and cannot be amended so as to affect adversely the rights of the Authority or the Council or diminish the obligations of the Issuer without the consent of the Authority and the Council.
3. The Issuer is a duly organized and presently existing public service district, public corporation and political subdivision of the State of West Virginia with full power and authority to construct and acquire the Project, to operate and maintain the System, to adopt the Resolution and to issue and sell the Series 2007 Bonds, all under the Act and other applicable provisions of law.
4. The Resolution and all other necessary orders and resolutions have been duly and effectively adopted by the Issuer in connection with the issuance and sale of the Series 2007 Bonds and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms. The Resolution contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.
5. The Series 2007 Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid and legally enforceable and binding special

Union-Williams Public Service District  
West Virginia Infrastructure and  
Jobs Development Council  
West Virginia Water Development Authority  
March 29, 2007  
Page 3

obligations of the Issuer, payable from the Net Revenues of the System and secured initially by a second lien on and pledge of the Net Revenues of said System, junior and subordinate to the liens, pledge and source of and security for payment in favor of the holders of (i) the Sewerage System Revenue Bonds, Series 1991, of the Issuer, dated April 16, 1991, issued in the original principal amount of \$540,000; (ii) the Sewer Revenue Bonds, Series 2000 (West Virginia SRF Program), of the Issuer, dated December 15, 2000, issued in the original principal amount of \$412,000; (iii) the Sewer Revenue Bonds, Series 2004A (West Virginia SRF Program), of the Issuer, dated February 19, 2004, issued in the original principal amount of \$15,596,291, and (iv) the Sewer Revenue Bonds, Series 2004B (West Virginia Infrastructure Fund), of the Issuer dated February 19, 2004, issued in the original principal amount of \$1,900,000 ((i) and (iv) are collectively referred to herein as the "Prior Bonds"), subject to the obligation of the Issuer to take all reasonable actions to fulfill all requirements for the Series 2007 Bonds to be on parity with the Prior Bonds so that the Series 2007 Bonds will be on parity with the Prior Bonds, all in accordance with the terms of the Series 2007 Bonds and the Resolution.

6. The Series 2007 Bonds are, under the Act, exempt from taxation by the State of West Virginia, and the other taxing bodies of the State.

7. The Series 2007 Bonds have not been issued on the basis that the interest, if any, thereon is or will be excluded from the gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Series 2007 Bonds.

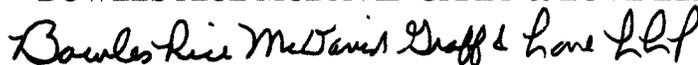
8. The Issuer has reserved the right to issue additional bonds ranking on a parity with the Series 2007 Bonds, as provided in the Resolution, but no additional bonds can be issued until the Series 2007 Bonds are on parity with the Prior Bonds..

No opinion is given herein as to the effect upon enforceability of the Series 2007 Bonds or the Resolution of bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, fraudulent transfer or other laws affecting creditors' rights or in the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Series 2007 Bond No. R-1, and are of the opinion that the form of said bond and its execution and authentication are regular and proper.

Very truly yours,

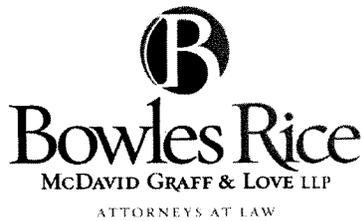
BOWLES RICE McDAVID GRAFF & LOVE LLP



600 Quarrier Street  
Charleston, West Virginia 25301  
(304) 347-1100

101 South Queen Street  
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(304) 263-0836

7000 Hampton Center, Suite K  
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501 Avery Street  
Parkersburg, West Virginia 26101

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Parkersburg, West Virginia 26102  
(304) 485-8500

[www.bowlesrice.com](http://www.bowlesrice.com)

March 29, 2007

155 East Main Street, Suite 300  
Lexington, Kentucky 40507  
(859) 252-2202

19 West Cork Street, Suite 102  
Winchester, Virginia 22601  
(540) 723-8877

Union-Williams Public Service District  
Post Office Box 243  
Waverly West Virginia 26184-0243

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

West Virginia Infrastructure and  
Jobs Development Council  
300 Summers Street, Suite 980  
Charleston, West Virginia 25301

RE: Union-Williams Public Service District  
Sewer Revenue Bonds, Series 2007 (West Virginia Infrastructure Fund)

Ladies and Gentlemen:

We are counsel to Union-Williams Public Service District, a public service district, public corporation and political subdivision of the State of West Virginia, in Wood and Pleasants Counties, West Virginia (the "Issuer"). As such counsel, we have examined (i) the approving opinion of Bowles Rice McDavid Graff & Love LLP, as bond counsel; (ii) the Loan Agreement dated March 29, 2007, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), acting on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") for the Series 2007 Bonds (the "Loan Agreement"); (iii) the Bond Resolution duly adopted by the Issuer on March 21, 2007, as supplemented by a Supplemental Resolution duly adopted by the Issuer on March 21, 2007 (collectively, the "Resolution"), and other documents, papers, agreements, instruments and certificates relating to the above-captioned Bonds of the Issuer (the "Bonds"). All capitalized terms used herein and not defined herein shall have the same meanings set forth in the Resolution and the Loan Agreement when used herein.

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

Union-Williams Public Service District  
West Virginia Water Development Authority  
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1. The Issuer is duly created and validly existing as a public service district, public corporation and political subdivision of the State of West Virginia.
2. The Loan Agreement has been duly authorized, executed and delivered by the Issuer, and assuming due authorization, execution and delivery by the Authority, constitutes the valid and binding agreement of the Issuer enforceable in accordance with its terms.
3. The members and officers of the Public Service Board of the Issuer have been duly, lawfully and properly appointed and elected, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.
4. The Resolution has been duly adopted by the Issuer and is in full force and effect.
5. To the best of our knowledge, the execution and delivery of the Bonds, the Loan Agreement and the consummation of the transactions contemplated by the Bonds, the Loan Agreement and the Resolution, and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default under any order, resolution, agreement, document or instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, rule, order or decree to which the Issuer is subject.
6. The Issuer has received, or there have been entered, all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges, including, without limitation, all requisite orders, consents, certificates and approvals from The County Commission of Wood County, The County Commission of Pleasants County, the Council and the Public Service Commission of West Virginia, and the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia entered January 29, 2004, which, pursuant to the Commission Order Waiving Exception Period entered on February 3, 2004, became the Final Order of the Public Service Commission of West Virginia on February 9, 2004, in Case No. 03-0397-PSD-CN. The time for appeal of such Final Order has expired prior to the date hereof. Such Final Order, among other things, grants the Issuer a certificate of public convenience and necessity for the Project and approves financing for the Project and the rates and charges for the System. The Issuer has also received the Commission Order of the Public Service Commission of West Virginia dated March 10, 2006, in Case No. 03-0397-PSD-CN, approving the revised funding of \$284,652 for the Project

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evidenced by the Bonds. The time for appeal of such Commission Order has expired prior to the date hereof.

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

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

This opinion may be relied upon by all counsel to the transaction as if specifically addressed thereto.

Very truly yours,

BOWLES RICE MCDAVID GRAFF & LOVE LLP

*Bowles Rice McDavid Graff + Love LLP*

**UNION-WILLIAMS PUBLIC SERVICE DISTRICT  
SEWER REVENUE BONDS,  
SERIES 2007 (WEST VIRGINIA INFRASTRUCTURE FUND)**

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

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

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Union-Williams Public Service District, in Wood and Pleasants Counties, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the \$284,652.00 aggregate principal amount of the Union-Williams Public Service District Sewer Revenue Bonds, Series 2007 (West Virginia Infrastructure Fund) (the "Bonds"), as follows:

1. **TERMS:** All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning as in the Bond Resolution of the Issuer adopted March 21, 2007, and a Supplemental Resolution adopted on March 21, 2007 (collectively, the "Resolution").

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

payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the acquisition and construction of the Project, the operation of the System, or such pledge or application of moneys and security or the collection of the Gross Revenues or pledge of the Net Revenues as security for the Bonds.

3. GOVERNMENTAL APPROVALS, BIDDING AND AWARD OF CONTRACT: All applicable and necessary approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the creation and existence of the Issuer, the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project were solicited in accordance with Chapter 5, Article 22, Section 1 of the Code of West Virginia of 1931. The Issuer has awarded the construction contracts for the Project in six separate contracts to the respective lowest bidders therefor as follows:

Contract #1	-	Diversified Enterprises, Inc.
Contract #2	-	Diversified Enterprises, Inc.
Contract #3	-	Diversified Enterprises, Inc.
Contract #4	-	Yeneka Construction, Inc.
Contract #5	-	J. C. Bosley Contractors, Inc.
Contract #6	-	Stonegate Construction, Inc.

The Issuer has on or prior to this date issued a notice of award to each of said contractors for the Project and has entered into a construction contract with each of said contractors for the Project.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval and execution and delivery by the Issuer of the Loan Agreement entered into by and between the Issuer and the Authority, acting on behalf of the Council, for the Bonds (the "Loan Agreement") and the Issuer has met all conditions prescribed in the Loan Agreement. The Issuer has or can provide the financial, institutional, legal, and managerial capabilities necessary to complete the Project. Other than the Prior Bonds, there are no outstanding bonds or other obligations of the Issuer which are secured by revenues and/or assets of the System. The Bonds are issued initially junior and subordinate to the Prior Bonds with respect to the liens, pledge and source of and security for payment, subject to the obligation of the Issuer to take all reasonable actions to fulfill all requirements for the Bonds to be on parity with the Prior Bonds so that the Bonds will be on parity with the Prior Bonds, all in accordance with the terms of the Bonds and the Resolution.

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

Bond Resolution

Supplemental Resolution

Loan Agreement for the Bonds

Recommended Decision of the Public Service Commission of West Virginia (the "PSC") entered on January 29, 2004, in Case No. 03-0397-PSD-CD, which, pursuant to the Commission Order Waiving Exception Period entered on February 3, 2004, became the Final Order of the PSC on February 9, 2004.

Commission Order of the PSC dated March 10, 2006, in Case No. 03-0397-PSD-CD

Certified copy of Orders of the County Commissions of Wood and Pleasants Counties proposing, creating and enlarging the Issuer

Certified copies of Orders of the County Commission of Wood County appointing current members to Public Service Board of the Issuer

Certified copies of Oaths of Office of current members of Public Service Board of the Issuer

Rules of Procedure

Affidavits of Publication on Borrowing and Filing of PSC Application

Minutes of 2007 Organizational Meeting of Public Service Board

Minutes on Adoption of Bond Resolution and Supplemental Resolution

NPDES Permit

1991, 2000 and 2004 Bond Resolutions and Supplemental Resolutions

Infrastructure Council Approval

Evidence of Insurance

6. **INCUMBENCY AND OFFICIAL NAME:** The proper corporate title of the Issuer is "Union-Williams Public Service District." The Issuer is a public service district and public corporation duly created by The County Commission of Wood County, West Virginia, and presently existing under the laws of, and a political subdivision of, the State of West Virginia. The governing body of the Issuer is its Public Service Board consisting of 3 duly

appointed, qualified and acting members, whose names and dates of commencement and termination of current terms of office are as follows:

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Stephen L. Nulter	November 1, 2004	November 1, 2010
Howard E. Seufer	November 1, 2006	November 1, 2012
Ronald J. Mullenix	November 1, 2002	November 1, 2008

The names of the duly elected and/or appointed qualified and acting officers of the Public Service Board of the Issuer for the calendar year 2007 are as follows:

Chairman	-	Stephen L. Nulter
Secretary	-	Howard E. Seufer
Treasurer	-	Ronald J. Mullenix

The duly appointed and acting counsel to Issuer is Bowles Rice McDavid Graff & Love LLP, Parkersburg, West Virginia.

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

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

9. CONTRACTORS' INSURANCE, ETC.: All contractors have been required to maintain Workers' Compensation, public liability and property damage insurance and

builder's risk insurance in accordance with the Resolution. All insurance for the System required by the Resolution is in full force and effect.

10. **LOAN AGREEMENT:** As of the date hereof, (i) the representations of the Issuer contained in the Loan Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreement do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (iii) to the best knowledge of the undersigned, no event affecting the Issuer has occurred since the date of the Loan Agreement which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information in the Loan Agreement not misleading; and (iv) the Issuer is in compliance with the Loan Agreement.

11. **RATES, PUBLIC SERVICE COMMISSION ORDERS:** The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia entered in Case No. 03-0397-PSD-CN on January 29, 2004, which, pursuant to the Commission Order Waiving Exception Period entered on February 3, 2004, became the Final Order of the PSC on February 9, 2004, approving the rates and charges for the System and the financing for the Project and granting a certificate of public convenience and necessity for the Project. The time for appeal of such Final Order has expired prior to the date hereof. Such Final Order remains in full force and effect. The Issuer has also received the Commission Order of the PSC dated March 10, 2006, in Case No. 03-0397-PSD-CN, approving the revised funding of \$284,652 for the Project evidenced by the Bonds. The time for appeal of such Commission Order has expired prior to the date hereof. Such Commission Order remains in full force and effect.

12. **SIGNATURES AND DELIVERY:** On the date hereof, the undersigned Chairman did officially sign all of the Bonds of the aforesaid issues, consisting of a single Bond dated March 29, 2007, by his manual signature, and the undersigned Secretary did officially cause the official seal of the Issuer to be affixed upon each of said Bonds and to be attested by his manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Bond Purchase Agreement and the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

13. **BOND PROCEEDS:** On the date hereof the Issuer received from the Authority and the Council the sum of \$87,492.00, being the first advance of the principal amount of the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as the acquisition and construction of the Project progress.

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

15. SPECIMEN BOND: Delivered concurrently herewith is a true and accurate specimen of the Bonds.

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

17. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has complied in all respects with the requirements of Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended, in the procurement of engineering services to be paid from proceeds of the Bonds.

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

19. GRANT. As of the date hereof, the Issuer has received a Grant from the Council in the amount of \$500,000 and such grant is in full force and effect.

WITNESS our signatures and the official seal of the UNION-WILLIAMS PUBLIC SERVICE DISTRICT on this 29th day of March, 2007.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Stephen L. North  
Howard E. Deuffer  
Ronald J. Maloney  
Steven R. Hardman

Chairman and Member

Secretary and Member

Treasurer and Member

Counsel to Issuer

**UNION-WILLIAMS PUBLIC SERVICE DISTRICT  
SERIES 2007 (WEST VIRGINIA INFRASTRUCTURE FUND)**

**CERTIFICATE AS TO USE OF PROCEEDS**

The undersigned Chairman of the Union-Williams Public Service District in Wood and Pleasants Counties, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of the \$284,652.00 aggregate principal amount of the Issuer's Sewer Revenue Bonds, Series 2007 (West Virginia Infrastructure Fund) (the "Bonds"), dated March 29, 2007, (the "Bonds"), hereby certify as follows:

1. I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Resolution adopted by the Issuer on March 21, 2007, as supplemented and amended by a Supplemental Resolution adopted March 21, 2007 (collectively, the "Resolution"), authorizing the Bonds.

2. This certificate may be relied upon as the certificate of the Issuer.

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on March 29, 2007, the date on which the Bonds are being physically delivered in exchange for an initial advance of a portion of the principal amount of the Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

4. In the Resolution pursuant to which the Bonds are issued, the Issuer has covenanted: (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Bonds as may be necessary in order to maintain the status of the Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the Council, as the case may be, from which the proceeds of the Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the Council, to ensure compliance with the foregoing covenants and agreements regardless of whether such actions may be contrary to any of the provisions of the Resolution. The Issuer hereby covenants to take all actions necessary to comply with such covenants.

5. The Bonds were sold on March 29, 2007, to the Authority, pursuant to a Loan Agreement dated March 29, 2007, between the Issuer and the Authority, acting on behalf of the Council, for an aggregate purchase price of \$284,652.00 (100% of par). On March 29, 2007, the Issuer received \$87,492.00 from the Authority and the Council, being the first advance of the principal amount of the Bonds. The Bonds do not bear interest. The balance of the

principal amount of the Bonds will be advanced to the Issuer as the acquisition and construction of the Project progress.

6. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) permanently financing a portion of the remaining costs of the acquisition and construction of the Project; and (ii) paying certain costs of issuance of the Bonds and related costs.

7. Not later than simultaneously with the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the respective Bonds on the acquisition and construction of the Project, constituting a substantial binding commitment. The acquisition and construction of the Project and the allocation of proceeds of the respective Bonds to such expenditures of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds constituting capitalized interest, if any, and proceeds, if any, deposited in the Reserve Account for the Bonds, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before June 29, 2008. The acquisition and construction of the Project is expected to be completed by March 29, 2008.

8. The total cost of the Project is estimated at \$18,416,686. Sources and uses of funds for the Project are as follows:

SOURCES

Proceeds of the Series 2004A Bonds	\$15,596,291
Proceeds of the Series 2004B Bonds	1,900,000
Proceeds of the Series 2007 Bonds	284,652
Proceeds of the Council Grant	500,000
Department of Highways Reimbursement	101,660
North Hills Contribution	<u>34,083</u>
Total Sources	<u>\$18,416,686</u>

USES

Costs of the Project	\$18,345,686
Costs of Issuance	71,000
Total Uses	<u>\$18,416,686</u>

The proceeds of the Bonds in the amount of \$284,652 will be applied to the Costs of the Project, including without limitation \$25,000 of costs relating to the issuance of the Bonds.

9. Pursuant to Article V of the Resolution, the following special funds or accounts have been created or continued in connection with the Bonds:

- (1) Revenue Fund;

- (2) Renewal and Replacement Fund;
- (3) Series 2007 Bonds Construction Trust Fund;
- (4) Series 2007 Bonds Sinking Fund; and
- (5) Within the Series 2007 Bonds Sinking Fund, the Series 2007 Bonds Reserve Account.

10. Pursuant to Article VI of the Resolution, the proceeds of the Bonds will be deposited in the Series 2007 Bonds Construction Trust Fund as received from time to time and applied solely to payment of Costs of the Project, including costs related to the issuance of the Bonds and related costs.

11. Moneys held in the Series 2007 Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2007 Bonds and will not be available to meet costs of the acquisition and construction of the Project. All investment earnings on moneys in the Series 2007 Bonds Sinking Fund and Series 2007 Bonds Reserve Account will be withdrawn therefrom and deposited into the Series 2007 Bonds Construction Trust Fund during the acquisition and construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Resolution.

12. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The acquisition and construction of the Project is expected to be completed within 12 months of the date hereof.

13. The Issuer will take such steps as requested by the Authority and the Council to ensure that the bonds of the Authority and the Council, as the case may be, meet the requirements of the Code.

14. With the exception of the amount deposited in the Series 2007 Bonds Sinking Fund for payment of interest, if any, on the Bonds and the amount deposited in the Series 2007 Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 15 months from the date of issuance thereof.

15. The Issuer does not expect to sell or otherwise dispose of the Project in whole or in part prior to the last maturity date of the Bonds.

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

17. All property financed with the proceeds of the Bonds will be owned and held by (or on behalf of) a qualified governmental unit.

18. No proceeds of the Bonds will be used, directly or indirectly, in any trade or business carried on by any person who is not a governmental unit.

19. The original proceeds of the Bonds will not exceed the amount necessary for the purposes of the issue.

20. The Issuer shall use the Bond proceeds solely for the costs of the acquisition and construction of the Project costs of issuance related to the issuance of the Bonds and the Project, when constructed, will be operated solely for a public purpose as a local governmental activity of the Issuer.

21. The Bonds are not federally guaranteed.

22. The Issuer has retained the right to amend the Resolution authorizing the issuance of the Bonds if such amendment is necessary to assure that the Bonds remain public purpose bonds.

23. The Issuer has either (a) funded the Series 2007 Bonds Reserve Account at the maximum amount of principal and interest, if any, which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 2007 Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period, commencing July 1, 2031, until such Series 2007 Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest, if any, which will mature and become due on the Bonds in the then current or any succeeding year, provided that the Issuer is required by the Resolution to deposit in the Series 2007 Bonds Reserve Account any monies remaining in the Sewerage System Reserve Account created by the Series 1991 Bonds Resolution after payment in full of the Series 1991 Bonds and any monies remaining in the Series 2000 Bonds Reserve Account created by the Series 2000 Bonds Resolution upon payment in full of the Series 2000 Bonds. Moneys in the Series 2007 Bonds Reserve Account and the Series 2007 Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Bonds and will not be available to pay Costs of the Project.

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

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

26. The Issuer will comply with instructions as may be provided by the Authority, at any time, regarding use and investment of proceeds of the Bonds, rebates and rebate calculations.

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

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WITNESS my signature on this 29th day of March, 2007.

UNION-WILLIAMS PUBLIC  
SERVICE DISTRICT

  
\_\_\_\_\_  
Its: Chairman

**UNION-WILLIAMS PUBLIC SERVICE DISTRICT  
SEWER REVENUE BONDS, SERIES 2007  
(WEST VIRGINIA INFRASTRUCTURE FUND)**

**CERTIFICATE OF CONSULTING ENGINEER**

I, Manning H. Frymier, Registered Professional Engineer, West Virginia License No. 8497, of Cerrone Associates, Inc., Consulting Engineers, having offices in Wheeling, West Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain extensions, additions, betterments and improvements (the "Project") to the existing public sewer system (the "System") of the Union-Williams Public Service District (the "Issuer"), to be constructed in Wood County, West Virginia, a portion of the costs of which Project are being permanently financed by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the meaning set forth in the Bond Resolution adopted by the Issuer on March 21, 2007, as supplemented by a Supplemental Resolution adopted on March 21, 2007, and the Loan Agreement, dated March 29, 2007, by and between the Issuer and the West Virginia Water Development Authority, acting on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), for the Bonds (the "Loan Agreement").

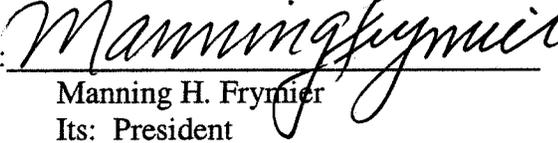
2. The Bonds are being issued for the purposes of (i) permanently financing a portion of the remaining costs of the acquisition and construction of the Project; and (ii) paying certain costs of issuance of the Bonds and related costs.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, including reliance upon the "Certificate of Engineer" dated February 19, 2004 executed by Thrasher Engineering, Inc. (the Issuer's Engineer for providing resident project representative services during construction for the Project, excluding the treatment plant portion of Contract 1), the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and any change orders approved by the Issuer and the Council and all necessary governmental bodies, provided however, the Issuer and the contractor for the Project are currently in a dispute over the construction of certain portions of the Project and no certification is hereby made with respect to the portions of the Project that are the subject of that dispute; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least 40 years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in Schedule B attached hereto as Exhibit A, and the Issuer's counsel, Bowles Rice McDavid Graff & Love LLP, has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on

such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) as of the effective date thereof, in reliance on the certificate of Smith Cochran & Hicks, P.L.L.C., Certified Public Accountants, dated February 19, 2004, the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, the Series 2004A Bonds and the Series 2004B Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of the \$500,000 grant from the Council, the Department of Highways reimbursement, the contribution by the Town of North Hills<sup>1</sup>, and other grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the Council; and (xi) attached hereto as Exhibit A is the final amended Schedule B - Total Cost of Project; Sources of Funds and Cost of Financing for the Project.

WITNESS my signature and seal on this 29th day of March, 2007.

CERRONE ASSOCIATES, INC

By:   
Manning H. Frymier  
Its: President

[SEAL]

West Virginia License No. 8497

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<sup>1</sup> As further set forth in the Schedule B attached hereto as Exhibit A, included in the Sources of Funds for the Project is the amount of \$34,083 relating to an informal arrangement between the Issuer and the Town of North Hills (the "Town") whereby the Town previously agreed to contribute the said amount of \$34,083 for the Project. Recent discussions between the Issuer and the Town have indicated that, because of recent developments with the Town, there may be some doubt as to whether the Town will make the contribution. While our conversations with the Issuer indicate that it is still anticipated that the Town will make the aforesaid contribution, the undersigned felt it appropriate to disclose this matter. In the event the Town does not make the contribution, the Issuer has indicated that it will reduce the scope of the telemetry portion of the Project and/or reduce the amount that otherwise would be payable to the Issuer as reimbursement for costs of the Project previously paid by the Issuer.

EXHIBIT A  
FINAL AMENDED SCHEDULE B

SCHEDULE B

UNION WILLIAMS PUBLIC SERVICE DISTRICT

COST OF PROJECT	TOTAL	JDC GRANT/LOAN	SRF LOAN	DOH Reimbursement	North Hills Contribution	Subsequent JDC Loan
<b>1 Construction</b>						
a. Contract #1	4,050,130.34	1,161,068.39	2,889,063.95	0.00	0.00	0.00
b. Contract #2 (Incl CO#9)	3,281,391.47	0.00	3,278,151.47	0.00	0.00	3,240.00
c. Contract #3 (Incl CO#9)	5,785,845.12	0.00	5,752,271.60	0.00	0.00	36,573.52
d. Contract #4	379,729.68	0.00	379,729.68	0.00	0.00	0.00
e. Contract #5	1,209,362.40	0.00	1,209,362.40	0.00	0.00	0.00
f. Contract #6	598,921.00	34,272.68	462,988.32	101,660.00	0.00	0.00
g. Other	24,673.03	0.00	23,628.06	0.00	0.00	1,144.97
<b>2 Technical Services</b>						
a. Planning	6,100.00	6,100.00	0.00	0.00	0.00	0.00
b. Design	173,200.00	0.00	173,200.00	0.00	0.00	0.00
c. Eng. During Construction	46,300.00	0.00	46,300.00	0.00	0.00	0.00
d. Special Services	273,102.50	0.00	263,720.95	0.00	0.00	9,381.55
e. Inspection	880,693.85	0.00	827,684.00	0.00	0.00	53,109.85
f. Property Surveys	14,829.05	0.00	14,829.05	0.00	0.00	0.00
g. Soil/Concrete Testing	16,845.75	0.00	16,845.75	0.00	0.00	0.00
<b>3 Legal/Fiscal</b>						
a. Legal	101,209.01	0.00	101,209.01	0.00	0.00	0.00
b. Accounting	11,062.35	11,062.35	0.00	0.00	0.00	0.00
<b>4 Administrative</b>						
a. Administrative	3,453.31	0.00	3,453.31	0.00	0.00	0.00
<b>5 Land &amp; Sites</b>						
a. Land Acquisition (incl pending condemnation)	193,489.18	193,489.18	0.00	0.00	0.00	0.00
b. R/W Negotiations	130,423.19	130,423.19	0.00	0.00	0.00	0.00
<b>6 Interim Financing</b>						
a. JDC Design Loan Payoff	127,411.00	127,411.00	0.00	0.00	0.00	0.00
b. WesBanco Design Loan Payoff	693,360.26	693,360.26	0.00	0.00	0.00	0.00
<b>7 Contingency</b>						
a. Construction Contingency	5,000.00	0.00	0.00	0.00	0.00	5,000.00
b. Sludge handling vehicle	70,065.00	0.00	70,065.00	0.00	0.00	0.00
c. Telemetry (Incl Proposed CO)	176,690.00	0.00	0.00	0.00	34,083.00	142,607.00
<b>8 Miscellaneous</b>						
a. Sewer Cleaner (trailer mounted)	0.00	0.00	0.00	0.00	0.00	0.00
b. Crane - (trailer mounted)	0.00	0.00	0.00	0.00	0.00	0.00
c. permits	11,814.95	11,814.95	0.00	0.00	0.00	0.00
d. electric service extension	31,168.77	0.00	31,168.77	0.00	0.00	0.00
e. Other	1,286.68	0.00	1,286.68	0.00	0.00	0.00
f. Reimburse District	8,695.11	0.00	0.00	0.00	0.00	8,695.11
<b>9 Total</b>	<b>16,345,886.00</b>	<b>2,377,000.00</b>	<b>15,573,291.00</b>	<b>101,660.00</b>	<b>34,083.00</b>	<b>269,652.00</b>
<b>B. SOURCES OF FUNDS</b>						
10 Federal Grants	0.00	0.00	0.00	0.00	0.00	0.00
11 State Grant (WV/JDC)	500,000.00	500,000.00	0.00	0.00	0.00	0.00
12 Other Grant (DOH Reimbursement)	101,660.00	0.00	0.00	101,660.00	0.00	0.00
13 Other Source (WV/JDC Loan)	0.00	0.00	0.00	0.00	0.00	0.00
14 Other Source (North Hills Contribution)	34,083.00	0.00	0.00	0.00	34,083.00	0.00
15 Other Source (Subsequent JDC Loan)	0.00	0.00	0.00	0.00	0.00	0.00
14 Total (Lines 11 - 15)	635,743.00	500,000.00	0.00	101,660.00	34,083.00	0.00
16 Net Proceeds from Bond Issue	17,709,943.00	1,877,000.00	15,573,291.00	0.00	0.00	269,652.00
<b>C. COST OF FINANCING</b>						
17 Funded Reserve	0.00	0.00	0.00	0.00	0.00	0.00
17 Other Costs						
a. Registrar Fees (Incl. below)	1,500.00	500.00	500.00	0.00	0.00	500.00
b. Bond Counsel	69,500.00	22,500.00	22,500.00	0.00	0.00	24,500.00
18 Total Cost of Financing	71,000.00	23,000.00	23,000.00	0.00	0.00	25,000.00
19 Size of Bond Issue	17,780,943.00	1,900,000.00	15,596,291.00	0.00	0.00	284,652.00

UNION WILLIAMS PUBLIC SERVICE DISTRICT

CERRONE ASSOCIATES, INC.

*Stephen L. Mark*  
Signature of Authorized Representative

Signature of Consulting Engineer

Date: March 29, 2007

Date: February 12, 2007

SCHEDULE B

UNION WILLIAMS PUBLIC SERVICE DISTRICT

A. COST OF PROJECT	TOTAL	JDC GRANT/LOAN	SRF LOAN	DOH Reimbursement	North Hills Contribution	Subsequent JDC Loan
<b>1 Construction</b>						
a. Contract #1	4,050,130.34	1,161,066.39	2,889,063.95	0.00	0.00	0.00
b. Contract #2 (incl CO#9)	3,281,391.47	0.00	3,276,151.47	0.00	0.00	3,240.00
c. Contract #3 (incl CO#9)	5,788,845.12	0.00	5,752,271.60	0.00	0.00	36,573.52
d. Contract #4	379,729.68	0.00	379,729.68	0.00	0.00	0.00
e. Contract #5	1,209,362.40	0.00	1,209,362.40	0.00	0.00	0.00
f. Contract #6	598,921.00	34,272.68	462,988.32	101,660.00	0.00	(0.00)
g. Other	24,673.03	0.00	23,528.06	0.00	0.00	1,144.97
<b>2 Technical Services</b>						
a. Planning	5,100.00	5,100.00	0.00	0.00	0.00	0.00
b. Design	173,200.00	0.00	173,200.00	0.00	0.00	0.00
c. Eng. During Construction	46,300.00	0.00	46,300.00	0.00	0.00	0.00
d. Special Services	273,102.50	0.00	263,720.95	0.00	0.00	9,381.55
e. Inspection	890,993.85	0.00	827,884.00	0.00	0.00	53,109.85
f. Property Surveys	14,829.05	0.00	14,829.05	0.00	0.00	0.00
g. Soil/Concrete Testing	16,845.75	0.00	16,845.75	0.00	0.00	0.00
<b>3 Legal/Fiscal</b>						
a. Legal	101,209.01	0.00	101,209.01	0.00	0.00	0.00
b. Accounting	11,062.35	11,062.35	0.00	0.00	0.00	0.00
<b>4 Administrative</b>						
a. Administrative	31,686.31	0.00	31,686.31	0.00	0.00	0.00
<b>5 Land &amp; Sites</b>						
a. Land Acquisition (incl pending condemnation)	196,489.18	196,489.18	0.00	0.00	0.00	0.00
b. R/W Negotiations	136,423.19	136,423.19	0.00	0.00	0.00	0.00
<b>6 Interim Financing</b>						
a. JDC Design Loan Payoff	127,411.00	127,411.00	0.00	0.00	0.00	0.00
b. WesBanco Design Loan Payoff	693,360.26	693,360.26	0.00	0.00	0.00	0.00
<b>7 Contingency</b>						
a. Construction Contingency	5,000.00	0.00	0.00	0.00	0.00	5,000.00
b. Sludge handling vehicle	70,065.00	0.00	70,065.00	0.00	0.00	0.00
c. Telemetry (incl Proposed CO)	176,590.00	0.00	0.00	0.00	34,083.00	142,507.00
<b>8 Miscellaneous</b>						
a. Sewer Cleaner (trailer mounted)	0.00	0.00	0.00	0.00	0.00	0.00
b. Crane - (trailer mounted)	0.00	0.00	0.00	0.00	0.00	0.00
c. permits	11,814.95	11,814.95	0.00	0.00	0.00	0.00
d. electric service extension	31,168.77	0.00	31,168.77	0.00	0.00	0.00
e. Other	1,286.68	0.00	1,286.68	0.00	0.00	0.00
f. Reimburse District	8,695.11	0.00	0.00	0.00	0.00	8,695.11
<b>9 Total</b>	<b>18,345,686.00</b>	<b>2,377,000.00</b>	<b>15,573,291.00</b>	<b>101,660.00</b>	<b>34,083.00</b>	<b>259,652.00</b>
<b>B. SOURCES OF FUNDS</b>						
10 Federal Grants	0.00	0.00	0.00	0.00	0.00	0.00
11 State Grant (WVJDC)	500,000.00	500,000.00	0.00	0.00	0.00	0.00
12 Other Grant (DOH Reimbursement)	101,660.00	0.00	0.00	101,660.00	0.00	0.00
13 Other Source (WVJDC Loan)	0.00	0.00	0.00	0.00	0.00	0.00
14 Other Source (North Hills Contribution)	34,083.00	0.00	0.00	0.00	34,083.00	0.00
15 Other Source (Subsequent JDC Loan)	0.00	0.00	0.00	0.00	0.00	0.00
14 Total (Lines 11 - 15)	635,743.00	500,000.00	0.00	101,660.00	34,083.00	0.00
15 Net Proceeds from Bond Issue	17,709,943.00	1,877,000.00	15,573,291.00	0.00	0.00	259,652.00
<b>C. COST OF FINANCING</b>						
16 Funded Reserve	0.00	0.00	0.00	0.00	0.00	0.00
<b>17 Other Costs</b>						
a. Registrar Fees (Incl. below)	1,500.00	500.00	500.00	0.00	0.00	500.00
b. Bond Counsel	69,500.00	22,500.00	22,500.00	0.00	0.00	24,500.00
18 Total Cost of Financing	71,000.00	23,000.00	23,000.00	0.00	0.00	25,000.00
19 Size of Bond Issue	17,780,943.00	1,900,000.00	15,596,291.00	0.00	0.00	284,652.00

UNION WILLIAMS PUBLIC SERVICE DISTRICT

CERRONE ASSOCIATES, INC.

Signature of Authorized Representative

Signature of Consulting Engineer

Date:

Date: March 28, 2007

At a regular session of the County Commission, continued and held for the County of Wood, at the Court House thereof, Monday, March 23, 1992, Present, Steven A. Grimm, President of said Commission and Holmes R. Shaver and Jean Grapes, Commissioners.

The orders and proceeding of the previous sessions of this Commission held on Thursday, March 19, 1992, and Saturday March 21, 1992, were read before the Commission, approved and ordered signed.

✓ IN RE: UNION-WILLIAMS PUBLIC SERVICE DISTRICT ENLARGEMENT

O R D E R

On the 23rd day of March, 1992, at 10:00 a.m., this matter came to be heard, this Commission having heretofore by ORDER entered on the 2nd day of March, 1992, which appears of record in Order Book NO. 55, at page 118, fixed this date and time for a public hearing on the enlargement of Union-Williams Public Service District, and having provided in said Order that all persons residing in, or owning, or having any interest in property in Union-Williams Public Service District, or in the proposed addition thereto, might appear before the Commission at this hearing and have an opportunity to be heard for the against the enlargement of the said public service district.

Thereupon, Union-Williams Public Service District tendered to the Commission for billing the following:

- 1) The affidavit of Marcia Moore that notice of the time and place of this hearing was published in the Parkersburg News on the 11th day of March, 1992, which was more than ten days prior to the date of this hearing.
- 2) The affidavit of James E. McGoldrick that notice of the time and place of this hearing was published in The St. Marys Oracle on the 11th day of March, 1992, which was more than ten days prior to the date of this hearing.
- 3) The affidavit of Annabel DeLong, an employee of Union-Williams Public Service District, that notice of the time and place of this hearing was posted by her in at least five (5) conspicuous places in the proposed boundaries of Union-Williams Public Service District not less than ten (10) days before the date of this hearing.
- 4) The certificate of service showing that a copy of the notice of the time and place of this hearing was mailed to the Clerk of the County Commission of Pleasants County, at the Pleasants County Courthouse, St. Mary's, West Virginia, not less than ten days before the date of this hearing.
- 5) The certificate of service showing that a copy of the notice of the time and place of this hearing was mailed to the Executive Secretary of the Public Service Commission of West Virginia, at 201 Brooks Street, Post Office Box 812, Charleston, West Virginia, not less than ten days before the date of this hearing.

The Commission having examined the foregoing and the same appearing to be proper, these documents are hereby ordered to be, and are hereby, filed herein.

It further appearing to the Commission that all interested persons have been afforded an opportunity of being heard, for and against, the enlargement of the said public service district, the Commission did proceed to hear and consider testimony and evidence relating to the necessity and feasibility of enlarging Union-Williams Public Service District, so as to include the territory described in the Petition heretofore filed herein, and in the notice hereinbefore referred to, from all of which the Commission does find that it is necessary, feasible and proper to enlarge Union-Williams Public Service District so as to include the territory described in said Petition; and that the enlargement of Union-Williams Public Service District will be conducive to the preservation of the Public health, comfort and convenience within the area of the enlarged public service district.

IT IS ACCORDINGLY ORDERED as follows:

- 1) That the boundaries of the Union-Williams Public Service District be enlarged so as to include within the boundaries of the said Union-Williams Public Service District, four purposes of providing water and sewerage service, the area which is more fully described and set forth in Exhibit A attached hereto and made a part hereof by reference.
- 2) That the Petitioner cause a certified copy of this Order to be served upon the Executive Secretary of the Public Service Commission of West Virginia within ten (10) days of its entry. (Various other documents filed with this enlargement, filed in room 204)

(SEE PHOTOSTAT BOOK 44I FOR COPY OF BOUNDRY DESCRIPTION IN ITS ENTIRETY)

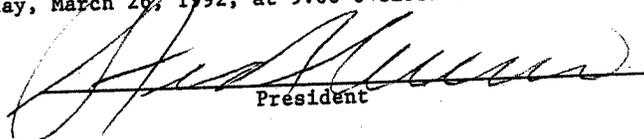
THE COUNTY COMMISSION OF WOOD COUNTY

s/ Steven A. Grimm  
Steven A. Grimm

s/ Holmes R. Shaver  
Holmes R. Shaver

s/ Jean Grapes  
Jean Grapes

There appearing no further business to claim the attention of this Commission, it is hereby ordered that this Commission do now adjourn to meet in regular session, Thursday, March 26, 1992, at 9:00 o'clock A.M.

  
President

STATE OF WEST VIRGINIA,  
COUNTY OF WOOD, TO WIT:

I, JAMIE SIX, Clerk of the County Commission in and for the County of Wood and State of West Virginia, having a Seal, and the Officer in whose custody of files, books and records of said Office are required by laws of said State to be kept, do hereby certify that the attached and foregoing writing is a full, true and complete transcript and copy of

IN RE: UNION-WILLIAMS PUBLIC SERVICE DISTRICT ENLARGEMENT

ORDER

as the same appears of record in my said Office in BOOK 55, Page 128.

IN WITNESS WHEREOF, I have hereunto set my hand and the Seal of said Office, at the City of Parkersburg, County of Wood and State of West Virginia, this the 26th day of MARCH, 20 07.

JAMIE SIX, CLERK  
WOOD COUNTY COMMISSION

By: \_\_\_\_\_

*Brenda Bloncin*

Deputy

THURSDAY, NOVEMBER 14, 2002  
FOURTEENTH DAY

OCTOBER TERM  
NOVEMBER, 2002

At a Regular Session of the County Commission, continued and held for the County of Wood at the Courthouse thereof, Thursday, November 14, 2002, Present, Robert K. Tebay, President of said Commission, Rick Modesitt, and K. D. Merritt, Commissioners.

The orders and proceedings of the previous sessions of this Commission, held on Thursday, November 7, 2002, Tuesday, November 12, and Wednesday, November 13, 2002, were read before the County Commission, approved and ordered signed.

IN RE: THE COMMISSION REAPPOINTED RONALD J. MULLENIX TO THE UNION WILLIAMS PUBLIC SERVICE DISTRICT BOARD. HIS TERM WILL EXPIRE NOVEMBER 1, 2008.

**ORDER**

On this date, the County Commission of Wood County, upon a motion made by Rick Modesitt, seconded by K.D. Merritt and made unanimous by Robert K. Tebay, reappointed Ronald J. Mullenix to the Union Williams Public Service District Board. Said announcement is pursuant to an Order appearing in Order Book 65, at Page 349 putting Mr. Mullenix in nomination. Said announcement is further pursuant to an Order appearing in Order Book 51, at Page 433 and bearing the date of April 1, 1991, which

Dayton Legal Blank, Inc.

deals with the procedure policy for appointments to boards and authorities. Mr. Mullenix's new term will expire November 1, 2008.

Approved:

THE COUNTY COMMISSION OF WOOD COUNTY

s/Robert K. Tebay

Robert K. Tebay, President

s/Rick Modesitt

Rick Modesitt, Commissioner

s/K. D. Merritt

K. D. Merritt, Commissioner

There appearing no further business to claim the attention of this Commission, it is hereby ordered that this Commission do now adjourn to meet in Regular Session, Thursday, November 18, 2002, at 9:30 o'clock A.M.

  
\_\_\_\_\_  
President

STATE OF WEST VIRGINIA,  
COUNTY OF WOOD, TO WIT:

I JAMIE SIX, Clerk of the County Commission in and for the County of Wood and State of West Virginia, having a Seal, and the Officer in whose custody of files, books and records of said Office are required by laws of said State to be kept, do hereby certify that the attached and foregoing writing is a full, true and complete transcript and copy of

IN RE: THE COMMISSION REAPPOINTED RONALD J. MULLENIX TO THE  
UNION WILLIAM PUBLIC SERVICE DISTRICT BOARD. HIS TERM WILL EXPIRE  
NOVEMBER 1, 2008

and the same appears of record in my said Office in ORDER BOOK 65, Page 356

IN WITNESS WHEREOF, I have hereunto set my hand and the Seal of said Office, at the City of Parkersburg, County of Wood and State of West Virginia, this the 15th day of DECEMBER, 2006.

JAMIE SIX, CLERK  
WOOD COUNTY COMMISSION  
By: Ruth A. McBride  
Deputy

OCTOBER TERM

MONDAY, NOVEMBER 1, 2004  
SEVENTH DAY

NOVEMBER, 2004

At a Regular Session of the County Commission, continued and held for the County of Wood at the Courthouse thereof, Monday, November 1, 2004, Present, Rick Modesitt, President of said Commission, K. D. Merritt, and Robert K. Tebay, Commissioners.

The orders and proceedings of the previous sessions of this Commission, held on Thursday, October 28, 2004, and in Special Session, Thursday, October 28, 2004, were read before the County Commission, approved and ordered signed.

IN RE: THE COUNTY COMMISSION REAPPOINTED STEPHEN L. NULTER TO THE UNION-WILLIAMS PUBLIC SERVICE DISTRICT BOARD. HIS NEW TERM WILL EXPIRE NOVEMBER 1, 2010.

ORDER

On this date, and pursuant to an Order appearing in Order Book 51, at Page 433 and bearing the date of April 1, 1991, dealing with the procedure policy for appointments being made by the County Commission of Wood County, the County Commission, upon a motion made by K.D. Merritt, seconded by Robert K. Tebay and made unanimous by Rick Modesitt, reappointed Stephen L. Nulter to the Union-Williams Public Service District Board. His new term will expire November 1, 2010.

Approved:

THE COUNTY COMMISSION OF WOOD COUNTY

s/Rick Modesitt

Rick Modesitt, President

s/K.D. Merritt

K.D. Merritt, Commissioner

s/Robert K. Tebay

Robert K. Tebay, Commissioner

CAEVO & HARRIS, INC., SPENCER, WV RE-ORDER No. 13828-02

There appearing no further business to claim the attention of this commission, it is hereby ordered that this Commission do now adjourn to meet in Regular Session, Thursday, November 4, 2004, at 9:30 o'clock A.M., and in Special Session Tuesday, November 2, 2004, sitting Ex-Officio as a Board of Canvassers, Present, Rick Modesitt, President of said Commission, K.D.Merritt and Robert K. Tebay, Commissioners.



\_\_\_\_\_  
President

STATE OF WEST VIRGINIA,  
COUNTY OF WOOD, TO WIT:

I JAMIE SIX, Clerk of the County Commission in and for the County of Wood and State of West Virginia, having a Seal, and the Officer in whose custody of files, books and records of said Office are required by laws of said State to be kept, do hereby certify that the attached and foregoing writing is a full, true and complete transcript and copy of

IN RE: THE COUNTY COMMISSION REAPPOINTED STEPHEN L. NULTER TO THE  
UNION WILLIAMS PUBLIC SERVICE DISTRICT BOARD. HIS NEW TERM WILL EXPIRE  
NOVEMBER 1, 2010

and the same appears of record in my said Office in ORDER BOOK 66, Page 430

IN WITNESS WHEREOF, I have hereunto set my hand and the Seal of said Office, at the City of Parkersburg, County of Wood and State of West Virginia, this the 15th day of DECEMBER, 2006.

JAMIE SIX, CLERK  
WOOD COUNTY COMMISSION  
By: Ruth A. McCreels  
Deputy

# ORDERS-Wood County Commission, West Virginia

THURSDAY, OCTOBER 12, 2006  
THIRD Day

OCTOBER Term,

OCTOBER Year 2006

CASO & HARRIS, INC., SPENCER, WV RE-ORDER NO. 12678-0-06 (2341407)

At a Regular Session of the County Commission, continued and held for the County of Wood at the Courthouse thereof, Thursday, October 12, 2001, Present, Gary D. Deem, President of said Commission, and Robert K. Tebay, Commissioner.

The orders and proceedings of the previous sessions of this Commission, held on Thursday, October 5, 2006, and Tuesday, October 10, 2006 were read before the County Commission, approved and ordered signed.

IN RE: THE COUNTY COMMISSION REAPPOINTED HOWARD E. SEUFER TO THE UNION-WILLIAMS PUBLIC SERVICE DISTRICT BOARD. THE NEW TERM WILL EXPIRE NOVEMBER 1, 2012.

### ORDER

On this date, the County Commission of Wood County, upon a motion made by Robert K. Tebay, seconded by Gary D. Deem and passed, REAPPOINTED Howard E. Seufer to the Union-Williams Public Service District Board. Said appointment is pursuant to an Order appearing in Order Book 51, at Page 433 and bearing the date of April 1, 1991, dealing with the procedure policy for appointments to Boards and Authorities. The new term will expire November 1, 2012.

Approved:  
THE COUNTY COMMISSION OF WOOD COUNTY  
s/Gary D. Deem  
Gary D. Deem, President  
s/Robert K. Tebay  
Robert K. Tebay, Commissioner

There appearing no further business to claim the attention of this Commission, it is hereby ordered that this Commission do now adjourn to meet in Regular Session, Monday, October 16, 2006, at 9:30 o'clock A.M.

  
President

STATE OF WEST VIRGINIA,  
COUNTY OF WOOD, TO WIT:

I JAMIE SIX, Clerk of the County Commission in and for the County of Wood and State of West Virginia, having a Seal, and the Officer in whose custody of files, books and records of said Office are required by laws of said State to be kept, do hereby certify that the attached and foregoing writing is a full, true and complete transcript and copy of

IN RE: THE COUNTY COMMISSION REAPPOINTED HOWARD E. SEUFER TO THE UNION  
WILLIAMS PUBLIC SERVICE DISTRICT BOARD. THE NEW TERM WILL EXPIRE  
NOVEMBER 1, 2012.

and the same appears of record in my said Office in ORDER BOOK 67, Page 495

IN WITNESS WHEREOF, I have hereunto set my hand and the Seal of said Office, at the City of Parkersburg, County of Wood and State of West Virginia, this the 15th day of DECEMBER, 20 06.

JAMIE SIX, CLERK  
WOOD COUNTY COMMISSION  
By: Ruth A. McBride  
Deputy

JANUARY TERM

MONDAY, MARCH 24, 2003  
TWENTY SEVENTH

MARCH, 2003

At a Regular Session of the County Commission, continued and held for the County of Wood at the Courthouse thereof, Monday, March 24, 2003, Present, Rick Modesitt, President of said Commission, K. D. Merritt, and Robert K. Tebay, Commissioners.

The orders and proceedings of the previous sessions of this Commission, held on Thursday, March 20, 2003 and Friday, March 21, 2003, were read before the County Commission, approved and ordered signed.

IN RE: RONALD J. MULLENIX—OATH OF OFFICE—MEMBER UNION WILLIAMS PUBLIC SERVICE DISTRICT BOARD.

STATE OF WEST VIRGINIA,  
COUNTY OF WOOD, TO-WIT:

I, RONALD J. MULLENIX, do solemnly swear that I will support the Constitution of the United States, the Constitution of West Virginia, and that I will faithfully and impartially discharge the duties of the office of MEMBER UNION WILLIAMS PUBLIC SERVICE DISTRICT BOARD, in and for Wood County, West Virginia, to the best of my skill and judgment, during my continuance in the same; SO HELP ME GOD.

s/ Ronald J. Mullenix

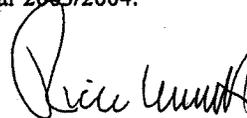
Subscribed and sworn to, before the County Commission of Wood County, West Virginia, this 24<sup>th</sup> day of March, 2003.

Jamie Six,

Clerk Wood County Commission

By: Ruth A. McBride, Deputy

There appearing no further business to claim the attention of this Commission, it is hereby ordered that this Commission now adjourn to meet in Regular Session, Monday, March 27, 2003, at 9:30 o'clock A.M. and sitting in Special Session, Tuesday, March 25, 2003 at 1:30 o'clock P.M. for the preparation of the Budget for the Fiscal Year 2003/2004.



President

STATE OF WEST VIRGINIA,  
COUNTY OF WOOD, TO WIT:

I JAMIE SIX, Clerk of the County Commission in and for the County of Wood and State of West Virginia, having a Seal, and the Officer in whose custody of files, books and records of said Office are required by laws of said State to be kept, do hereby certify that the attached and foregoing writing is a full, true and complete transcript and copy of

IN RE: RONALD J. MULLENIX--OATH OF OFFICE--MEMBER UNION WILLIAMS  
PUBLIC SERVICE DISTRICT BOARD.

and the same appears of record in my said Office in ORDER BOOK 65, Page 461

IN WITNESS WHEREOF, I have hereunto set my hand and the Seal of said Office, at the City of Parkersburg, County of Wood and State of West Virginia, this the 15th day of DECEMBER, 2006.

JAMIE SIX, CLERK  
WOOD COUNTY COMMISSION  
By: Ruth A. McQuib  
Deputy

OCTOBER TERM

MONDAY, NOVEMBER 15, 2004  
FIFTEENTH DAY

NOVEMBER, 2004

At a Regular Session of the County Commission, continued and held for the County of Wood at the Courthouse thereof, Monday, November 15, 2004, and sitting Ec-Officio as a Board of Canvassers, Present, Rick Modesitt, President of said Commission, K. D. M... and Robert K. Tebay, Commissioners.

The orders and proceedings of the previous sessions of this Commission, held on Monday, November 8, 2004, Tuesday, November 9, 2004 and Wednesday, November 10, 2004, were read before the County Commission, approved and ordered signed.

IN RE: STEPHEN L. NULTER—OATH OF OFFICE—RE-APPOINTED MEMBER TO THE UNION-WILLIAMS PUBLIC SERVICE DISTRICT BOARD.  
STATE OF WEST VIRGINIA,  
COUNTY OF WOOD, TO-WIT:

I, STEPHEN L. NULTER, do solemnly swear that I will support the Constitution of the United States, the Constitution of West

CARTO & HARRIS, INC., SPENCER, WV RE-ORDER NO. 12822-03

Virginia, and that I will faithfully and impartially discharge the duties of the office of RE-APPOINTED MEMBER TO THE UNION-WILLIAMS PUBLIC SERVICE DISTRICT BOARD, in and for Wood County, West Virginia, to the best of my skill and judgment, during my continuance in the same; SO HELP ME GOD.

s/Stephen L. Nulter

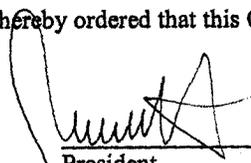
Subscribed and sworn to, before the County Commission of Wood County, West Virginia, this 15<sup>th</sup> day of November, 2004.

Jamie Six,

Clerk Wood County Commission

By: Brenda Blondin, Deputy

There appearing no further business to claim the attention of this Commission, it is hereby ordered that this Commission do now adjourn to meet in Regular Session, Thursday, November 18, 2001, at 9:30 o'clock A.M.

  
President

STATE OF WEST VIRGINIA,  
COUNTY OF WOOD, TO WIT:

I JAMIE SIX, Clerk of the County Commission in and for the County of Wood and State of West Virginia, having a Seal, and the Officer in whose custody of files, books and records of said Office are required by laws of said State to be kept, do hereby certify that the attached and foregoing writing is a full, true and complete transcript and copy of

IN RE: STEPHEN L. NULTER--OATH OF OFFICE-- REAPPOINTED MEMBER TO THE  
UNION WILLIAMS PUBLIC SERVICE DISTRICT BOARD

and the same appears of record in my said Office in ORDER BOOK 66, Page 444

IN WITNESS WHEREOF, I have hereunto set my hand and the Seal of said Office, at the City of Parkersburg, County of Wood and State of West Virginia, this the 15th day of DECEMBER, 2006.

JAMIE SIX, CLERK  
WOOD COUNTY COMMISSION  
By: Ruth A. McCreik  
Deputy

OCTOBER TERM

MONDAY, NOVEMBER 6, 2006  
TENTH DAY

NOVEMBER 2006

At a Regular Session of the County Commission, continued and held for the County of Wood at the Courthouse thereof, Monday, November 6, 2006, Present, Gary D. Deem, President of said Commission, Robert K. Tebay, and Rick Modesitt, Commissioners.

The orders and proceedings of the previous sessions of this Commission, held on Thursday, November 2, 2006, were read before the County Commission, approved and ordered signed.

✓ IN RE: HOWARD SEUFER—OATH OF OFFICE—REAPPOINTED MEMBER OF THE UNION-WILLIAMS PUBLIC SERVICE DISTRICT.

STATE OF WEST VIRGINIA,  
COUNTY OF WOOD, TO-WIT:

I, HOWARD SEUFER, do solemnly swear that I will support the Constitution of the United States, the Constitution of West Virginia, and that I will faithfully and impartially discharge the duties of the office of REAPPOINTED MEMBER OF THE UNION-WILLIAMS PUBLIC SERVICE DISTRICT, in and for Wood County, West Virginia, to the best of my skill and judgment, during my continuance in the same; SO HELP ME GOD.

s/Howard Seufer

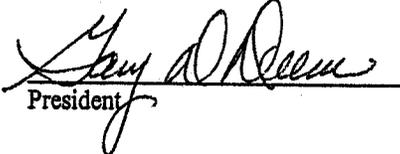
Subscribed and sworn to, before the County Commission of Wood County, West Virginia, this 6<sup>th</sup> day of November, 2006.

Jamie Six,

Clerk Wood County Commission

By: Brenda Blondin, Deputy

There appearing no further business to claim the attention of this Commission, it is hereby ordered that this Commission do now adjourn to meet in Regular Session, Thursday, November 9, 2006, at 9:30 o'clock A.M.

  
President

STATE OF WEST VIRGINIA,  
COUNTY OF WOOD, TO WIT:

I JAMIE SIX, Clerk of the County Commission in and for the County of Wood and State of West Virginia, having a Seal, and the Officer in whose custody of files, books and records of said Office are required by laws of said State to be kept, do hereby certify that the attached and foregoing writing is a full, true and complete transcript and copy of

IN RE: HOWARD SEUFER--OATH OF OFFICE--REAPPOINTED MEMBER OF THE  
UNION WILLIAMS PUBLIC SERVICE DISTRICT

and the same appears of record in my said Office in ORDER BOOK 67 ,Page 511

IN WITNESS WHEREOF, I have hereunto set my hand and the Seal of said Office, at the City of Parkersburg, County of Wood and State of West Virginia, this the 15th day of DECEMBER, 2006.

JAMIE SIX, CLERK  
WOOD COUNTY COMMISSION  
By: Ruth O. McBride  
Deputy

## RULES OF PROCEDURE

### UNION-WILLIAMS PUBLIC SERVICE DISTRICT

#### ARTICLE I

#### NAME AND PLACE OF BUSINESS

Section 1. The name of this Public Service District shall be UNION-WILLIAMS PUBLIC SERVICE DISTRICT (the "District").

Section 2. The principal office of the District will be located in Wood County, West Virginia.

Section 3. The official seal of the District shall consist of 2 concentric circles between which circles shall be inscribed Union-Williams Public Service District, and in the center "seal" as follows:

Section 4. The fiscal year of the District shall begin on the 1<sup>st</sup> day of July in each year and shall end on June 30 of the following year.

#### ARTICLE II

#### PURPOSE

Section 1. The District is organized and operated exclusively for the purposes set forth in Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act").

#### ARTICLE III

#### MEMBERSHIP

Section 1. The members of the Public Service Board of the District (the "Board") shall be those persons appointed by The County Commission of Wood County, West Virginia (the "County Commission"), or otherwise appointed pursuant to the Act, who shall serve for such terms as may be specified in the order of the County Commission or otherwise.

Section 2. Should any member of the Board resign or otherwise become legally disqualified to serve as a member of the Board, the District shall immediately notify the County Commission or other entity provided under the Act and request the appointment of a qualified person to fill such vacancy. Prior to the end of the term of any member of the Board, the District shall notify the County Commission or other entity provided under the Act of the pending termination and request the County Commission or other entity provided under the Act to enter an order of appointment or re-appointment to maintain a fully qualified membership of the Board.

Section 3. The District shall provide to the Public Service Commission of West Virginia, within 30 days of the appointment, the following information: the new board member's name, home address, home and office phone numbers, date of appointment, length of term, who the new member replaces and if the new appointee has previously served on the board, and such other information required under the Act.

Section 4. Each board member shall, within 6 months of taking office, successfully complete the training program established and administered by the Public Service Commission of West Virginia in conjunction with the West Virginia Division of Environmental Protection and the West Virginia Bureau for Public Health.

Section 5. 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 12 months after such board member's term has expired or after such board member has resigned from the Board.

Section 6. Salaries of the board members shall be established as provided in Chapter 16, Article 13A, Section 4 of the Act. The District shall certify the number of customers served to the Public Service Commission of West Virginia on the first day of July each year. Board members may be reimbursed for all reasonable and necessary expenses actually incurred in the performance of their duties.

Section 7. 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.

ARTICLE IV  
MEETINGS OF THE BOARD

Section 1. The members of the Board shall hold regular monthly meetings on such days of each month and at such place and hour as the members shall determine from time to time. If the day stated shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the Board may be called at any time by the Chairman or by a quorum of the Board.

Section 2. At any meeting of the Board, a majority of the members of the Board shall constitute a quorum. Each member of the Board shall have one vote at any meeting and if a quorum is not present, those present may adjourn the meeting to a later date.

Section 3. Unless otherwise waived, notice to members of regular meetings shall be by letter or telephone. Unless otherwise waived, notice to members of each special meeting shall be by letter or telephone not less than 72 hours before the date fixed for such special meeting. The notice of any special meeting shall state briefly the purposes of such meeting and the nature of the business to be transacted at such meeting, and no business other than that stated in the notice shall be transacted at such special meeting.

Section 4. Pursuant to Chapter 6, Article 9A, Section 3 of the Code of West Virginia, 1931, as amended, notice of the date, time, place and agenda of all regularly scheduled meetings of the Board, and the date, time, place and purpose of all special meetings of the Board, shall be made available, in advance, to the public and news media as follows:

Rule No. 1. Notice of Regularly Scheduled Meetings. Immediately after adoption of these Rules of Procedure 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 of the Board and at the Wood County Courthouse, where notices customarily are posted, a notice setting forth the date, time and place of the Board's regularly scheduled meetings for the ensuing year. In addition, a copy of the agenda for each regularly scheduled meeting shall also be posted at the same location by the Secretary not less than 72 hours before such regular meeting is to be held.

The Board shall also instruct the Secretary to, and the Secretary shall, distribute to each of the newspapers and other news media listed below a notice identical to that posted:

<u>News Media</u>	<u>Address</u>
WTAP-TV	One Television Plaza Parkersburg, West Virginia 26101
WXIL-FM	P. O. Box 1228 Parkersburg, West Virginia 26102
WKYG-AM and WXXK-FM	P. O. Box 368 Parkersburg, West Virginia 26102
WADC-AM and WHCM-FM	703 Market Street Parkersburg, West Virginia 26101
WRZZ-FM	P. O. Box 1346 Parkersburg, West Virginia 26102
The Parkersburg News	519 Juliana Street Parkersburg, West Virginia 26101
The Parkersburg Sentinel	519 Juliana Street Parkersburg, West Virginia 26101

A notice shall be considered distributed to a news medium when it has either been (i) 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 or (ii) sent by facsimile transmission to such news medium. In July of each year after the adoption of these Rules of Procedure, 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 and other news media that customarily cover news of the area served by the Board. In addition, a copy of the agenda for each regularly scheduled meeting shall also be distributed to the news media by the Secretary not less than 72 hours before such regular meeting is to be held.

In the event of any modification to the date, time, place or agenda of a regularly scheduled meeting of the Board, notice of such modification shall immediately be given to the public and news media by posting at the places and distributing to the news media in the manner set forth above not less than 48 hours before such regular meeting. A copy of the notice of such modification shall be attached to and made a part of the minutes of the meeting for which such notice was given.

Rule No. 2. Notice of Special Meetings. Not less than 72 hours prior to the date set for any special meeting of the Board, the Board shall instruct the Secretary to, and the Secretary shall, post at the regular meeting place of the Board and at the Wood County Courthouse, where notices customarily are posted, a notice setting forth the date, 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 72 hours prior to the date set for such special meeting, the Secretary shall distribute to each of the newspapers and other news media listed in Rule No. 1 hereof, a notice identical to that posted. Amendments made to such news media 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 either been (i) 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 or (ii) sent by facsimile transmission to such news medium.

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.

Rule No. 3. Emergency Meetings. The Board may hold a meeting without providing 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.

Rule No. 4. Executive Sessions. The Board may hold an executive session during a regular, special or emergency meeting in accordance with Chapter 6, Article 9A, Section 4 of the Code of West Virginia, 1931, as amended. During the open portion of the meeting, prior to convening an executive session, the Chairman shall identify the authorization under Chapter 6, Article 9A, Section 4 of the Code of West Virginia, 1931, as amended, for holding the executive session and present it to the Board and to the general public, but no decision may be made in the executive session. An executive session may be held only upon a majority affirmative vote of the Board members present. The Board may hold an executive session and exclude the public only when a closed session is required for any of the actions permitted under Chapter 6, Article 9A, Section 4 of the Code of West Virginia, 1931, as amended.

Rule No. 5. Minutes. The Board shall provide for the preparation of written minutes of all of its meetings. Subject to the exceptions set forth in Chapter 6, Article 9A, Section 4 of the Code of West Virginia, 1931, as amended, minutes of all meetings except minutes of executive sessions, if any are taken, shall be available to the public within a reasonable time after the meeting and shall include, at least, the following information:

- (1) The date, time and place of the meeting;
- (2) The name of each Board member present and absent;
- (3) All motions, proposals, resolutions, orders, ordinances and measures proposed, the name of the person proposing the same and their disposition; and
- (4) The results of all votes and, upon the request of a Board member, the vote of each Board member, by name.

Rule No. 6. No Actions by Reference. Except as otherwise expressly provided by law, the Board may not deliberate, vote, or otherwise take official action upon any matter by reference to a letter, number or other designation or other secret device or method, which may render it difficult for persons attending a meeting to understand what is being deliberated, voted or acted upon. However, this rule does not prohibit the Board from deliberating, voting or otherwise taking action by reference to an agenda, if copies of the agenda, sufficiently worded to enable the public to understand what is being deliberated, voted or acted upon, are available for public inspection at the meeting. The Board may not vote by secret or written ballot.

Rule No. 7. Broadcasting of Meetings. Except as otherwise provided in this rule, any radio or television station is entitled to broadcast all or any part of a Board meeting required to be open. The Board may regulate the placement and use of equipment necessary for broadcasting, photographing, filming or recording a meeting, so as to prevent undue interference with the meeting. The Board shall allow the equipment to be placed within the meeting room in such a way as to permit its intended use, and the ordinary use of the equipment may not be declared to constitute undue interference; provided, that if the Board, in good faith, determines that the size of the meeting room is such that all the members of the public present and the equipment and personnel necessary for broadcasting, photographing, filming and tape-recording the meeting cannot be accommodated in the meeting room without unduly interfering with the meeting and an adequate alternative meeting room is not readily available, then the Board, acting in good faith and consistent with the purposes of this rule, may require the pooling of the equipment and the personnel operating it.

Rule No. 8. Telephonic Meetings. Board meetings may be held by telephone conference or other electronic means. All Board members participating by telephone or other electronic means must be audible to all those personally present.

Section 5. All meetings of any committee of the Board shall be subject to the Rules of Procedure set forth in Section 4 above.

## ARTICLE V OFFICERS

Section 1. The officers of the Board shall be a Chairman, Secretary and Treasurer. The Chairman shall be elected from the members of the Board. The Secretary and Treasurer need not be members of the Board.

Section 2. The officers of the Board shall be elected each year by the members at the first meeting after the first day of January of each year. The officers so elected shall serve until the next annual election by the membership and until their successors are duly elected and qualified. Any vacancy occurring among the officers shall be filled by the members of the Board at a regular or special meeting. Persons selected to fill vacancies shall serve until the next annual organizational meeting of the Board when their successors shall be elected as hereinabove provided.

## ARTICLE VI DUTIES OF OFFICERS

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

Section 2. If the Chairman is absent from any meeting, the remaining members of the Board shall select a temporary Chairman.

Section 3. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. Duplicate records shall be filed with the County Commission and shall include the minutes of all Board meetings. He/She shall, together with the Chairman, sign the minutes of the meetings at which he/she is present. The Secretary shall have charge of the minute book, be the custodian of deeds and other documents and papers of the Board. He/She shall also perform such other duties as may be required of him/her by law or as may be conferred upon him/her from time to time by the members of the Board.

Section 4. The Treasurer shall be the lawful custodian of all funds of the District and shall pay same out on orders authorized or approved by the Board. The Treasurer shall keep or cause to be kept proper and accurate books of accounts and proper receipts and vouchers for all disbursements made by or through him/her and shall prepare and submit such reports and statements of the financial condition of the Board as the members may from time to time prescribe. The Treasurer shall keep and preserve all financial records of the District for 10 years and shall at all times have such records readily available for public inspection. At the end of his/her term of office, the Treasurer shall promptly deliver all financial records of the District to his successor in office. He/She shall also perform such other duties as may be required of him/her by law or as may be conferred upon him/her from time to time by the members of the Board. The Treasurer shall furnish bond in an amount to be fixed by the Board for the use and benefit of the District.

Section 5. No money may be paid out by the District except upon an order signed by the Chairman and Secretary, or such other person or persons authorized by the Chairman or the 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.

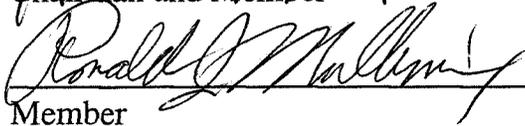
Section 6. The members and officers of the Board shall make available to the County Commission, at all times, all of its books and records pertaining to the District's operation, finances and affairs, for inspection and audit.

ARTICLE VII  
AMENDMENTS TO RULES OF PROCEDURE

Section 1. These Rules of Procedure may be altered, changed, amended or added to at any regular or special meeting of the Board when a quorum is present and a majority of those present vote for the alteration, change, amendment or addition; but no such alteration, change, amendment or addition shall be made at any special meeting unless notice of the intention to propose such alteration, change, amendment or addition and a clear statement of the substance thereof be included in the written notice calling such special meeting.

Adopted this 11th day of February, 2004.

  
\_\_\_\_\_  
Chairman and Member

  
\_\_\_\_\_  
Member

UNAVAILABLE DUE TO ILLNESS  
\_\_\_\_\_  
Member

CERTIFICATION

Certified a true copy of the Rules of Procedure duly adopted by the Board of Union-Williams Public Service District February 11, 2004.

Dated this 29<sup>th</sup> day of March, 2007.

[SEAL]

  
Secretary

NOTICE OF PRE-FILING

State of West Virginia  
Public Service Commission  
Charleston

NOTICE IS HEREBY GIVEN that UNION WILLIAMS PUBLIC SERVICE DISTRICT, a public utility has given notice to the Public Service Commission of its intent to file an Application for a Certificate of Convenience and Necessity for the construction, operation and maintenance of extensions to its existing sewer system to serve approximately 1,479 customers in the following areas of Wood County, West Virginia:

1. Route 31 north from Route 68 (formerly, Route 2) to Williamstown, including the access road;
2. Route 68 from east of Cooper's Ridge Road to the Emerson Avenue I-77 interchange;
3. Route 31 from Route 68 to Whipperwill Ridge Road; and
4. Route 68 from the Emerson Avenue I-77 interchange to just outside the City of Parkersburg service area.

The project will tie all existing sewerage collection systems into the new collection system, perform select rehabilitation of existing systems, and decommission all public or community owned package plant systems.

The District's wastewater treatment plant capacity will be increased from 90,000 GPD to 800,000GPD to accommodate the additional flow. The effluent from this plant will discharge directly into the Ohio River at Waverly.

The project will also receive flow from the Town of North Hills and transmit it to the District's wastewater system.

The project will consist of 8 lift stations, over 300 grinder pumps, 12 miles of gravity lines and 27 miles of pressure sewer and force mains with the costs of the projects not to exceed \$16,081,125.

The District intends to finance the project by the following means issuing its revenue bonds through the West Virginia Water Development Authority, SRF Program in the amount not to exceed \$15,661,125 and through the West Virginia Infrastructure and Jobs Development Council in the amount not to exceed \$400,000.

The proposed project-related rates for the project are not to exceed the following:

Customers with metered water supply:	
Customer Charge	\$ 7.86 per month
Usage Charge	\$ 6.99 per 1,000 gallons
Minimum monthly bill (2,000 gallons)	\$21.84
Residential customers with non-metered water supply:	
Equivalent to 4,500 gallons	
water usage per month	\$39.32
Commercial and industrial customers:	
Meter installation at water source required	

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 paid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

Connection Charge \$250.00

Bad Check Charge

The District may not collect any fee greater than that charged to it by a banking institution and under no circumstances shall the fee collected by the District exceed \$15.00.

These rates represent the following increases:

	(\$) INCREASE	(%) INCREASE
Residential	\$ 6.47	19.7%
Commercial	12.79	19.7%
Industrial	24.29	19.7%

The District has no resale rate in its present tariff. The proposed tariff includes a resale rate of \$4.49/1,000 gallons. The resale customer of Union Williams Public Service District will be the town of North Hills.

The proposed increased rates and charges will produce approximately \$1,003,072 annually in additional revenue, an increase of 592%.

The increases shown are based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges are only a proposal and are subject to change (increases or decreases) by the Public Service Commission in its review of this filing.

Any increase in rates and charges will not become effective until authorized and approved by the Public Service Commission in the Certificate of Convenience and Necessity Application. Following the filing of the formal Application there will be an additional public notice and opportunity for the submission of public protest. It is anticipated that the formal Application will be filed within 30 days of the publication of this notice.

UNION WILLIAMS PUBLIC SERVICE DISTRICT,  
a public utility in Wood and Pleasants Counties.

Signed by:  
Howard E. Seuter, Chairman  
Public Service Board

INVOICE/AFFIDAVIT FOR LEGAL ADVERTISING

The Parkersburg News  
The Parkersburg Sentinel  
Marietta A.M.

ATTENTION: STEVEN R. HARDMAN  
BOWLES RICE MCDAVID GRAFF & LOVE  
501 AVERY STREET  
PO BOX 49  
PARKERSBURG, WV 26102-0049

Date: November 7, 2002  
Acct: L00132

**INVOICE/AFFIDAVIT FOR LEGAL ADVERTISING**

SHERRY BRUNETT

being first duly sworn, says that the "UNION Williams PSD Notice" hereto  
attached was printed in the: XX Parkersburg News  
..... Parkersburg Sentinel  
..... Marietta A.M.

daily newspaper published in the City of Parkersburg, Wood County, West  
Virginia, for TWO successive weeks, the first publication thereon being  
on the: 31st day(s) of October 2002, and  
subsequent publication on the 7th day(s) of November 2002.

*N/S	--	....."	x 120 =	.....	words @	.....	\$	.....
*News	--	<u>17</u>	" x 120 =	<u>2040</u>	words @	<u>0.17500</u>	\$	<u>357.00</u>
*Sent	--	....."	x 120 =	.....	words @	.....	\$	.....
N/S	--	....."	x	.....	x	.....	days	\$
News	--	....."	x	.....	x	.....	days	\$
Sent	--	....."	x	.....	x	.....	days	\$
A.M.	--	....."	x	.....	x	.....	days	\$

Notarized Signature ..... 1 x \$2.00 each \$ 2.00  
Additional Copies ..... x \$0.75 each \$ .....  
Posting at Court House \$ .....

**TOTAL DUE:** \$ 359.00

Subscribed and sworn to before me this 17th day of November 2002

.....  
Notary Public for Wood County, WV ..... Commission Expires .....

Return copy of invoice with payment to: PO Box 1787 Parkersburg WV 26102 Attn: Legals Advertising

\*WV Residents Only

INVOICE AND AFFIDAVIT OF PUBLICATION



# St. Marys Oracle

Ph. (304) 684-2424 • Fax (304) 684-2426  
P.O. Box 27, St. Marys, WV

WEST CENTRAL PUBLISHING  
FEDERAL I.D. NO. 55-06700561  
STATE OF WEST VIRGINIA  
COUNTY OF PLEASANTS, to wit:

I, Randa Gregg, being first duly sworn upon my oath, do depose and say:

- that I am General Manager of The St. Marys Oracle, a Democratic newspaper,
- that I have been duly authorized to execute this affidavit,
- that such newspaper is regularly published weekly for at least fifty weeks during the calendar year, in the municipality of St. Marys, Pleasants County, West Virginia.
- that such newspaper is a newspaper of "general circulation" as defined in Art. 3, Chap. 59 of the Code of West Virginia 1931 as amended, within St. Marys and Pleasants County;
- that such newspaper averages in length four or more pages, exclusive of any cover, per issue;
- that such newspaper is circulated to the general public at a definite price or consideration;
- that such newspaper is a newspaper to which the general public resorts for passing events or a political, religious, commercial and social nature and for current happenings, announcements, miscellaneous reading matters, advertisements and other notices;
- and that the annexed notice described as follows:

Notice of Pre-Filing Union Williams

**WAS PUBLISHED IN SAID NEWSPAPER AS FOLLOWS:**

TIMES	DATES
Two	Oct. 30 and Nov. 6, 2002

<b>PUBLICATION CHARGES</b>	\$147.31
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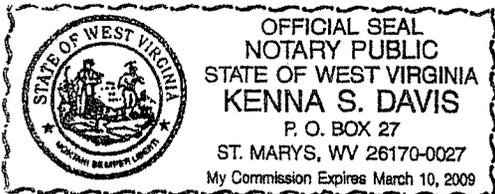
**CERTIF-BILL TO**  
Steven R. Hardman  
Bowles Rice McDavid Graff & Love  
PO Box 49  
Parkersburg, WV 26102-0049

(signed) *Randa Gregg*

**NOTARIZATION**

Taken, sworn to and subscribed before me this 20th  
day of November, 20 02  
*Kenna S Davis*

Notary Public



**PLEASE RETURN A COPY OF THIS INVOICE WITH YOUR PAYMENT TO:  
P.O. BOX 27, ST. MARYS, WV 26170**

Form No. 13  
**NOTICE OF PRE-FILING**  
State of West Virginia  
Public Service Commission  
Charleston

NOTICE IS HEREBY GIVEN that UNION WILLIAMS PUBLIC SERVICE DISTRICT, a public utility has given notice to the Public Service Commission of its intent to file an Application for a Certificate of Convenience and Necessity for the construction, operation and maintenance of extensions to its existing sewer system to serve approximately 1,473 customers in the following areas of Wood County, West Virginia:

1. Route 31 north from Route 68 (formerly, Route 2) to Williamstown, including the access road;
2. Route 68 from east of Copper's Ridge Road to the Emerson Avenue I-77 interchange;
3. Route 31 from Route 68 to Whipperwill Ridge Road; and
4. Route 68 from the Emerson Avenue I-77 interchange to just outside the City of Parkersburg service area.

The project will tie all existing sewerage collection systems into the new collection system, perform select rehabilitation of existing systems, and decommission all public or community owned package plant systems.

The District's wastewater treatment plant capacity will be increased from 90,000 GPD to 300,000 GPD to accommodate the additional flow. The effluent from this plant will discharge directly into the Ohio River at Waverly.

The project will also receive flow from the Town of North Hills and transmit it to the District's wastewater system.

The project will consist of 3 lift stations, over 300 grinder pumps, 42 miles of gravity lines and 27 miles of pressure sewer and force mains with the costs of the project not to exceed \$18,061,125.

The District intends to finance the project by the following means issuing its revenue bonds through the West Virginia Water Development Authority, SRF Program in the amount not to exceed \$15,681,125 and through the West Virginia Infrastructure and Jobs Development Council in the amount not to exceed \$400,000.

The proposed project-related rates for the project are not to exceed the following:

Customers with metered water supply:  
Customer Charge \$7.89 per month  
Usage Charge \$6.99 per 1,000 gallons  
Minimum monthly bill (2,000 gallons) \$21.84

Residential customers with non-metered water supply:  
Equivalent to 4,500 gallons water usage per month \$39.02

Commercial and Industrial customers:  
Meter installation at water source required

Delayed Payment Penalty:  
The above tariff is net. On all current usage billings not paid within twenty (2) days, ten percent (10%) will be added to the net current amount paid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

Connection Charge \$250.00

Bad Check Charge  
The District may not collect any fee greater than that charged to it by a banking institution and under no circumstances shall the fee collected by the District exceed \$15.00.

These rates represent the following increases:

	(\$) Increase	(%) Increase
Residential	\$6.47	18.7%
Commercial	\$12.79	18.7%
Industrial	\$24.29	18.7%

The District has no resale rate in its present tariff. The proposed tariff includes a resale rate of \$4.49/1,000 gallons. The resale customer of Union Williams Public Service District will be the Town of North Hills.

The proposed increased rates and charges will produce approximately \$1,003,072 annually in additional revenue, an increase of 502%.

The increased shown are based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges are only a proposal and are subject to change (increases and decreases) by the Public Service Commission in its review of this filing.

Any increase in rates and charges will not be effective until authorized and approved by the Public Service Commission in the Certificate of Convenience and Necessity Application. Following the filing of the formal Application there will be an additional public notice and opportunity for the submission of public protest. It is anticipated that the formal Application will be filed within 30 days of the publication of this notice.

UNION WILLIAMS PUBLIC SERVICE DISTRICT,  
a public utility in Wood and Pleasants Counties.

Howard E. Seuffer, Chairman  
Public Service Board

10-30,11-6-0

**UNION WILLIAMS PUBLIC SERVICE DISTRICT**

Regular Board Meeting

January 17, 2007

**MINUTES & TREASURER'S REPORT**

**APPROVED**

BY: Stephen L. Nulter

Roll Call:

S. L. Nulter, Chairman

R. J. Mullenix, Treasurer

H. E. Seufer, Secretary

Attending:

Steven Hardman, Bowles, Rice, McDavid, Graff & Love

Eric Raper, Burgess & Niple, Inc.

DATE: 2-21-07

Location and Time:

6:30 P.M. District Office

Minutes by:

J. L. Dotson

S. L. Nulter called the meeting to order.

Read minutes of regular board meeting from December 20, 2006. H. E. Seufer moved to accept the minutes. R. J. Mullenix second. Unanimous.

H. E. Seufer moved to approve the financial statement. R. J. Mullenix second. Unanimous.

Discussed Wastewater Project.

Discussed John Ash complaint. Audra Blackwell from the West Virginia Public Service Commission met with Jerry Dotson January 11<sup>th</sup> to discuss the complaint. Mr. Dotson described the content of the conversation. Mr. Seufer said it does not look like the PSC has any jurisdiction in the matter. Steve Hardman stated that they really do not, and that was the District's response to the complaint. However, the PSC has chosen to investigate the matter, and it has been referred to an Administrative Law Judge.

Discussed Cerrone update. The fax said the District should make arrangements to hire a local contractor to deal with unresolved restoration issues with Steve Hardman's guidance. Steve Hardman said before the District takes any such action, the bonding company should be contacted. It is their responsibility to complete the restoration. Steve Nulter asked what steps need to be taken to obtain the money owed to the District for repairs to grinder pumps and other work the District expects to be reimbursed by Diversified. Steve Hardman said he needs to contact Diversified's legal counsel with the amount the District expects to be repaid, and to contact the bonding agency. Cerrone's fax provided the amount owed to the District for repairs, the amount for liquidated damages, and the total of retainage held from Diversified. Steve

Hardman said there are currently two other claims for the remaining money; one is the West Virginia Division of Labor, the other is the bonding company. Jerry Dotson asked if the bonding company has any responsibility to sub-contractors and vendors. Mr. Hardman said they do. Steve Hardman will contact the Diversified's attorney and the bonding company about the reimbursement, restoration, and liquidated damages.

Discussed Telemetry and North Hills. The mayor of North Hills has told Mr. Dotson the town may choose to spend the money they have budgeted for telemetry on Infiltration and Inflow mitigation. Along with the equipment on the North Hills lift station, the portion of the telemetry contract attributed to North Hills includes around \$22,000 for development and construction of the central system. If North Hills backs out the District will be short that amount in building the telemetry as it is designed. Jerry Dotson suggested that, if North Hills does back out of the telemetry system, the District should try to find an alternative with the money currently budgeted.

Discussed Wrap Loan. Steve Hardman will ask Cam Siegrist to prepare a letter requesting action from the Infrastructure Council with the hope of either finalizing the loan or determining what is preventing the loan closing.

Held election of officers. H. E. Seufer moved that the officers remain as they currently are assigned, with Mr. Nulter as Chairman, Mr. Mullenix as Treasurer, and Mr. Seufer as Secretary. R. J. Mullenix second. Unanimous.

R. J. Mullenix moved to pay Requisitions #1 and #2. H. E. Seufer second. Unanimous.

Meeting adjourned at 7:30 PM.

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**UNION-WILLIAMS PUBLIC SERVICE DISTRICT  
SERIES 2007 (WEST VIRGINIA INFRASTRUCTURE FUND)**

**MINUTES ON ADOPTION OF BOND  
RESOLUTION AND SUPPLEMENTAL RESOLUTION**

I, Howard E. Seufer, Secretary of the Public Service Board of Union-Williams Public Service District, hereby certify that the following is a true and correct excerpt of the minutes of a regular meeting of the said Public Service Board:

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The Public Service Board of Union-Williams Public Service District met in regular session, pursuant to notice duly posted, on the 21st day of March, 2007, at Waverly, West Virginia, at the hour of 6:30 p.m.

PRESENT:	Stephen L. Nulter	- Member and Chairman
	Howard E. Seufer	- Member and Secretary
	Ronald J. Mullenix	- Member and Treasurer
	Jerry L. Dotson	- General Manager
	Steven R. Hardman	- Bowles Rice McDavid Graff & Love LLP

ABSENT:

Stephen L. Nulter, Chairman, presided, and Howard E. Seufer acted as Secretary.

Thereupon the Chairman presented a proposed Bond Resolution in writing entitled:

RESOLUTION AUTHORIZING THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWER SYSTEM OF UNION-WILLIAMS PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY UNION-WILLIAMS PUBLIC SERVICE DISTRICT OF NOT MORE THAN TWO HUNDRED EIGHTY-FOUR THOUSAND SIX HUNDRED FIFTY-TWO DOLLARS (\$284,652.00) IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2007 (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY ACTING ON BEHALF OF THE WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND

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

and caused the same to be read and there was discussion. Thereupon, on motion by Mr. Mullenix, seconded by Mr. Seufer, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

The Chairman then presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PRINCIPAL PAYMENT DATES, REDEMPTION PROVISIONS, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2007 (WEST VIRGINIA INFRASTRUCTURE FUND) OF UNION-WILLIAMS PUBLIC SERVICE DISTRICT; AUTHORIZING, RATIFYING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A BOND REGISTRAR, DEPOSITORY BANK, AND PAYING AGENT; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, on motion of Mr. Mullenix, seconded by Mr. Seufer, it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

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I hereby certify that the foregoing action of said Public Service Board remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 29th day of March, 2007.

  
Secretary,  
Union-Williams Public Service District

**WEST VIRGINIA MUNICIPAL BOND COMMISSION**  
**NEW ISSUE REPORT FORM**

Suite 500  
8 Capitol Street, Charleston, WV 25301  
(304) 558-3971

Date of Report: March 29, 2007

ISSUE: Union-Williams Public Service District, Sewer Revenue Bonds  
Series 2007 (West Virginia Infrastructure Fund)

ADDRESS: PO Box 243, Waverly, WV 26184-0243 COUNTY: Wood County

PURPOSE OF ISSUE: New Money  Refunding   
Refunds issue(s) dated: \_\_\_\_\_

ISSUE DATE: March 29, 2007 CLOSING DATE: March 29, 2007

ISSUE AMOUNT: \$284,652.00 RATE: 0%  
1<sup>st</sup> DEBT SERVICE DUE: September 1, 2031 1<sup>st</sup> PRINCIPAL DUE: September 1, 2031  
1<sup>st</sup> DEBT SERVICE AMOUNT: \$10,167.00 PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Bowles Rice McDavid UNDERWRITER'S COUNSEL: Jackson Kelly, PLLC  
Graff & Love LLP  
Contact Person: Camden P. Siegrist, Esq. Contact Person: Samme L. Gee, Esq.  
Phone: (304) 347-1129 Phone: (304) 340-1318

CLOSING BANK: WesBanco Bank, Inc. ESCROW TRUSTEE: \_\_\_\_\_  
Contact Person: Rhonda Revels Contact Person: \_\_\_\_\_  
Phone: (304) 234-9411 Phone: \_\_\_\_\_

KNOWLEDGEABLE ISSUE CONTACT: OTHER: WV Infrastructure & Jobs Development Council  
Contact Person: Jerry Dotson Contact Person: Jefferson E. Brady, P.E.  
Position: General Manager Function: Executive Secretary  
Phone: (304) 464-5121 Phone: (304) 558-4607

DEPOSITS TO MBC AT CLOSE: \_\_\_\_\_ Accrued Interest: \$ \_\_\_\_\_  
Capitalized Interest: \_\_\_\_\_  
By: \_\_\_\_\_ Wire \_\_\_\_\_ Reserve Account: \$ \_\_\_\_\_  
\_\_\_\_\_ Check \_\_\_\_\_ Other: \_\_\_\_\_

REFUNDS & TRANSFERS BY MBC AT CLOSE:  
By: \_\_\_\_\_ Wire \_\_\_\_\_ To Escrow Trustee: \$ \_\_\_\_\_  
\_\_\_\_\_ Check \_\_\_\_\_ To Issuer: \$ \_\_\_\_\_  
\_\_\_\_\_ IGT \_\_\_\_\_ To Cons. Invest. Fund \$ \_\_\_\_\_  
\_\_\_\_\_ To \_\_\_\_\_ \$ \_\_\_\_\_

NOTES: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

FOR MUNICIPAL BOND COMMISSION USE ONLY:  
Documents Required: \_\_\_\_\_  
Transfers Required: \_\_\_\_\_

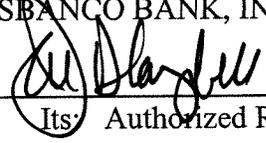
**UNION-WILLIAMS PUBLIC SERVICE DISTRICT  
SERIES 2007 (WEST VIRGINIA INFRASTRUCTURE FUND)**

**ACCEPTANCE OF DUTIES OF DEPOSITORY BANK**

WesBanco Bank, Inc., with offices in Parkersburg, West Virginia, hereby accepts appointment as Depository Bank in connection with the Bond Resolution adopted March 21, 2007, as supplemented and amended by a Supplemental Resolution adopted March 21, 2007 (collectively, the "Bond Resolution") of the Union-Williams Public Service District (the "Issuer"), authorizing issuance of the Issuer's Sewer Revenue Bonds, Series 2007 (West Virginia Infrastructure Fund), dated March 29, 2007, in the aggregate amount of \$284,652.00 (the "Bonds") and agrees to perform all duties of Depository Bank in connection with such Bonds, all as set forth in said Bond Resolution.

Dated this 29th day of March, 2007.

WESBANCO BANK, INC.

By: 

Its

Authorized Representative

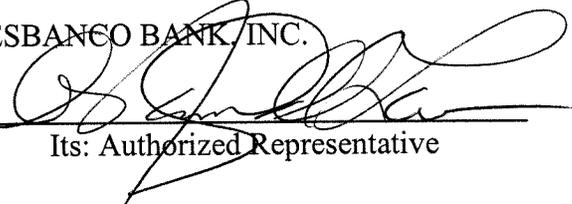
**UNION-WILLIAMS PUBLIC SERVICE DISTRICT  
SERIES 2007 (WEST VIRGINIA INFRASTRUCTURE FUND)**

**ACCEPTANCE OF DUTIES OF REGISTRAR**

WesBanco Bank, Inc., with offices in Wheeling, West Virginia, hereby accepts appointment as Registrar in connection with the Union-Williams Public Service District Sewer Revenue Bonds, Series 2007 (West Virginia Infrastructure Fund), dated March 29, 2007, in the aggregate amount of \$284,652.00 (collectively, the "Bonds") and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

Dated this 29th day of March, 2007.

WESBANCO BANK, INC.

By: 

Its: Authorized Representative

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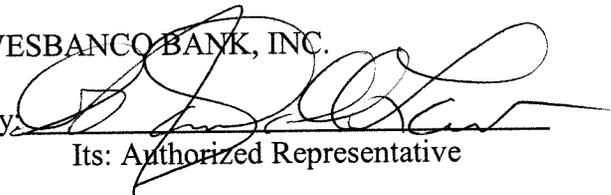
**UNION-WILLIAMS PUBLIC SERVICE DISTRICT  
SERIES 2007 (WEST VIRGINIA INFRASTRUCTURE FUND)**

**CERTIFICATE OF REGISTRATION OF BONDS**

WesBanco Bank, Inc., Wheeling, West Virginia, as Registrar under the Registrar Agreement and the Bond Resolution adopted on March 21, 2007 by the Union-Williams Public Service District (the "Issuer"), as supplemented and amended by a Supplemental Resolution adopted on March 21, 2007 by the Issuer, providing for the issuance of the above-captioned bonds, hereby certifies that on the date hereof, the single, fully registered Union-Williams Public Service District Sewer Revenue Bond, Series 2007 (West Virginia Infrastructure Fund), dated March 29, 2007, in the principal amount of \$284,652.00, numbered R-1, was registered as to principal in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of WesBanco Bank, Inc., as Registrar.

WITNESS my signature as of this 29th day of March, 2007.

WESBANCO BANK, INC.

By: 

Its: Authorized Representative

**UNION-WILLIAMS PUBLIC SERVICE DISTRICT  
SERIES 2007 (WEST VIRGINIA INFRASTRUCTURE FUND)**

**REGISTRAR'S AGREEMENT**

THIS REGISTRAR'S AGREEMENT, dated as of the 29th day of March, 2007 by and between the UNION-WILLIAMS PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia (the "Issuer"), and WESBANCO BANK, INC. Wheeling, West Virginia, a state banking corporation (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its Sewer Revenue Bonds, Series 2007 (West Virginia Infrastructure Fund), dated March 29, 2007, in the aggregate amount of \$284,652.00 (collectively, the "Bonds"), in fully registered form, pursuant to a Bond Resolution adopted March 21, 2007, and a Supplemental Resolution adopted March 21, 2007 (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 Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer 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 Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the 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 in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. For its fees and expenses hereunder, the Registrar shall receive the amount of \$500.00, said \$500.00 to be payable upon the issuance of the Bonds.

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 Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the 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 addresses:

Issuer: Union-Williams Public Service District  
Post Office Box 243  
Waverly, West Virginia 26184-0243

Registrar: WesBanco Bank, Inc.  
One Bank Plaza  
Wheeling, West Virginia 26003

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Resolution.

IN WITNESS WHEREOF, UNION-WILLIAMS PUBLIC SERVICE DISTRICT and WESBANCO BANK, INC., 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-WILLIAMS PUBLIC  
SERVICE DISTRICT

By:   
Its: Chairman

WESBANCO BANK, INC.  
By:   
Its: Authorized Representative

**EXHIBIT A**

**BOND RESOLUTION**

[See Transcript Documents No. 1 and 2]



Division of Water and Waste Management  
414 Summers Street, Second Floor  
Charleston, WV 25301  
Telephone Number: (304) 558-4086  
Fax Number: (304) 558-5903

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## West Virginia Department of Environmental Protection

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Bob Wise  
Governor

Stephanie R. Timmermeyer  
Cabinet Secretary

September 1, 2003

Howard Seufer, Chairman  
Union Williams Public Service District  
P.O. Box 243  
Waverly, WV 26184

CERTIFIED RETURN RECEIPT REQUESTED

Re: WV/NPDES Permit No. WV0101443  
Modification No 1 - Wood County

Dear Mr. Seufer:

This correspondence serves as Modification No. 1 of your existing WV/NPDES Water Pollution Control Permit No. WV0101443 issued the 12<sup>th</sup> day of March 2003.

After review and consideration of the information submitted on and with WV/NPDES Water Pollution Control Permit Application No. WV0101443-A, dated the 7<sup>th</sup> day of May 2003, and other relevant information, the subject Permit is hereby modified as follows:

**To construct, install, operate, and maintain a proposed wastewater collection system consisting of approximately 12 miles of 6 inch to 18 inch diameter gravity sewer pipe with manholes located at junction points; approximately 30.2 miles of low pressure system consisting of 370 grinder pumps and 2 inch pressure sewer pipe; approximately 3.5 miles of vacuum pipe with one vacuum station; 10 lift stations; and all necessary appurtenances.**

**To construct, install, operate, and maintain a proposed 800,000 gallon per day sequential batch reactor treatment facility. This will consist of a strainer and grit chamber, two (2) 400,000 gal sequential batch reactors, two (2) 62,000 gallon sludge holding tanks, ultraviolet disinfection consisting of 14 foot long modules of ultraviolet lamps, a belt filter press, and all necessary appurtenances.**

Outlet No. 002 has been created to represent the new 0.8 MGD sequence batch reactor wastewater treatment facility.

Section A.002, attached, shows the monitoring requirements for the new plant. Enclosed find pages 4a and 4b of 16 for WV/NPDES Permit Number WV0101443 reflecting this modification. A sample DMR for the new Outlet is also enclosed.



West Virginia Department  
of Environmental Protection

"Promoting a healthy environment."

---

: Sections C.3, C.9., C.10., C.11., have been changed and Sections C.17., C.18., and C19. C.20 have been added to reflect the operational requirements of the new plant. A new Section C, pages 11a, 11b, and 11c of 16, is attached and will be effective when the new plant is operational. Current Section C, pages 10 and 11 of 16, will become void at that time.

PROPOSED SEWAGE COLLECTION AND TREATMENT FACILITY TO BE  
CONSTRUCTED IN ACCORDANCE WITH:

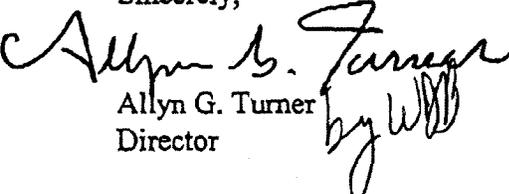
Plans, Specifications, and Reports:

Date Approvable: May 28, 2003  
Prepared by: Cerrone Associates, Inc  
401 Main Street  
Wheeling, WV 26002

Title: Union Williams  
Public Service District  
Wastewater System  
SRF No. C-544131

All other terms and conditions of the subject WV/NPDES Water Pollution Control  
Permit No. WV0101443 shall remain in effect and unchanged.

Sincerely,

  
Allyn G. Turner  
Director

AGT/wjs

cc: Env. Inspector Supervisor  
Env. Inspector, Wood County

RESOLUTION AUTHORIZING THE ISSUANCE OF A \$540,000  
SEWERAGE SYSTEM REVENUE BOND OF UNION-WILLIAMS PUBLIC  
SERVICE DISTRICT, TO FINANCE ACQUISITION AND  
CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES FOR  
THE COLLECTION, TREATMENT, PURIFICATION AND DISPOSAL  
OF LIQUID OR SOLID WASTES, SEWAGE AND INDUSTRIAL  
WASTES; DEFINING AND PRESCRIBING THE TERMS AND  
PROVISIONS OF THE BOND: AUTHORIZING INTERIM  
CONSTRUCTION FINANCING; PROVIDING GENERALLY FOR THE  
RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF  
THE BOND AND THE HOLDERS OF THE INTERIM FINANCING  
NOTES AND FOR A STATUTORY MORTGAGE LIEN; AND  
PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

UNION-WILLIAMS PUBLIC SERVICE DISTRICT  
RESOLUTION AUTHORIZING THE ISSUANCE OF A \$540,000  
SEWERAGE SYSTEM REVENUE BOND,  
SERIES 1991

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RESOLUTION AUTHORIZING THE ISSUANCE OF A \$540,000 SEWERAGE SYSTEM REVENUE BOND OF UNION-WILLIAMS PUBLIC SERVICE DISTRICT, TO FINANCE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES FOR THE COLLECTION, TREATMENT, PURIFICATION AND DISPOSAL OF LIQUID OR SOLID WASTES, SEWAGE AND INDUSTRIAL WASTES; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND: AUTHORIZING INTERIM CONSTRUCTION FINANCING; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND AND THE HOLDERS OF THE INTERIM FINANCING NOTES AND FOR A STATUTORY MORTGAGE LIEN; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF UNION-WILLIAMS PUBLIC SERVICE DISTRICT:

#### ARTICLE I

##### STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for This Resolution. This Resolution is adopted pursuant to the provisions of 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 (the "Act"), and other applicable provisions of law. Union-Williams Public Service District (the "Issuer") is a public service district in Wood and Pleasants Counties, West Virginia, created pursuant to the Act by the County Commission of Wood County.

Section 1.02. Definitions. The following terms have the following meanings in this Resolution 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.

"Bank" means Commercial Banking and Trust Company, a state banking corporation, Parkersburg, West Virginia, or any one or more State banking corporations or national banking associations located in the State, eligible under the laws of the State to receive deposits of state and municipal funds and insured by the FDIC, as hereinafter defined, and designated as custodian of any one or more of the funds or accounts established by Article IV hereof.

"Board" means the public service board of Union-Williams Public Service District 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 Union-Williams Public Service District.

"Bond" or "Bonds" means the Issuer's Series 1991 Bond authorized hereby, and also includes any additional parity Bonds hereafter issued within the terms, restrictions and conditions contained in this Resolution.

"Chairman" means the Chairman of the Board.

"Construction Account" means the Union-Williams Public Service District Sewerage System Construction Account established by Section 4.01 hereof.

"Consulting Engineer" means Cerrone & Associates, Inc., Wheeling, West Virginia, or any qualified engineer or firm of engineers which at any time hereafter may be retained by the Issuer as Consulting Engineer for the System.

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

"FDIC" means the Federal Deposit Insurance Corporation.

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

"Government" means the United States Department of Agriculture, Farmers Home Administration and any governmental successor thereof.

"Grant Proceeds" means the proceeds to be received by the Issuer from the grants described in Section 1.03 hereof.

"Gross Revenues" or "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 any investments, purchased pursuant to Article V hereof) or any Tap Fees, as hereinafter defined.

"Herein" means in this Resolution.

"Holder of the Bonds" or "Bondholder" or any similar term means any person who shall be the registered owner of any outstanding Bond or Bonds.

I/A Future Connection Fund means the Union-Williams Public Service District I/A Future Connection Fund established pursuant to Section 4.02(B) hereof.

"Issuer" means Union-Williams Public Service District, of Wood County, West Virginia, and, unless the context clearly indicates otherwise includes the Board of the Issuer and any commission, board or department established by the Issuer to operate and maintain the System.

"Net Revenues" means Gross Revenues less Operating Expenses, as hereinafter defined.

"Notes" means the line of credit or grant anticipation notes of the Issuer as defined in Section 3.01 hereof.

"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 supplies, labor, wages, the cost of materials and supplies used for current operations, capitalized as part of the Project Costs), fees and expenses of fiscal agents, 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.

"Project" means the public service properties for the collection, treatment, purification and disposal of liquid or solid wastes, sewage or industrial wastes to be financed in part with the proceeds of the sale of the Series 1991 Bond, as herein provided.

"Project Costs" means all those costs set out in Section 1.03(E) hereof.

"Purchaser" means the purchaser, directly from the Issuer, of any series of Bonds issued pursuant hereto, or any part of any such series.

"Registrar" means the Secretary of the Issuer or such other entity designated by the District as Registrar herein or by any resolution supplemental hereto and its successors and assigns.

"Renewal and Replacement Fund" means the Union-Williams Public Service District Sewerage System Renewal and Replacement Fund established by Section 4.02(B) hereof.

"Resolution" means collectively this Resolution and any resolution of the Board supplemental hereto awarding the Series 1991 Bond as herein contemplated.

"Revenue Fund" means the Union-Williams Public Service District Sewerage System Revenue Fund established by Section 4.02(A) hereof.

"Secretary" means the Secretary of the Board.

"Series 1991 Bond" means the \$540,000 Sewerage System Revenue Bond, Series 1991 authorized hereby.

"Sewerage System Reserve Account" means the Sewerage System Revenue Bond Reserve Account created and established by Section 4.02(B) hereof.

"Sewerage System Reserve Account Requirement" means the maximum amount of principal and interest which will come due on all Bonds outstanding in the then current or any fiscal year.

"System" means the Project, in its entirety or any integral part thereof, and any improvements and extensions thereto hereafter constructed or acquired for the public services properties from any sources whatsoever, both within and without the Issuer.

"Tap Fees" means the fees paid by customers of the Issuer initially to connect on to the System.

Words importing the singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

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

(A) There is no consolidated public sewer system presently serving the residents of the Issuer in the Waverly and Oak Grove communities and adjacent vicinities and existing inadequate and unsatisfactory private sewage systems cause stream pollution and constitute public health hazards. The residents of that area urgently need sewer service and have requested the Issuer to provide such sewer service.

(B) It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Union-Williams Public Service District and, accordingly, it is hereby ordered, that the Project be acquired and constructed in accordance with the plans and specifications prepared by the Consulting Engineer and heretofore filed with the Secretary of the Issuer. The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

(C) It is necessary for the Issuer to issue its revenue bond in the principal amount of \$540,000 to finance a portion of the costs of such acquisition and construction in the manner hereinafter provided.

(D) The estimated maximum cost of the acquisition and construction of the Project is \$3,805,397 of which \$540,000 will be obtained from the proceeds of the sale of the Bond herein authorized, \$750,000 in aggregate principal amount will be obtained from the United States Department of Housing and Urban Development Small Cities Block Grants; \$1,755,910 will be provided by an EPA Step II/III Grant and \$449,490 by an EPA I & A Grant and the balance, not to exceed \$310,000 will be obtained in the form of a grant from the Government.

(E) The cost of such construction shall be deemed to include, without being limited to, the construction of the Project, the acquisition of any necessary property, real or personal, or interest therein; interest on the Bond and the Notes or any note, bond, construction loan, or other indebtedness of the Issuer issued to provide interim financing of the Project in anticipation of the issuance of the Bond prior to, during and for six months after completion of such construction; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the construction of the Project and the financing authorized hereby.

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

(G) There are not outstanding any obligations of the Issuer which will rank prior to or on a parity with the Bond as to lien and source of the security for payment.

(H) The Issuer has complied with all requirements of the law of West Virginia relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bond, or will have so complied prior to issuance of the Bond including, among other things, obtaining a certificate of convenience and necessity for the Project from the Public Service Commission of West Virginia by final order, the time for a rehearing and appeal of which shall have been waived or shall have expired. The rates, charges and rules as provided by Article VI hereof shall be in full force and effect.

(I) The Government is expected by the Issuer to purchase the entire principal amount of the Bond.

Section 1.04. Resolution to Constitute Contract. In consideration of the acceptance of the Bonds by the Purchasers thereof, this Resolution shall be deemed to be and shall constitute a contract between the Issuer and the Purchasers, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Purchasers as Holders of the Bonds.

## ARTICLE II

### AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND

Section 2.01. Authorization of Series 1991 Bond. Subject and pursuant to the provisions hereof, the Bond of the Issuer, to be known as "Sewerage System Revenue Bond, Series 1991", is hereby authorized to be issued in the principal amount of \$540,000.00, for the purpose of financing in part the costs of the acquisition and construction of the Project.

Section 2.02. Description of Series 1991 Bond. The Series 1991 Bond shall be issued in single form, No. R-1, fully registered to Farmers Home Administration and shall be dated on the date of delivery. The Series 1991 Bond shall bear interest from date, payable monthly at the rate of 5.00% per annum, and

shall be sold for the par value thereof. The Series 1991 Bond shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the bond form hereinafter set forth.

Section 2.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Bonds shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Bonds, and the right to the principal of, and stated interest on, the Bonds, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 2.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Registrar.

Whenever any Bond shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Registrar with respect to such transfer.

No registration of transfer of any Bond shall be permitted to be made after the 15th day next preceding any installment payment date on such Bond.

Section 2.04. Registrar. The Secretary of the Issuer will keep or cause to be kept at the office of the Issuer, sufficient books for the registration and transfer of the Bonds, and, upon presentation for such purpose, the Secretary shall register any Bond initially issued pursuant hereto and register the transfer, or cause to be registered, on such books, the transfer of such Bond as hereinbefore provided.

Section 2.05. Execution of Bonds. The Bonds shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary.

Section 2.06. Mutilated, Destroyed, Stolen or Lost Bonds. In case any Bond shall become mutilated, destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for

such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder of the Bond furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the issuer may require. The Bond so surrendered shall be canceled and held for the account of the Issuer. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such bond be destroyed, stolen or lost, without surrender thereof.

Section 2.07. Bonds not to be Indebtedness of the Members of the Public Service Board of the Issuer. The Bonds shall not be or constitute an indebtedness of the members of the Public Service Board of the Issuer but shall be payable solely from the Net Revenues and from funds in the Revenue Fund, the Sewerage System Reserve Account, the I/A Future Connection Fund, and the Renewal and Replacement Fund and unexpended Bond proceeds.

Section 2.08. Bonds Secured by Pledge of Net Revenues, Funds and Unexpended Bond Proceeds. Payment of the Bonds shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the System and the funds on deposit in the Revenue Fund, the Sewerage System Reserve Account, the I/A Future Connection Fund, and the Renewal and Replacement Fund and unexpended Bond proceeds, in addition to the statutory mortgage lien on the system provided for herein. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bonds, and to make the payments as hereinafter provided, together with the funds on deposit in the Revenue Fund and the unexpended proceeds of the Bonds are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 2.09. Form of Series 1991 Bond. Subject to the provisions hereof, the text of the Series 1991 Bond and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or by any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(Form of Series 1991 Bond)

UNITED STATES OF AMERICA

STATE OF WEST VIRGINIA

UNION-WILLIAMS PUBLIC SERVICE DISTRICT  
SEWERAGE SYSTEM REVENUE BOND,  
SERIES 1991

\$540,000.00

No. R-1

Date: \_\_\_\_\_, 1991

UNION-WILLIAMS PUBLIC SERVICE DISTRICT (the "Issuer"), for value received, promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri, 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of \$540,000.00, plus interest on the unpaid principal balance at the rate of \_\_\_\_ per cent (\_\_\_\_%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Installments of interest only commencing 30 days following delivery of the Series 1991 Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof and \$\_\_\_\_\_, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Series 1991 Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount hereof is not advanced at the time of closing, the proceeds hereof shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made hereon shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Issuer. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Series 1991 Bond and shall not affect the obligation of Issuer to pay the remaining installments as scheduled herein.

If the Farmers Home Administration at any time assigns this Series 1991 Bond and insures the payment thereof, Issuer shall continue to make payments to the Farmers Home Administration as collection agent for the Holder.

While this Series 1991 Bond is held by an insured lender, prepayments made by Issuer may, at the option of the Government, be remitted by the Government to the Holder promptly or, except for final payment, be retained by the Government and remitted to the Holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Issuer, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the Holder. The effective date of any prepayment retained and remitted by the Government to the Holder on an annual installment due date basis shall be the date of the prepayment by Issuer and the Government will pay the interest to which the Holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the Holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Issuer to the Government without demand. Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Issuer hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing rates and terms in or near its community for loans for similar purposes and periods of time.

This Series 1991 Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing such funds for financing costs of construction of repairs, replacements and improvements to the sewerage system (the "System") of the Issuer, is payable solely from the Revenues to be derived from the operation of the System after there have been first paid from such Revenues the reasonable current costs of operation and maintenance of the System. This Series 1991 Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation.

Registration of this Series 1991 Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Secretary of the Issuer, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Resolutions hereinafter described, and upon surrender and cancellation of this Series 1991 Bond. Upon such transfer a new Series 1991 Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Series 1991 Bond, under the provisions 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, but may only be transferred by transfer of registration hereof with the Secretary of the Issuer.

This Series 1991 Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (herein called the "Act") and a Resolution of the Issuer adopted on \_\_\_\_\_, 1991.

If at any time it shall appear to the Government that Issuer may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Issuer will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Series 1991 Bond is given as evidence of a loan to Issuer made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Series 1991 Bond shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

UNION-WILLIAMS PUBLIC SERVICE DISTRICT

Attest:

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

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

[CORPORATE SEAL]

RECORD OF ADVANCES

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

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

(No writing on this Series 1991 Bond except by the Issuer as Registrar)

Date of Registration

In Whose Name Registered

Signature of Secretary or Registrar

\_\_\_\_\_, 1991

United States of America,  
Farmers Home Administration  
P. O. Box 678  
Morgantown, WV 26505

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

ASSIGNMENT

Pay to the Order of \_\_\_\_\_

\_\_\_\_\_

UNITED STATES OF AMERICA  
FARMERS HOME ADMINISTRATION

By \_\_\_\_\_

\_\_\_\_\_

(Title)

## ARTICLE III

### INTERIM CONSTRUCTION FINANCING

Section 3.01. Authorization and General Terms. In order to pay certain Costs of the Project pending receipt of the gross proceeds of the Series 1991 Bond and the Grant Proceeds, the Issuer may issue and sell its Notes in an aggregate principal amount not to exceed \$3,805,397. The Notes may be in the form of grant anticipation notes or as evidence of a line of credit from a commercial bank or other lender, at the discretion of the Issuer, and as shall be set forth in a resolution supplemental hereto. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such date or dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the indenture or supplemental resolution, as applicable.

Section 3.02. Terms of and Security for Notes; Trust Indenture. The Notes, if issued, shall be issued in fully registered form, in the denomination of \$5,000 or any integral multiple thereof, with such terms and secured in the manner set forth in an indenture, if applicable (which indenture in the form to be executed and delivered by the Issuer shall be approved by a supplemental resolution), or supplemental resolution, if no indenture is used.

Section 3.03. Notes are Special Obligations. The Notes shall be special obligations of the Issuer payable as to principal and interest solely from the grant receipts, surplus revenues, letter of credit proceeds, if any, and other sources described in an indenture or supplemental resolution. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power, if any, of the Issuer is pledged for the payment of the Notes. The holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth in an indenture or supplemental resolution.

Section 3.04. Letters of Credit. As additional security for the Notes, the Issuer may obtain a letter or letters of credit from a bank or banks, pursuant to which such bank or banks would agree to pay the trustee to be appointed by a supplemental resolution, upon presentation by the trustee of certain certificates, the sum or sums set forth therein but not

to exceed \$3,805,397 in the aggregate. In the event of a draw under any such letter of credit, the Issuer shall issue its refunding notes to the bank issuing such letter of credit. Any such letter of credit shall be authorized and shall have such terms as shall be set forth in a resolution supplemental hereto.

#### ARTICLE IV

##### BOND PROCEEDS; REVENUES AND APPLICATION THEREOF

Section 4.01. Series 1991 Bond Proceeds; Project Construction Account. The proceeds of sale of the Series 1991 Bond shall be deposited on receipt by the Issuer in the Bank, in a special account hereby created and designated as "Union-Williams Public Service District Sewerage System Construction Account". The moneys in the Construction Account in excess of the amount insured by FDIC shall be secured at all times by the Bank by securities or in a manner lawful for the securing of deposits of state and municipal funds under West Virginia law. Moneys in the Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Until completion of acquisition and construction of the Project, the Issuer will transfer from the Construction Account and pay to the Government on or before the due date thereof, such sums as shall be from time to time required to make the monthly installment payments on the Bond if there are not sufficient Net Revenues to make such monthly payment.

Moneys in the Construction Account shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Government.

If the Issuer shall determine at any time that all funds on deposit in the Construction Account exceed the estimated disbursements on account of the Project for the ensuing ninety (90) days, the Issuer may invest such excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United State of America which shall mature not later than eighteen (18) months after the date of such investment, or in investments secured by a pledge of such government obligations. All such investments and the income therefrom shall be carried to the credit of the Construction Account.

When construction of the Project has been completed and all costs have been paid or provision for such payment has been made, any balance remaining in the Construction Account shall be disposed of in accordance with the regulations of the Government.

Section 4.02. Covenants of the Issuer as to Revenues and Funds. As long as any Bond shall be outstanding and unpaid, or until there shall have been set apart in the Sewerage System Reserve Account hereinafter established, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bonds remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the holders of any and all Bonds as follows:

(A) Revenue Fund. The entire gross revenues derived from the operation of the System, and all parts thereof, and all Tap Fees received, shall be deposited as collected by the Issuer in a special fund in a bank or trust company in the State of West Virginia which is a member of FDIC, which fund (herein called the "Revenue Fund") is hereby initially established with Commercial Banking & Trust Company. The Revenue Fund shall constitute a trust fund for the purposes provided herein and shall be kept separate and distinct from all other funds of the Issuer and used only for the purposes and in the manner provided herein.

(B) Disposition of Revenues. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

(1) The Issuer shall first each month pay from the moneys in the Revenue Fund all current Operating Expenses.

(2) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and pay to the National Finance Office designated in the Series 1991 Bond the amount required to pay the interest on the Series 1991 Bond, and to amortize the principal of the Series 1991 Bond over the life of the Series 1991 Bond.

(3) The Issuer shall next, by the fifteenth day of each month beginning with and including the month in which the first principal installment is due upon the Series 1991 Bond, transfer from the Revenue Fund and deposit in an account to be designated the "Sewerage System Reserve Account" which is hereby established with the Bank, one-twelfth of one-tenth of the annual amount of interest and principal which will fall due on the Bonds until the amount in the Sewerage System Reserve

Account is equal to the Sewerage System Reserve Account Requirement. After the Sewerage System Reserve Account Requirement has been accumulated in the Sewerage System Reserve Account, the Issuer shall deposit monthly into the Sewerage System Reserve Account such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on the Bonds and for payment of operating expenses of the System, as shall be required to maintain the Sewerage System Reserve Account Requirement. Moneys in the Sewerage System Reserve Account shall be used solely to make up any deficiency for monthly installments required to be paid on the Bonds as the same shall become due, for prepayment of installments on the Bonds or for mandatory prepayment of the Bonds as provided herein, and for no other purpose.

(4) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit in the I/A Future Connection Fund which is hereby established with the Bank \$113.00. All funds in the I/A Future Connection Fund shall be kept separate and distinct from all other funds of the Issuer and the Bank.

Withdrawals and disbursements from the I/A Future Connection Fund shall be made by the Issuer only for the following purposes:

(a) For the payment after the completion of the construction of the System of the actual cost of connecting future customers requiring either vacuum pump service or pressure valve service to the System (after application of any Tap Fees collected from such customers).

(b) For the payment of the then payable principal of, premium, if any, and interest on the Bonds if there are not sufficient funds therefor in the Revenue Fund (including the Sewerage System Reserve Account); and

(c) To make up any deficiency in the Sewerage System Reserve Account (so that the amount on deposit therein is at least equal to the Sewerage System Reserve Account Requirement);

(5) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit in the Renewal and Replacement Fund which is hereby established with the Bank \$575.00. Moneys in the Renewal and Replacement Fund shall be used first to make up any deficiencies for monthly payments of installments on the Bond as the same become due, and next to restore to the Sewerage System Reserve Account any sum or sums transferred therefrom. Thereafter, and provided

that payments into the Sewerage System Reserve Account are current and in accordance with the foregoing provisions, moneys in the Renewal and Replacement Fund may be withdrawn by the Issuer and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part thereof, and for capital additions and improvements for the System, including the replacement of grinder pumps and vacuum valves.

(6) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, any moneys remaining therein and not permitted to be retained therein may be used to prepay installments of the Bonds or for any lawful purpose.

Whenever the moneys in the Sewerage System Reserve Account shall be sufficient to prepay the Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Bonds at the earliest practical date and in accordance with applicable provisions hereof.

The Bank (and any successor appointed by the Issuer) is hereby designated as Fiscal Agent for the administration of the Sewerage System Reserve Account, the I/A Future Connection Fund and the Renewal and Replacement Fund as herein provided, and all amounts required therefor will be deposited by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund.

All the funds provided for in this Section shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Bonds and the interest thereon. The moneys in excess of the sum insured by FDIC in any of such funds shall at all times be secured, to the full extent thereof in excess of such insured sum, in a manner lawful for securing deposits of state and municipal funds under the laws of the State of West Virginia.

If on any payment date the revenues are insufficient to make the payments and transfers as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

The Fiscal Agent shall keep the moneys in the Sewerage System Reserve Account, the I/A Future Connection Fund and the Renewal and Replacement Fund invested and reinvested to the fullest extent practicable in direct obligations of, or obligations the payment of the principal of and interest on which are guaranteed by, United States of America. Earnings upon moneys in the Sewerage System Reserve Account, as long as the Sewerage System Reserve Account Requirement is on deposit and maintained therein, shall be paid annually in January into the Revenue Fund by the Fiscal Agent.

(C) Change of Bank as Fiscal Agent. The Issuer may designate another bank insured by FDIC as Fiscal Agent for the administration of the Sewerage System Reserve Account and the Renewal and Replacement Fund if the Bank should cease for any reason to serve or if the Board determines by resolution that the Bank or its successor should no longer serve as Fiscal Agent. Upon any such change, the Board will cause notice of the change to be sent by registered or certified mail to the Purchaser.

(D) User Contracts. The Issuer shall, prior to delivery of the Bond, obtain user agreements from not less than 296 bona fide full time users, and shall collect from such users, and deposit in the Tap Fees Account, not less than \$29,100.00, based on a connection fee of \$150.00.

## ARTICLE V

### GENERAL COVENANTS

Section 5.01. General Statement. As long as any Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Sewerage System Reserve Account a sum sufficient to prepay the entire principal of all Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Bondholders.

Until the payment in full of the principal of and interest on the Notes when due, and to the extent they do not materially adversely affect the Holders of the Bonds, the covenants, agreements and provisions contained herein shall, where applicable, also inure to the benefit of the holders of the Notes and the trustee therefor and constitute valid and legally binding covenants of the Issuer, enforceable in any

court of competent jurisdiction by the trustee or any holder or holders of the Notes as prescribed in the indenture or supplemental resolution; provided, that Section 5.09 shall not be applied to the Notes.

Section 5.02. Bonds and Notes not to be Indebtedness of the Issuer. Neither the Bonds nor the Notes shall be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Resolution. No holder or holders of any Bonds or Notes, shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay said Bonds or Notes or the interest thereon.

Section 5.03. Rates. Just and equitable rates and charges for the use of and the service rendered by the System shall be established, all in the manner and form required by law, and copies of such rates and charges so fixed and established at all times shall be kept on file in the offices of the Issuer, open to inspection by all interested parties. The schedule of rates and charges shall produce in each year Gross Revenues sufficient to make the required payments into the funds and accounts created hereunder and to pay Operating Expenses. Such schedule of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes.

Section 5.04. Sale of the System. The System may be sold, mortgaged, leased, or otherwise disposed of only as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient fully to pay the Bond and the interest thereon.

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 hereafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof, provided that the net book value thereof does not exceed \$50,000. Prior to any such sale, lease or other disposition of said property, the general manager or other duly authorized officer in charge of the System shall make a finding in writing, concurred in by resolution of the Board, determining that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and such proceeds shall be deposited in the Renewal and Replacement Fund.

Payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into the Renewal and Replacement Fund by other provisions of this Resolution.

Section 5.05. Covenant Against Encumbrances. The Issuer will not issue any obligations whatsoever, except additional parity Bonds hereinafter provided for, 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 Bond; and all obligations hereafter issued by the Issuer payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues, and in all other respects, to the Bonds.

The Issuer will not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge, having priority over or being on a parity with the lien of the Bond, and the interest thereon, upon any of the income and revenues of the System pledged as security therefor in this resolution, or upon the System, or any part thereof.

Section 5.06. Issuance of Additional Parity Bonds. No additional parity Bonds, as in this Section defined, 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.

(A) No such additional parity Bonds shall be issued except for the purposes of financing the costs of the construction or acquisition of extensions, additions and improvements to the System or refunding the Bonds issued hereunder, except as provided in subsection (G) of this Section.

(B) No such additional parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Secretary a written certification by a certified public accountant not in the regular employ of the Issuer, based upon the necessary investigation, reciting the conclusion that the net revenues, as defined herein and adjusted as provided below, actually derived from the System during the fiscal year immediately preceding the date of the issuance of such additional parity Bonds, shall have been not less than one hundred twenty per centum (120%) of the average aggregate amount which will mature or become due in any succeeding fiscal year for principal of and interest on the Bonds originally issued pursuant to this Resolution then outstanding, and on any additional parity Bonds theretofore

issued pursuant to the provisions contained in this Resolution then outstanding, and on the additional parity Bonds then proposed to be issued. This limitation may be waived or modified by the written consent of Bondholders representing 75% of each series of the then outstanding Bonds issued pursuant hereto.

(C) Prior to the issuance of any such additional parity Bonds, the Issuer shall have entered into written contracts for the immediate acquisition or construction of such additions, extensions or improvements to the System which are to be financed by such additional parity Bonds.

(D) The term "additional parity Bonds", as used in this Section, shall be deemed to mean additional Bonds issued under the provisions and within the limitations of this Section, payable from the revenues of the System on a parity with Bonds originally authorized and issued pursuant to this Resolution or with Bonds which were issued pursuant to this Section as additional parity Bonds, and all the covenants and other provisions of this Resolution (except as to details of such additional parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of any Bonds originally authorized and issued pursuant to this Resolution and the Holders of any additional parity Bonds subsequently issued within the limitations of and in compliance with this Section. All such Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System, and their source of and security for payment from said revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds created in this resolution required for such additional parity Bonds, in addition to the payments required for Bonds theretofore issued hereunder. Redemption of Bonds prior to maturity, in the event that Bonds of more than one series are outstanding, shall as nearly as practical be on an equal pro rata basis reflecting the original amounts of each series.

(E) No additional parity Bonds shall be issued at any time unless all the payments into the respective Funds provided for in this Resolution on Bonds then outstanding and all other payments provided for in this Resolution shall have been made or paid up as required to the date of issuance of the additional parity Bonds and the Issuer shall have fully complied with all the covenants, agreements and terms of this Resolution or shall have remedied any deficiency in such compliance.

(F) With the written consent in advance of the Purchaser of the Bonds and anything to the contrary in subsections (A), (B) and (C) of this Section notwithstanding, additional parity Bonds may be authorized and issued by the Issuer pursuant to supplemental Resolution in the event that the Bonds should be insufficient, together with other funds lawfully available therefor, to pay all costs of construction of the Project. Any such additional parity Bonds authorized and issued under the provisions of this subsection shall be limited to the aggregate principal amount required to make upon any deficiency in funds for payment of such construction costs, and the maturities of any such additional parity Bonds shall be in years and amounts suggested by such Purchaser of the Bonds.

Section 5.07. Insurance and Bonds. The Issuer hereby covenants and agrees that so long as any of the Bonds remain outstanding, it will, as an expense of operation and maintenance of the System, procure, carry and maintain insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, on all above-ground structures of the System in an amount equal to the actual cost thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than \$500,000 for one person and \$500,000 for more than one person injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 from claims for damage to property of others which may arise from the Issuer's operation of the System, such insurance to be procured at the commencement of construction of the Project.

(c) Vehicular Public Liability Insurance, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated for the benefit of the Issuer, with limits of not less than \$500,000 for one person and \$500,000 for more than one person injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death,

and not less than \$200,000 from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle.

(d) Workers' Compensation Coverage for all Employees of the Issuer Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds will be filed with the Clerk of the County Court of said County prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

(e) Fidelity Bonds will be provided as to every officer and employee of the Issuer having custody of the Revenue Fund or of any revenues or other funds of the Issuer in an amount at least equal to the total funds in the custody of any such person at any one time, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned.

(f) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Government holds any of the Bonds, the Issuer shall carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Government may specify, with insurance carriers or bonding companies acceptable to the Government.

Section 5.08. Completion, Operation and Maintenance, Right of Access. The Issuer will expeditiously complete the Project and will provide and maintain competent and adequate resident engineering services satisfactory to the Issuer and the Government for the supervision and inspection of the construction of the Project, and bearing the responsibility of assuring the construction conforms to the Plans and Specifications and shall require its resident engineer to certify to the Government and the Issuer at the completion of construction that construction is in accordance with the Plans and Specifications. Upon completion of the construction, the Issuer will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner in compliance with the water quality standards established by the West Virginia Department

of Natural Resources and the EPA, as well as all other State and Federal laws, regulations, orders, and standards, with qualified operating personnel properly certified, making expenditures for equipment and for the economical operation and maintenance thereof from Gross Revenues as provided in this Resolution.

Section 5.09. Statutory Mortgage. 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 the delivery of any of the Bonds.

Section 5.10. Interim Financing. The Issuer has complied with all requirements of West Virginia Law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bonds and the Notes, if issued, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a Certificate of Convenience and Necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which shall have been waived or shall have expired. The Notes, if issued, will not be payable from the Net Revenues, but shall be payable from Bond proceeds, grant receipts, surplus revenues and proceeds of a letter of credit, if any, all as shall be set forth in the indenture or a supplemental resolution authorizing the Notes.

Section 5.11. Investments. The Issuer shall invest and reinvest, and hereby instructs the Bank to invest and reinvest, any moneys held as part of the funds and accounts created by this Resolution, other than the Revenue Fund, to the fullest extent possible subject to applicable laws and this Resolution, and the need for such moneys for the purposes set forth herein, and the specific restrictions and provisions set forth in this Section 5.11. The Issuer may direct the Bank in writing as to what particular permitted investments shall be made.

Except as provided below and in the indenture, if any, any investment shall be held in and at all times be deemed a part of the fund or account in which the moneys and investments are held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the corresponding fund or account. The Bank 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

any loss on such liquidation. The Issuer may invest funds on deposit with the Bank through the trust department of the Bank. The Bank shall not be responsible for any losses from such investments, except losses due to its own gross negligence or willful misconduct.

Section 5.12. Events of Default. Each of the following events is hereby declared an "Event of Default":

(A) Failure to make payment of the principal, and, if any premium be due, of such premium, of any of the Bonds either at the date therein specified for their payment or on the date fixed for redemption by proceedings for redemption, or otherwise;

(B) Failure to make payment of any installment of interest due on any of the Bonds on the date specified for the payment of such interest;

(C) Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Bonds or in this Resolution, or violation of or failure to observe any provision of any pertinent law, provided any such failure or violation, excluding those covered in (A) and (B) above in this Section, shall continue for a period of thirty days after written notice shall have been given to the Issuer by any Bondholder specifying such failure or violation and requiring the same to be remedied.

Section 5.13. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, any Bondholder may proceed to protect and enforce the rights of the Bondholders by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by such Bondholder, such court may, upon proof of such default, appoint a receiver for the affairs of the Issuer and the System. The receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to its System and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 5.14. No Priority Between Bonds. The Bonds shall not be entitled to priority one over the other in the application of the revenues of the System or with respect to the security for their payment, regardless of the time or times of their issuance, it being the intention of the Issuer that there shall be no priority among the Bonds, regardless of the fact that they may be actually issued and delivered at different times.

Section 5.15. Fiscal Year; Budget. While any Bonds are outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a fiscal year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than thirty days prior to the beginning of each fiscal year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such fiscal year unless unanimously authorized and directed by the Board. Copies of each Annual Budget shall be delivered to the Government by the beginning of each fiscal year and shall be mailed to the Purchase of the Bonds and to those Bondholders who shall have filed their names and addresses with the Secretary of the Board for such purpose.

If for any reason the Issuer shall not have adopted the Annual Budget before the first day of any fiscal year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the year next preceding by more than ten per centum; and provided further, that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the Issuer. Each such Budget of Current Expenses shall be mailed immediately as in the case of the Annual Budget.

Section 5.16. Compensation of Board Members. The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of its Board in excess of the amount permitted by the Act. Payment of any compensation to any member of the Board for policy direction shall not be made if such payment would cause the Net Operating Income to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision of this Resolution.

Section 5.17. 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, his agents and representatives, shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

The Issuer shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants, shall mail a copy of such audit report to the Government and the Purchase of the Bonds, and shall make available the report of said accountants at all reasonable times to any Holder or Holders of the Bonds, or any customer receiving services from the System, or anyone acting for and in behalf of such Bondholder, Bondholders or customer.

Section 5.18. Maintenance of System. The Issuer covenants that it will continuously operate, in any economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as any of the Bonds are outstanding.

Section 5.19. No Competition. The Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to, or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

Section 5.20. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory serviced by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection,

treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30 day notice of the availability of the System, pay the rates and charges established therefor.

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

## ARTICLE VI

### RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges: Rules. The schedule of rates and charges for the services and facilities of the System initially shall be those contained in the Order of the Public Service Commission dated January 3, 1991.

## ARTICLE VII

### MISCELLANEOUS

Section 7.01. Modification or Amendment. No modification or amendment of this Resolution, or of any resolution amendatory hereof or supplemental hereto, may be made without the prior consent in writing of the Purchasers.

Section 7.02. Delivery of Series 1991 Bond No. 1. The Chairman, Secretary and Treasurer of the Issuer are hereby authorized and directed to cause Series 1991 Bond No. 1, hereby awarded to the Government pursuant to prior agreement, to be delivered to the Government as soon as the Government will accept such delivery.

Section 7.03. Severability of Invalid Provision. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bonds.

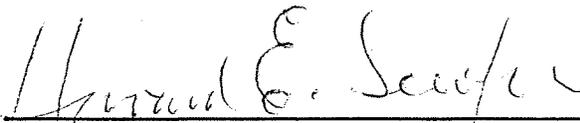
Section 7.04. Conflicting Provisions Repealed. All Resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed, but excluding the Loan Resolution (Form FmHA 442-47).

Section 7.05. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 7.06. 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 final enactment and passage 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, the Secretary and the Treasurer of the Board were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

This Resolution shall become effective immediately upon its adoption.

Adopted April 16, 1991.

  
Chairman, Public Service Board

7564P

CERTIFICATION

I, Harry W. Sweeney, Secretary of the Public Service Board of the Union-Williams Public Service District, Wood and Pleasants Counties, West Virginia, do hereby certify that the attached is a true and accurate copy of the Resolution passed on April 16, 1991, by the Public Service Board authorizing its Sewerage System Bond, Series 1991, and that the foregoing remains in full force and effect and has not been amended or repealed.

WITNESS my signature on this 16th day of April, 1991.

  
\_\_\_\_\_  
Harry W. Sweeney, Secretary

7777P



SUPPLEMENTAL RESOLUTION

1. By Bond Resolution adopted April 16, 1991, this District issued its Registered Bond in the principal amount of \$540,000 to Farmer's Home Administration of the United States Department of Agriculture.

2. The Resolution contemplates the approval of an interim financing contract by this supplemental resolution.

Therefore be it resolved that the District enter into a Credit Agreement with Commerical Banking & Trust Company, a copy of which is annexed hereto, and the officers of the District be and they are hereby authorized and empowered to execute the same on behalf of the District.

Adopted April 16, 1991.

  
Chairman, Public Service Board

CERTIFICATION

I, Harry W. Sweeney, Secretary of the Public Service Board of the Union-Williams Public Service District, Wood County, West Virginia, do hereby certify that the foregoing is a true and accurate copy of the Supplemental Resolution adopted by the Public Service Board on April 16, 1991, authorizing the execution of a Credit Agreement with Commerical Banking & Trust Company, Parkersburg, West Virginia.

Given under my hand and seal of Union-Williams Public Service District this 16th day of April, 1991.

[SEAL]

  
Secretary

7561P



**UNION-WILLIAMS PUBLIC SERVICE DISTRICT**  
**SEWER REVENUE BONDS, SERIES 2000**  
**(WEST VIRGINIA SRF PROGRAM)**

**BOND RESOLUTION**

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**UNION-WILLIAMS PUBLIC SERVICE DISTRICT  
SEWER REVENUE BONDS, SERIES 2000  
(WEST VIRGINIA SRF PROGRAM)**

**BOND RESOLUTION**

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF UNION-WILLIAMS PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY UNION-WILLIAMS PUBLIC SERVICE DISTRICT OF NOT MORE THAN FOUR HUNDRED TWELVE THOUSAND DOLLARS (\$412,000.00) IN AGGREGATE PRINCIPAL AMOUNT OF UNION-WILLIAMS PUBLIC SERVICE DISTRICT SEWER REVENUE BONDS, SERIES 2000 (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDERS OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AND THE WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

**ARTICLE I**  
**STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS**

Section 1.01. Authority for this Resolution. This Resolution (together with any order, resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is adopted pursuant to the provisions of Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act") and other applicable provisions of law.

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

A. Union-Williams Public Service District (the "Issuer") is a public service district, public corporation and political subdivision of the State of West Virginia in Wood and Pleasants Counties of said State.

B. The Issuer presently owns and operates a public sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed certain additions, betterments and improvements to the Issuer's existing public sewerage facilities, including the additions, betterments and improvements described in Exhibit A hereto (collectively, the "Project") (the Issuer's existing sewerage facilities, the Project and any further additions thereto or extensions thereof are herein called the "System") in accordance with the plans and specifications prepared by Cerrone Associates, Inc., Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The acquisition and construction of the System was financed in part with the proceeds from \$540,000 in principal amount of the Issuer's Sewerage System Revenue Bonds, Series 1991 (the "Prior Bonds"), issued on April 16, 1991, authorized pursuant to a Bond Resolution enacted by the Issuer on April 16, 1991 (the "Prior Resolution").

D. The Issuer derives revenues from the System, and, except for the pledge thereof to secure and pay the Prior Bonds, said revenues are not pledged or encumbered in any manner.

E. The estimated maximum cost of the construction and acquisition of the Project and issuance of the Series 2000 Bonds, as hereinafter defined, is \$412,000, which will be permanently financed with the proceeds of the Issuer's Sewer Revenue Bonds, Series 2000 (West Virginia SRF Program) (the "Series 2000 Bonds") herein authorized.

F. 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 Series 2000 Bonds and the Prior Bonds, and all sinking funds, reserve accounts and other payments provided for herein and in the Prior Resolution.

G. It is further deemed necessary for the Issuer to issue the Series 2000 Bonds, in the total aggregate principal amount of not more than \$412,000, to permanently finance the costs

of acquisition and construction of the Project, as hereinafter defined. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Series 2000 Bonds prior to and during construction and acquisition and for a period not exceeding 6 months after completion of construction of the Project; amounts which may be deposited in the Series 2000 Bonds Reserve Account, as hereinafter defined; engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the West Virginia Water Development Authority (the "Authority"), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2000 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2000 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes, shall be deemed Costs of the Project, as hereinafter defined.

H. The period of usefulness of the System after completion of the Project is not less than 30 years.

I. It is in the best interest of the Issuer that its Series 2000 Bonds be issued and sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a bond purchase agreement by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment (the "DEP"), the execution, delivery and form of which are ratified and approved herein.

J. The Issuer has received the written consent from the Holder of the Prior Bonds to issue the Series 2000 Bonds on a parity with the lien of the Prior Bonds. There are no outstanding obligations of the Issuer other than the Prior Bonds which will rank either senior and prior to or on parity with the Series 2000 Bonds as to liens and sources of and security for payment.

K. The Series 2000 Bonds shall be issued with a lien on the Net Revenues, as hereinafter defined, on a parity with the lien held by the Holders of the Prior Bonds.

L. The Issuer has complied with all requirements of West Virginia law and the Bond Purchase Agreement relating to authorization of the acquisition, construction and operation of the Project and the System, and issuance of the Series 2000 Bonds or will have so complied prior to issuance of any thereof, including, among other things, the approval by the Council (as hereinafter defined) of the Project and the financing thereof and the obtaining of a Certificate of Public Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which has expired prior to the issuance of the Series 2000 Bonds or has been waived by all necessary parties.

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

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

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

“Act” means Chapter 16, Article 13A and Chapter 22C, Article 2 of the Code of West Virginia of 1931, as amended and in effect on the date of adoption hereof.

“Authority” means the West Virginia Water Development Authority, or any other agency of the State of West Virginia that succeeds to the functions of the Authority, which is expected to be the original purchaser and Registered Owner of the Series 2000 Bonds, acting in its administrative capacity and upon authorization from the DEP under the Act.

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

“Bond Purchase Agreement” shall mean the Water Pollution Control Revolving Fund Bond Purchase Agreement heretofore entered into or to be entered into by and among the Authority, the DEP and the Issuer, providing for the purchase of the Series 2000 Bonds from the Issuer by the Authority, attached hereto as Exhibit B, the form of which is approved, and the execution and delivery by the Issuer are authorized and directed by Section 3.11 hereof and by the Supplemental Resolution.

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

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

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

“Bonds” means, collectively, the Prior Bonds, the Series 2000 Bonds and, where appropriate, any Bonds on a parity therewith authorized to be issued hereunder or by another resolution of the Issuer.

“Certificate of Authentication and Registration” means the certificate of authentication and registration on the Series 2000 Bonds in substantially the form set forth in the bond form contained herein.

“Chairman” means the Chairman of the Governing Body of the Issuer or any temporary Chairman duly appointed by the Governing Body.

“Closing Date” means the date upon which there is an exchange of the Series 2000 Bonds for an advance of more than a de minimis amount of the principal of the Series 2000 Bonds by the Authority.

“Code” means the Internal Revenue Code of 1986, as amended, and the Regulations promulgated thereunder.

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

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

“Consulting Engineers” means Cerrone Associates, Inc., Wheeling, West Virginia, or any professional engineer or firm of professional engineers, licensed by the State, who shall not be a regular, full-time employee of the State or any of its agencies, commissions or political subdivisions, that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System, or portion thereof in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended.

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

“Council” means the West Virginia Infrastructure and Jobs Development Council or any successor thereto.

“DEP” means the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment, or any agency, board or department of the State that succeeds to the functions of the DEP.

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

“Event of Default” means any occurrence or event specified in Section 9.01.

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

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

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

“Government Obligations” means direct obligations of, or obligations the timely payment of the principal of and interest on which is guaranteed by, the United States of America, including without limitation (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.

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

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

“I/A Future Connection Fund” means the Union-Williams Public Service District I/A Future Connection Fund Established by the Prior Resolution.

“Independent Certified Public Accountants” shall mean any public accountant or certified public accountant or firm of public accountants or 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.

“Issuer” means Union-Williams Public Service District, a public service district, public corporation and political subdivision of the State of West Virginia, in Wood and Pleasants Counties, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

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

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

“Outstanding,” when used with reference to Bonds 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 and (iv) for purposes of consents or other action by a specified percentage of Bondholders, 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 West Virginia Municipal Bond Commission, or such entity or authority as may be designated by the Issuer with the consent of the Authority and the DEP.

“Prior Bonds” means the Issuer’s Sewerage System Revenue Bonds, Series 1991, dated April 16, 1991, issued in the original principal amount of \$540,000.

“Prior Bonds Reserve Account” means the Sewerage System Reserve Account established for the Prior Bonds in the Prior Resolution.

“Prior Bonds Sinking Fund” means the Sinking Fund established for the Prior Bonds in the Prior Resolution.

“Prior Resolution” means the Bond Resolution adopted by the Issuer on April 16, 1991, authorizing the issuance of the Prior Bonds, as supplemented and amended.

“Project” means the project described in Exhibit A attached hereto, constituting additions, betterments and improvements to the existing sewerage system of the Issuer.

“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; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

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

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, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

E. Money market funds or similar funds whose only assets 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 said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

G. The West Virginia "consolidated fund" managed by the West Virginia Investment Management Board pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended; and

H. Obligations of States or political subdivisions or agencies thereof, the interest on which is exempt from federal income taxation, and which are rated at least "A" by Moody's Investors Service, Inc. or Standard & Poor's Corporation.

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

"Registrar" means the Bond Registrar.

“Renewal and Replacement Fund” means the Renewal and Replacement Fund established by the Prior Resolution and continued by Section 5.01 hereof.

“Reserve Accounts” means, collectively, the Prior Bonds Reserve Account and the Series 2000 Bonds Reserve Account.

“Reserve Requirement” means, collectively, the respective amounts required to be on deposit in the Reserve Accounts for the Series 2000 Bonds and Prior Bonds.

“Revenue Fund” means the Revenue Fund established by the Prior Resolution and continued by Section 5.01 hereof.

“Secretary” means the Secretary of the Governing Body of the Issuer.

“Series 2000 Bonds” means the not more than \$412,000 in aggregate principal amount of Sewer Revenue Bonds, Series 2000 (West Virginia SRF Program), of the Issuer, authorized by this Resolution.

“Series 2000 Bonds Construction Trust Fund” means the Series 2000 Bonds Construction Trust Fund established by Section 5.01 hereof.

“Series 2000 Bonds Reserve Account” means the Series 2000 Bonds Reserve Account established in the Series 2000 Bonds Sinking Fund pursuant to Section 5.02 hereof.

“Series 2000 Bonds Reserve Requirement” means, as of any date of calculation, the maximum amount of principal and interest, if any, which will become due on the Series 2000 Bonds in the then concurrent or any succeeding year.

“Series 2000 Bonds Sinking Fund” means the Series 2000 Bonds Sinking Fund established by Section 5.02 hereof.

“Sinking Funds” means, collectively, the Prior Bonds Sinking Fund and the Series 2000 Bonds Sinking Fund.

“SRF Administrative Fee” means any administrative fee required to be paid under the Bond Purchase Agreement.

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

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

“State” means the State of West Virginia.

“Supplemental Resolution” means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article “the,” refers specifically to the Supplemental Resolution authorizing the sale of the Series 2000 Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2000 Bonds and not so included may be included in another Supplemental Resolution.

“Surplus Revenues” means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds, the Prior Bonds or any other obligations of the Issuer, as further defined in Section 5.03(D) hereof.

“System” means the complete properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, in its entirety or any integral part thereof, of the Issuer, and shall include the Project and any improvements or extensions thereof, both within and without said Issuer.

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

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 enactment of this Resolution.

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

**ARTICLE II**  
**AUTHORIZATION OF ACQUISITION**  
**AND CONSTRUCTION OF THE PROJECT**

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized the acquisition and construction of the Project, at an estimated cost of \$412,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2000 Bonds hereby authorized shall be applied as provided in Article VI hereof.

The Issuer has received bids or entered into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the SRF Program. The Issuer will enter into a contract for the acquisition and construction of the Project simultaneously with the issuance of the Series 2000 Bonds.

The cost of the Project is estimated not to exceed \$412,000, which is to be paid as set forth in 1.02E hereof.

**ARTICLE III**  
**AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS;**  
**AUTHORIZATION AND EXECUTION OF BOND PURCHASE AGREEMENT**

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2000 Bonds, funding a reserve account for the Series 2000 Bonds, paying Costs of the Project not otherwise provided for, and paying certain costs of issuance of the Series 2000 Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 2000 Bonds of the Issuer, in an aggregate principal amount of not more than \$412,000. The Series 2000 Bonds shall be issued as a single bond, to be designated "Sewer Revenue Bonds, Series 2000 (West Virginia SRF Program)," in the aggregate principal amount of not more than \$412,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2000 Bonds remaining after the funding of the Series 2000 Bonds Reserve Account (if funded from the Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Series 2000 Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2000 Bonds shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Bond Purchase Agreement. The Series 2000 Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2000 Bonds, if any, shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2000 Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2000 Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2000 Bonds shall be exchangeable at the option and expense of the Holder for other fully registered Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2000 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 Series 2000 Bonds shall cease to be such officer of the Issuer before the Series 2000 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2000 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2000 Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2000 Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2000 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting any of said Series 2000 Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bond shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 2000 Bonds remain Outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain the books for the registration and transfer of the Series 2000 Bonds.

The registered Series 2000 Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2000 Bonds or transferring the registered Series 2000 Bonds are exercised, Series 2000 Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2000 Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 2000 Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and

the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 2000 Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2000 Bonds or, in the case of any proposed redemption of Series 2000 Bonds, next preceding the date of the selection of Series 2000 Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2000 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2000 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided and amounts, if any, in the Series 2000 Bonds Reserve Account. No holder or holders of any of the Series 2000 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2000 Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues, Lien Positions With Respect to Prior Bonds. The payment of the debt service of all the Series 2000 Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System on a parity with the lien on such Net Revenues in favor of the Holders of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Prior Bonds and the Series 2000 Bonds and to make the payments into the Sinking Funds and the Reserve Accounts therein, are hereby irrevocably pledged to the payment of the principal of and interest on the Prior Bonds and the Series 2000 Bonds as the same become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2000 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2000 Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2000 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2000 Bonds to the original purchasers;

C. An executed and certified copy of the Bond Legislation;

D. An executed copy of the Bond Purchase Agreement; and

E. The approving opinion of bond counsel on the Series 2000 Bonds.

Section 3.10. Form of Series 2000 Bonds. The text of the Series 2000 Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[Form of Series 2000 Bond]

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
UNION-WILLIAMS PUBLIC SERVICE DISTRICT  
SEWER REVENUE BOND,  
SERIES 2000  
(WEST VIRGINIA SRF PROGRAM)

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

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

KNOW ALL MEN BY THESE PRESENTS: That UNION-WILLIAMS PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Wood and Pleasants Counties of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of \_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as Exhibit A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing on \_\_\_\_\_, \_\_\_\_\_, as set forth on the "Debt Service Schedule" attached as Exhibit B hereto and incorporated herein by reference, without interest.

The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing \_\_\_\_\_, 20\_\_\_\_, as set forth on Exhibit B attached hereto. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The SRF Administrative Fee on this Bond are 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 the Registrar (as defined in the hereinafter described Bond Legislation) on the 15th day of the month next preceding a SRF Administrative Fee 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 only be redeemed prior to its stated date of maturity in whole or in part upon the terms and conditions prescribed by, and otherwise in compliance with, the Water Pollution Control Revolving Fund Bond Purchase Agreement among the Issuer, the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment (the "DEP") and the Authority, dated \_\_\_\_\_, 20\_\_\_\_.

This Bond is issued (i) to permanently finance the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage facilities of the Issuer (the "Project"); (ii) to fund a debt service reserve account for the Bonds; and

(iii) to pay certain costs of issuance hereof and related costs. The existing public sewerage facilities of the Issuer, the Project and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on \_\_\_\_\_, 20\_\_\_, and a Supplemental Resolution duly adopted by the Issuer on \_\_\_\_\_, 20\_\_\_ (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other securities provided for the Bonds of this Series (the "Bonds") under the Bond Legislation.

THIS BOND IS ISSUED ON PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE SEWERAGE SYSTEM REVENUE BONDS, SERIES 1991, OF THE ISSUER, DATED APRIL 16, 1991, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$540,000 (THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of the Net Revenues in favor of the holders of the Prior Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2000 Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon except from said special fund provided from the Net Revenues, the moneys in the Series 2000 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds, provided however, that so long as there exists in the Series 2000 Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

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 do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

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

[REST OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, UNION-WILLIAMS 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 \_\_\_\_\_, 2000.

UNION-WILLIAMS PUBLIC SERVICE DISTRICT

[SEAL]

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary

(Form of)

**CERTIFICATE OF AUTHENTICATION AND REGISTRATION**

This Bond is one of the Series 2000 Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

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

\_\_\_\_\_  
as Registrar

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

EXHIBIT A

RECORD OF ADVANCES

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

Total \$ \_\_\_\_\_

**EXHIBIT B**

**DEBT SERVICE SCHEDULE**

**(Form of)**  
**ASSIGNMENT**

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

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

Dated: \_\_\_\_\_, 2000.

\_\_\_\_\_

In the presence of:

\_\_\_\_\_

Section 3.11. Sale of Series 2000 Bonds; Approval and Ratification of Execution of Bond Purchase Agreement with Authority and DEP. The Series 2000 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Bond Purchase Agreement. If not so authorized by previous Resolution, the Chairman is specifically authorized and directed to execute the Bond Purchase Agreement in the form attached hereto as "Exhibit B" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Bond Purchase Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Bond Purchase Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

Section 3.12. Series 2000 Bonds are Issued as Parity Bonds With Respect to Prior Bonds. The Series 2000 Bonds are issued as and shall constitute parity bonds with respect to the Prior Bonds. The Issuer has received the consent of the Holder of the Prior Bonds to the issuance of the Series 2000 Bonds on a parity with the Prior Bonds.

Section 3.13. "Amended Schedule A" Filing. Within sixty (60) days following the Completion Date, the Issuer will file with the Authority and the DEP a schedule, the form of which will be provided by the DEP, setting forth the actual costs of the Project and sources of funds therefor.

**ARTICLE IV**

**[RESERVED]**

**ARTICLE V**  
**FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF**

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

- A. Revenue Fund (established by the Prior Resolution);
- B. Sewerage System Reserve Account (established by the Prior Resolution);
- C. Renewal and Replacement Fund (created by the Prior Resolution); and
- D. I/A Future Connection Fund (created by the Prior Resolution); and
- E. Series 2000 Bonds Construction Trust Fund.

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

- A. Series 2000 Bonds Sinking Fund; and
- B. Within the Series 2000 Bonds Sinking Fund, the Series 2000 Bonds Reserve Account

Section 5.03. System Revenues; Flow of Funds.

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

1. The Issuer shall first each month pay from the moneys in the Revenue Fund all Operating Expenses of the System.

2. The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the National Finance Office the amount required by the Prior Resolution for payment of interest on the Prior Bonds.

3. The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the National Finance Office the amount required by the Prior Resolution for payment of principal of the Prior Bonds; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2000 Bonds, remit to the Commission for

deposit in the Series 2000 Bonds Sinking Fund, a sum equal to 1/3rd of the amount of principal which will mature and become due on said Series 2000 Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2000 Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

4. The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Depository Bank the amount required by the Prior Resolution to be deposited in the Sewerage System Reserve Account; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2000 Bonds, if not fully funded upon the issuance of the Series 2000 Bonds, remit to the Commission for deposit in the Series 2000 Bonds Reserve Account, an amount equal to 1/120th of the Series 2000 Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2000 Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2000 Bonds Reserve Requirement.

5. The Issuer shall next, by the fifteenth of each month, so long as the Prior Bonds remain Outstanding, transfer from the Revenue Fund to the I/A Future Connection Fund established by the Prior Resolution, the amounts required by Section 4.02(B)(4) of the Prior Resolution.

6. The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund to the Renewal and Replacement Fund created by the Prior Resolution, a sum equal to 2 1/2% of the Gross Revenues each month (provided that, so long as the Prior Bonds remain Outstanding such sum shall not be less than \$575.00 each month), exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in any of the Reserve Accounts [except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the Series 2000 Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2000 Bonds as the same shall become due. Moneys in the Series 2000 Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2000 Bonds, as the same shall come due, when other moneys in the Series 2000 Bonds Sinking Fund are insufficient therefor, and for no other purpose.

Moneys in the Prior Bonds Reserve Account shall be used solely to make up any deficiency for monthly installments required to be paid on the Prior Bonds as the same shall become due, for prepayment of the Prior Bonds or otherwise as provided in the Prior Resolution.

All investment earnings on moneys in the Series 2000 Bonds Sinking Fund and Series 2000 Bonds Reserve Account (if equal to at least the Series 2000 Bonds Reserve Requirement) shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2000 Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2000 Bonds, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2000 Bonds Reserve Account which result in a reduction in the balance of the Series 2000 Bonds Reserve Account to below the Series 2000 Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2000 Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the Series 2000 Bonds Sinking Fund or the Series 2000 Bonds Reserve Account therein when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2000 Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest and reserve payments, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds and the Series 2000 Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2000 Bonds Sinking Fund and the Series 2000 Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 2000 Bonds Sinking Fund and the Series 2000 Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2000 Bonds Sinking Fund, including the Series 2000 Bonds Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2000 Bonds under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal,

interest and reserve account payments with respect to the Series 2000 Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. The Issuer shall also on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission, the SRF Administrative Fee as set forth in the Schedule Y attached to the Bond Purchase Agreement.

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

D. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds and accounts, 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 such funds and accounts during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

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

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

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

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

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

**ARTICLE VI**  
**BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS**

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from time to time from the sale of any or all of the Series 2000 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2000 Bonds, there shall first be deposited with the Commission in the Series 2000 Bonds Sinking Fund, the amount, if any, specified in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2000 Bonds for the period commencing on the date of issuance of the Series 2000 Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 2000 Bonds, there shall be deposited with the Commission in the Series 2000 Bonds Reserve Account the sum, if any, set forth in the Supplemental Resolution for funding of the Series 2000 Bonds Reserve Account.

C. Next, from the proceeds of the Series 2000 Bonds, there shall first be credited to the Series 2000 Bonds Construction Trust Fund and then paid, any and all borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project, together with interest accrued thereon to the date of such payment, not otherwise paid from funds of the Issuer.

D. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2000 Bonds, such moneys shall be deposited with the Depository Bank in the Series 2000 Bonds Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02.

E. After completion of construction of the Project, as certified by the Consulting Engineers, and all Costs have been paid, any remaining proceeds of the Series 2000 Bonds shall be used to fund the Series 2000 Bonds Reserve Account, if not funded upon issuance of the Bonds, in an amount not to exceed the Series 2000 Bonds Reserve Requirement; provided that, in no event shall more than 10% of the proceeds of the Series 2000 Bonds be deposited in the Series 2000 Bonds Reserve Account, and if any such proceeds remain after funding the Series 2000 Bonds Reserve Account, the same shall be expended as directed by the Authority and DEP.

F. The Depository Bank shall act as a trustee and fiduciary for the Holder of the Series 2000 Bonds with respect to the Series 2000 Bonds Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Series 2000 Bonds Construction Trust Fund set forth in the Bond Legislation. Moneys in the Series 2000 Bonds Construction Trust Fund shall be used solely to pay Costs of the Project and until so transferred or expended, are hereby pledged as additional security for the Series 2000 Bonds.

Section 6.02. Disbursements From the Series 2000 Bonds Construction Trust Fund. On or before the Closing Date, the Issuer shall have delivered to the DEP and the Authority a report listing the specific purposes for which the proceeds of the Series 2000 Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2000 Bonds Construction Trust Fund (except for costs of issuance of the Series 2000 Bonds which shall be paid upon the request of the Issuer) shall be made only after submission to, and approval from, the Authority and DEP of the following:

A. A "Payment Requisition Form," the form of which is attached to the Bond Purchase Agreement as Exhibit C, in compliance with the construction schedule; and

B. A certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

1. None of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;

2. 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;

3. Each of such costs has been otherwise properly incurred; and

4. Payment for each of the items proposed is then due and owing.

All payments made from the Series 2000 Bonds Construction Trust Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Series 2000 Bonds Construction Trust Fund. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

Pending such application, moneys in the Series 2000 Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

After completion of the Project, as certified by the Consulting Engineers, the Depository Bank shall transfer any moneys remaining in the Series 2000 Bonds Construction Trust Fund to the Series 2000 Bonds Reserve Account, and when fully funded any such remaining moneys shall be expended as directed by the Authority and DEP.

## ARTICLE VII ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2000 Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2000 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 Series 2000 Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Series 2000 Bonds not to be Indebtedness of the Issuer. The Series 2000 Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any of the Series 2000 Bonds shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay said Bonds or the interest, if any, thereon.

Section 7.03. Series 2000 Bonds Secured by Pledge of Net Revenues; Lien Positions With Respect to Prior Bonds. The payment of the debt service of the Series 2000 Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System on a parity with the lien on such Net Revenues in favor of the Holders of the Prior Bonds. Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest, if any, on the Prior Bonds and the Series 2000 Bonds and to make the payments into all funds and accounts, and all other payments provided for in the Bond Legislation and the Prior Resolution are hereby irrevocably pledged, in the manner provided herein, to such payments as the same become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Bond Purchase Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Final Order of the Public Service Commission of West Virginia entered November 15, 1994, in Case No. 94-0110-PSD-42A, and such rates are hereby adopted.

So long as the Series 2000 Bonds are Outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Bond Purchase Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2000 Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Bond Purchase Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner

authorized by law, immediately adjust and increase such schedule of rates and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Bond Purchase Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are Outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, or any part thereof, except as provided in the Prior Resolution. Additionally, so long as the Series 2000 Bonds are Outstanding and except as otherwise required by law or with the written consent of the Authority and the DEP, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds and Prior Bonds Outstanding, or to effectively defease this Bond Legislation in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall immediately be remitted to the Commission for deposit in the Series 2000 Bonds Sinking Fund, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest on the Series 2000 Bonds. Any balance remaining after the payment of the Series 2000 Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, the Issuer shall, by resolution duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$10,000 but not in excess of \$50,000, the Issuer shall first, 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 shall be deposited in the Renewal and Replacement Fund. Such payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said fund by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Bonds then outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and in Section 7.07, so long as any of the Series 2000 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 Series 2000 Bonds. All obligations issued by the Issuer after the issuance of the Series 2000 Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 2000 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein at the time of the issuance of such subordinate obligations have been made and are current. Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2000 Bonds, and the interest thereon, if any, upon any of the income and revenues of the System pledged for payment of the Series 2000 Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as any of the Prior Bonds are Outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolution shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2000 Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2000 Bonds, and must have the prior written consent of the Authority and the DEP.

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

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

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

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

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the Series 2000 Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2000 Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Bond Legislation and the Prior Resolution with respect to the Series 2000 Bonds and Prior Bonds then Outstanding, and any other payments provided for in this Bond Legislation, shall have been made in full as required to the date of delivery

of such Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Bond Legislation.

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

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

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

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

The Issuer shall file with the Authority and the DEP, 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 and Surplus Revenues derived from and relating to the System.
- B. A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation with respect to said Bonds and the status of all said funds and accounts.
- C. The amount of any Bonds or other obligations outstanding.

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

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

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

The Issuer shall provide the DEP with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in Exhibit E of the Bond Purchase Agreement or as promulgated from time to time.

Section 7.09. Rates. Prior to the issuance of the Series 2000 Bonds, 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 Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2000 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2000 Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit, respectively, in the Series 2000 Bonds Reserve Account and reserve accounts for

obligations on a parity with the Series 2000 Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2000 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2000 Bonds including the Prior Bonds.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the DEP within 30 days of adoption thereof. The Issuer, by the unanimous consent and approval of the Governing Body, may amend the budget during the subject Fiscal Year provided that the budget remains balanced after such amendment. If the budget is so amended, a copy of the amended budget shall be submitted to the Authority and the DEP within 15 days of the adoption of such amendment. After the adoption of any such amendment, the budget, as amended, shall be the budget of the Issuer for the balance of the subject Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget, any amendments thereto and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and the DEP and to any Holder of any Bonds who shall file his or her address with the Issuer and request in writing that copies of all such budgets, any amendments thereto and resolutions be furnished him or her and shall make available such budgets, any amendments thereto 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.

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

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

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

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

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

The Issuer shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator to operate the System so long as the Series 2000 Bonds are Outstanding. The Issuer shall notify the DEP in writing of the certified operator employed at the 50% completion stage.

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

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

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

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

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

Section 7.15. Insurance and Construction Bonds. 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 and the DEP, 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) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their interests may appear, in accordance with the Bond Purchase 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 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 and DEP and as set forth in the Bond Purchase Agreement, including but not limited to flood insurance and business interruption insurance, to the extent available at reasonable cost to the Issuer. The Issuer shall verify such insurance prior to commencement of construction.

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

Section 7.16. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Division of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Division of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

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

Section 7.17. Completion and Operation of Project; Permits and Orders. The Issuer will complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all Federal and state requirements and standards.

The Issuer has obtained all permits required by state and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the West Virginia Infrastructure and Jobs Development Council necessary for the acquisition and construction of the Project and the operation of the System, and all approvals for issuance of the Series 2000 Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Compliance With Bond Purchase Agreement and Law. The Issuer shall perform, satisfy and comply with all terms and conditions of the Bond Purchase Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer will provide the DEP with all copies submitted to the Authority.

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

Section 7.19. Securities Laws Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.20. Covenants with Respect to Erosion and Wetlands. The Issuer covenants and agrees that the Project shall not contribute to excessive erosion of highly erodible land or conversion of wetlands to produce an agricultural commodity.

Section 7.21. Contracts; Public Releases.

A. The Issuer shall, simultaneously with the delivery of the Series 2000 Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the DEP for written approval. The Issuer shall obtain the written approval of the DEP before expending any proceeds of the Series 2000 Bonds held in "contingency" as set forth in the amended schedule attached to the Certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the DEP before expending any proceeds of the Series 2000 Bonds made available due to bid or construction or project underruns.

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

Section 7.22. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2000 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2000 Bonds and shall be for the equal benefit of all Holders of Series 2000 Bonds; provided, however, that the statutory mortgage lien in favor of the Holders of the Series 2000 Bonds shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

## ARTICLE VIII INVESTMENT OF FUNDS

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year (or more often if reasonably requested by the Issuer), a summary of such funds, accounts, and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Bonds are Outstanding.

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2000 Bonds as a condition to issuance of the Series 2000 Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2000 Bonds as may be necessary in order to maintain the status of the Series 2000 Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2000 Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority, the Council or the DEP, as the case may be, from which the proceeds of the Series 2000 Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority, the Council or the DEP, to ensure compliance with the covenants and agreements set forth

in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2000 Bonds and any additional information requested by the Authority.

## ARTICLE IX DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an “Event of Default” with respect to the Series 2000 Bonds:

A. If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2000 Bonds; or

B. If default occurs in the Issuer’s observance of any of the covenants, agreements or conditions on its part relating to the Series 2000 Bonds, set forth in this Bond Legislation, any supplemental resolution or in the Series 2000 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond; or

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

D. If default occurs with respect to the Prior Bonds or the Prior Resolution.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Holders of the Bonds, including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Holders of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that all rights and remedies of the Holders of the Series 2000 Bonds shall be on a parity with the Holders of the Prior Bonds.

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

established, and to apply such rates, rentals, fees, charges or other avenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

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

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

**ARTICLE X  
PAYMENT OF BONDS**

Section 10.01. Payment of Series 2000 Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2000 Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2000 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

## ARTICLE XI MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to the issuance of the Series 2000 Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2000 Bonds, no material modification or amendment of this Bond Legislation, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2000 Bonds shall be made without the consent in writing of the Holders of the Series 2000 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 pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds required for consent to the above-permitted amendments or modifications.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Holders of the Series 2000 Bonds and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution, or the Series 2000 Bonds.

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

Section 11.05. Conflicting Provisions Repealed. Except for the Prior Resolution, all Resolutions, orders or resolutions and or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed. In the event of any conflict between this Resolution and the Prior Resolution (so long as the Prior Bonds are Outstanding), the more restrictive provision shall control.

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

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

ADOPTED this 13th day of December, 2000.

*Howard J. Seuffer*  
Chairman

*Ronald J. Mulkeny*  
Member, Public Service Board

*Henry W. Amiceny*  
Member, Public Service Board

## **Exhibit A**

### **DESCRIPTION OF PROJECT**

The acquisition and construction of certain additions, betterments and improvements to the Issuer's existing public sewerage facilities, in the Union-Williams Public Service District in Wood and Pleasants Counties, West Virginia, consisting of sewer line extensions to the Pleasants County Industrial Park and the Cabot Corporation Plant and adjoining areas, and related appurtenance and improvements, together with the acquisition of two vehicles and other equipment for use by the Issuer.

**Exhibit B**

**BOND PURCHASE AGREEMENT**

CERTIFICATION

Certified a true copy of an Resolution duly enacted by the Public Service Board of the UNION-WILLIAMS PUBLIC SERVICE DISTRICT on the 13th day of December, 2000.

Dated: December 15, 2000.

  
Secretary, Public Service District

[SEAL]



**UNION-WILLIAMS PUBLIC SERVICE DISTRICT  
SEWER REVENUE BONDS, SERIES 2000  
(WEST VIRGINIA SRF PROGRAM)**

**SUPPLEMENTAL RESOLUTION**

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, INTEREST RATE, DATE, MATURITY DATE, REDEMPTION PROVISIONS, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2000 (WEST VIRGINIA SRF PROGRAM) OF UNION-WILLIAMS PUBLIC SERVICE DISTRICT; AUTHORIZING, RATIFYING AND APPROVING A BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A BOND REGISTRAR, DEPOSITORY BANK AND PAYING AGENT; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the public service board (the "Governing Body") of the Union-Williams Public Service District (the "Issuer") has duly and officially adopted a Resolution on December 13, 2000 (the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF UNION-WILLIAMS PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY UNION-WILLIAMS PUBLIC SERVICE DISTRICT OF NOT MORE THAN FOUR HUNDRED TWELVE THOUSAND DOLLARS (\$412,000.00) IN AGGREGATE PRINCIPAL AMOUNT OF UNION-WILLIAMS PUBLIC SERVICE DISTRICT SEWER REVENUE BONDS, SERIES 2000 (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDERS OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AND THE WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND

PROVISIONS OF SUCH BONDS; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Resolution provides for the issuance of Sewer Revenue Bonds, Series 2000 (West Virginia SRF Program) of the Issuer (the "Series 2000 Bonds"), in an aggregate principal amount not to exceed \$412,000.00, and has authorized the execution and delivery of a bond purchase agreement relating to the Series 2000 Bonds dated December 4, 2000 (the "Bond Purchase Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment (the "DEP"), all in accordance with Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Resolution it is provided that the form of the Bond Purchase Agreement and exact principal amount, interest rate, date, maturity date, redemption provisions, interest and principal payment dates, sale price and other terms of the Series 2000 Bonds should be established by a supplemental resolution pertaining to the Series 2000 Bonds; and that other matters relating to the Series 2000 Bonds be herein provided for;

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

WHEREAS, the Series 2000 Bonds are proposed to be purchased by the Authority pursuant to the Bond Purchase Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Bond Purchase Agreement be ratified, approved and entered into by the Issuer, that the exact principal amount, the interest rate, the date, the maturity date, the redemption provisions, the interest and principal payment dates, the sale price and other terms of the Series 2000 Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Series 2000 Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE UNION-WILLIAMS PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Sewer Revenue Bonds, Series 2000 (West Virginia SRF Program) of the Issuer, originally represented by a single bond, numbered R-1, in the principal amount of \$412,000.00. The Series 2000 Bonds shall be dated the date of delivery thereof, shall finally mature on June 1, 2031, and shall bear no interest. The principal of the Series 2000 Bonds shall be payable in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2001 and ending June 1, 2031, and in the

amounts set forth in "Schedule Y" attached to the Bond Purchase Agreement and incorporated in and made part of the Series 2000 Bonds. The Series 2000 Bonds shall be subject to redemption upon the written consent of the Authority and DEP, and upon payment of the redemption premium, if any, and otherwise in compliance with the Bond Purchase Agreement, as long as the Authority shall be registered owner of the Series 2000 Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to ½% of the principal amount of the Series 2000 Bonds set forth in "Schedule Y" attached to the Bond Purchase Agreement.

Section 2. All other provisions relating to the Series 2000 Bonds and the text of the Series 2000 Bonds shall be in substantially the form provided in the Resolution.

Section 3. The Issuer does hereby authorize, ratify, approve and accept the Bond Purchase Agreement, a copy of which is incorporated herein by reference, and the execution and delivery by the Chairman and the Secretary of the Bond Purchase Agreement, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, ratified, approved and directed. The price of the Series 2000 Bonds shall be 100% of par value, there being no interest accrued thereon, provided that, the proceeds of the Series 2000 Bonds shall be advanced from time to time as requisitioned by the Issuer, and at closing there shall be requisitioned and advanced a portion of the proceeds in the amount of \$349,226, being more than a de minimis amount. The Issuer hereby affirms all covenants and representations made in the Bond Purchase Agreement and in the application to the DEP and the Authority.

Section 4. The Issuer hereby agrees to comply with the special conditions set forth in Exhibit E to the Bond Purchase Agreement.

Section 5. The Issuer does hereby appoint and designate WesBanco Bank, Inc., Parkersburg, West Virginia, to serve as Registrar for the Series 2000 Bonds under the Resolution.

Section 6. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Series 2000 Bonds under the Resolution.

Section 7. The Issuer does hereby appoint and designate WesBanco Bank, Inc., Parkersburg, West Virginia, to serve as Depository Bank under the Resolution.

Section 8: The Series 2000 Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2000 Bonds Sinking Fund as capitalized interest.

Section 9. The Series 2000 Bonds proceeds in the amount of \$13,736 shall be deposited in the Series 2000 Bonds Reserve Account.

Section 10. The Series 2000 Bonds proceeds in the amount of \$325,417.49 shall be deposited in the Series 2000 Bonds Construction Trust Fund and immediately disbursed to

WesBanco Bank, Inc. to pay in full the entire outstanding principal of and all interest accrued on the interim loan from such Bank obtained by the Issuer to temporarily finance the costs of the Project.

Section 11. The remaining proceeds of the Series 2000 Bonds shall be deposited in the Series 2000 Bonds Construction Trust Fund as received from time to time for payment of costs of the Project and payment of cost of issuance of the Series 2000 Bonds.

Section 12. The Chairman and Secretary are hereby authorized and directed to execute and deliver the Series 2000 Bonds and such other documents, agreements, instruments and certificates required or desirable in connection with the Series 2000 Bonds hereby and by the Resolution approved and provided for, and to affix thereon the seal of the Issuer, as appropriate, to the end that the Series 2000 Bonds may be delivered to the Authority pursuant to the Bond Purchase Agreement on or about December 15, 2000.

Section 13. The acquisition and construction of the Project and the permanent financing of the Costs thereof with the proceeds of the Series 2000 Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

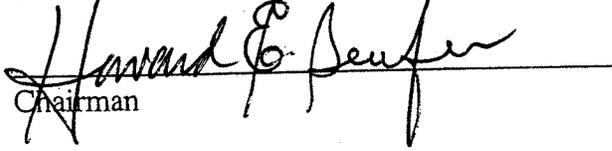
Section 14. The Issuer hereby determines that it is in the best interest of the Issuer to invest all monies in the funds and accounts established by the Resolution held by the Depository Bank in time deposits, secured by a pledge of Government Obligations, of the Depository Bank meeting the requirements set forth under the definition of "Qualified Investments" in the Resolution and therefore the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such time deposits, until further directed by the Issuer. Monies in the Series 2000 Bonds Sinking Fund, including the Series 2000 Bonds Reserve Account therein, shall be invested by the Commission in the West Virginia Consolidated Fund.

Section 15. This Supplemental Resolution shall be effective immediately following adoption hereof.

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Adopted this 13th day of December, 2000.

UNION-WILLIAMS PUBLIC SERVICE DISTRICT

  
Chairman

[SEAL]

ATTEST:

  
Secretary

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Governing Board of the Union-Williams Public Service District on the 13th day of December, 2000.

Dated: December 15, 2000.

[SEAL]

  
Secretary



**UNION-WILLIAMS PUBLIC SERVICE DISTRICT**

**SEWER REVENUE BONDS,**

**SERIES 2004A (WEST VIRGINIA SRF PROGRAM)**

**AND**

**SERIES 2004B (WEST VIRGINIA INFRASTRUCTURE FUND)**

**BOND RESOLUTION**

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## UNION-WILLIAMS PUBLIC SERVICE DISTRICT

### BOND RESOLUTION

RESOLUTION AUTHORIZING THE REFUNDING OF CERTAIN NOTES OF UNION-WILLIAMS PUBLIC SERVICE DISTRICT AND THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWER SYSTEM OF UNION-WILLIAMS PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY UNION-WILLIAMS PUBLIC SERVICE DISTRICT OF NOT MORE THAN SEVENTEEN MILLION FOUR HUNDRED NINETY-SIX THOUSAND TWO HUNDRED NINETY-ONE DOLLARS (\$17,496,291.00) IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS IN TWO SERIES, THE FIRST SERIES TO BE DESIGNATED "SEWER REVENUE BONDS, SERIES 2004A (WEST VIRGINIA SRF PROGRAM)", AND THE SECOND SERIES TO BE DESIGNATED "SEWER REVENUE BONDS, SERIES 2004B (WEST VIRGINIA INFRASTRUCTURE FUND)"; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AND THE WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION RELATING TO SUCH SERIES 2004A BONDS AND A LOAN AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY ACTING ON BEHALF OF THE WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL RELATING TO SUCH SERIES 2004B BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

## ARTICLE I

### STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution (together with any order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is adopted pursuant to the provisions of Chapter 16, Article 13A, Chapter 22C, Article 2 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A. Union-Williams Public Service District (the "Issuer") is a public service district, public corporation and political subdivision of the State of West Virginia in Wood and Pleasants Counties of said State.

B. The Issuer presently owns and operates a public sewer system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed certain extensions, additions, betterments and improvements to the Issuer's existing sewer system, including the extensions, additions, betterments and improvements described in Exhibit A hereto (collectively, the "Project") (the Issuer's existing sewer system, the Project and any further additions, extensions, betterments and improvements thereto are herein called the "System") in accordance with the plans and specifications prepared by Cerrone Associates, Inc., Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of the System, the principal of and interest on the Series 2004 Bonds and the Prior Bonds and all Sinking Funds, Reserve Accounts and other payments provided for herein, all as such terms are hereinafter defined.

D. It is further deemed necessary for the Issuer to issue its Series 2004 Bonds in the total aggregate principal amount of not more than \$17,496,291, in two series, being the Sewer Revenue Bonds, Series 2004A (West Virginia SRF Program) (the "Series 2004A Bonds") and the Sewer Revenue Bonds, Series 2004B (West Virginia Infrastructure Fund) (the "Series 2004B Bonds") (the Series 2004A Bonds and the Series 2004B Bonds are collectively referred to herein as the "Series 2004 Bonds"), to permanently finance a portion of the costs 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; interest upon the Series 2004 Bonds prior to and during construction and acquisition and for a period not exceeding 6 months after completion of construction of the Project; amounts which may be deposited in the Series 2004 Bonds Reserve Accounts; engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority (as hereinafter

defined) including the SRF Administrative Fee (as hereinafter defined) discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2004 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2004 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes, shall be deemed Costs of the Project, as hereinafter defined. The allocation of the \$17,496,291 aggregate principal amount of the Series 2004 Bonds between the Series 2004A Bonds and the Series 2004B Bonds shall be set forth in the Supplemental Resolution, as hereinafter defined.

E. The estimated maximum cost of the acquisition and construction of the Project and issuance of the Series 2004 Bonds is \$17,996,291, of which \$500,000 will be paid with a West Virginia Infrastructure and Jobs Development Council Grant, and the balance of which will be permanently financed with the proceeds of the Series 2004 Bonds herein authorized.

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

G. It is in the best interest of the Issuer that its Series 2004A Bonds be issued and sold to the West Virginia Water Development Authority (the "Authority") pursuant to the terms and provisions of a bond purchase agreement to be entered into by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection ("DEP") and that its Series 2004B Bonds be issued and sold to the Authority pursuant to the terms and provisions of a loan agreement between the Issuer and the Authority acting on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (collectively, the "Loan Agreements"), the execution, delivery and forms of which are ratified and approved herein.

H. There are outstanding obligations of the Issuer which will rank on parity with the Series 2004 Bonds as to liens and sources of and security for payment, which obligations are designated and have the lien positions, together with the Series 2004 Bonds, as follows:

<u>Designation</u>	<u>Lien Position</u>
Sewerage System Revenue Bonds, Series 1991, dated April 16, 1991, issued in the original aggregate principal amount of \$540,000 (the "Series 1991 Bonds")	First Lien
Sewer Revenue Bonds, Series 2000 (West Virginia SRF Program), dated December 15, 2000, issued in the original aggregate principal amount of \$412,000 (the "Series 2000 Bonds")	First Lien

The Series 2004 Bonds shall be issued on parity with each other and with the Series 1991 Bonds and the Series 2000 Bonds (collectively, the "Prior Bonds") with respect to liens, pledges and sources of and security for payment and in all other respects. A portion of the proceeds of the Series 2004B Bonds will be used to pay and redeem the Issuer's Sewerage System Design Notes, Series 2000 (West Virginia Infrastructure Fund), dated August 30, 2000, issued in the original aggregate principal amount of \$123,700 and the Issuer's Promissory Note, dated February 17, 2000, in the original aggregate principal amount of \$600,000, payable to the order of WesBanco Bank, Inc. (collectively, the "Notes"). The Issuer has received, or will receive prior to the bond closing date (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, and (ii) the consent of the registered owners of the Prior Bonds to the issuance of the Series 2004 Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by the revenues or assets of the System.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreements relating to authorization of the planning, development, design, acquisition, construction and operation of the Project and the System and issuance of the Series 2004 Bonds or will have so complied prior to issuance of any thereof, including, among other things, the approval of the Project and the financing thereof by the West Virginia Infrastructure and Jobs Development Council, and the obtaining of a Certificate of Public Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which has expired prior to the issuance of the Bonds or has been waived by all necessary parties.

J. The Project has been approved by the West Virginia Infrastructure and Jobs Development Council as required under Chapter 31, Article 15A of the West Virginia Code of 1931, as amended.

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

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

"Act" means, collectively, Chapter 16, Article 13A, Chapter 22C, Article 2, and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

“Authority” means the West Virginia Water Development Authority, or any other agency of the State of West Virginia that succeeds to the functions of the Authority, which is expected to be the original purchaser of the Series 2004 Bonds.

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

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

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

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

“Bonds” means, collectively, the Prior Bonds, Series 2004 Bonds and, where appropriate, any bonds on a parity therewith authorized to be issued hereunder or by another resolution of the Issuer.

“Certificate of Authentication and Registration” means the certificate of authentication and registration on the Series 2004 Bonds in substantially the forms set forth in the bond forms contained herein.

“Chairman” means the Chairman of the Governing Body of the Issuer or any temporary Chairman duly appointed by the Governing Body.

“Closing Date” means the date upon which there is an exchange of the Series 2004 Bonds for an advance of more than a de minimis amount of the principal of the Series 2004 Bonds by the Authority.

“Code” means the Internal Revenue Code of 1986, as amended and supplemented from time to time, and the Regulations.

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

“Consulting Engineers” means Cerrone Associates, Inc., or any qualified engineer or firm of professional engineers, licensed by the State, who shall not be a regular, full-time employee of the State or any of its agencies, commissions or political subdivisions, that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended.

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

“Council” means the West Virginia Infrastructure and Jobs Development Council or any successor thereof.

“DEP” means the West Virginia Department of Environmental Protection or any agency, board or department of the State that succeeds to the functions of the DEP.

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

“Event of Default” means any occurrence or event specified in Section 9.01.

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

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

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

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

“Grant” means the \$500,000 West Virginia Infrastructure and Jobs Development Council Grant for the Project.

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

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

“I/A Future Connection Fund” means the Union-Williams Public Service District I/A Future Connection Fund established by the Series 1991 Bonds Resolution.

“Independent Certified Public Accountants” shall mean any public accountant or certified public accountant or firm of public accountants or 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.

“Issuer” means Union-Williams Public Service District, a public service district, public corporation and political subdivision of the State of West Virginia, in Wood and Pleasants

Counties, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

“Loan Agreements” means, collectively, the Series 2004A Bonds Loan Agreement and the Series 2004B Bonds Loan Agreement.

“Net Proceeds” means the face amount of the Series 2004 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series 2004 Bonds Reserve Accounts, if any. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2004 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.

“Notes” means, collectively, the Issuer’s Sewerage System Design Notes, Series 2000 (West Virginia Infrastructure Fund), dated August 30, 2000, issued in the original aggregate principal amount of \$123,700, and the Issuer’s Promissory Note, dated February 17, 2000, payable to the order of WesBanco Bank, Inc., in the original aggregate principal amount of \$600,000.

“Operating Expenses” means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, the SRF Administrative Fee, fees and expenses of the Authority, fiscal agents, the Depository Bank, Registrar and Paying Agent (all as herein defined), 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 or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

“Outstanding,” when used with reference to Bonds 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 and (iv) for purposes of consents or other action by a specified percentage of Bondholders, 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, or such other entity or authority as may be designated by the Issuer.

“Prior Bonds” means the Series 1991 Bonds and the Series 2000 Bonds.

“Prior Bonds Reserve Accounts” means the Reserve Accounts established for the Prior Bonds in the Prior Resolutions.

“Prior Bonds Sinking Funds” means the Sinking Funds established for the Prior Bonds in the Prior Resolutions.

“Prior Resolutions” means the Series 1991 Bonds Resolution and the Series 2000 Bonds Resolution.

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

“Project” means the acquisition and construction of certain extensions, additions, betterments and improvements to the Issuer’s existing sewer system, as described in Exhibit A attached hereto.

“Qualified Investments” means and includes any of the following:

(a) Government Obligations;

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

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

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

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

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

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

(h) The West Virginia “consolidated fund” managed by the West Virginia Investment Management Board pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended; and

(i) Obligations of States or political subdivisions or agencies thereof, the interest on which is exempt from federal income taxation, and which are rated at least “A” by Moody’s Investors Service, Inc. or Standard & Poor’s Corporation.

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

“Registrar” means the Bond Registrar.

“Renewal and Replacement Fund” means the Renewal and Replacement Fund established or continued by Section 5.01 hereof.

“Reserve Accounts” means, collectively, the respective Reserve Accounts established for the Series 2004 Bonds and the Prior Bonds.

“Reserve Requirement” means, collectively, the respective amount required to be on deposit in the Reserve Accounts for the Series 2004 Bonds and Prior Bonds.

“Revenue Fund” means the Revenue Fund established or continued by Section 5.01 hereof.

“Secretary” means the Secretary of the Governing Body of the Issuer.

“Series 1991 Bonds” means the Issuer’s Sewerage System Revenue Bonds, Series 1991, dated April 16, 1991, issued in the original aggregate principal amount of \$540,000.

“Series 1991 Bonds Resolution” means the Bond Resolution adopted by the Issuer on April 16, 1991, authorizing the issuance of the Series 1991 Bonds, as supplemented and amended.

“Series 2000 Bonds” means the Issuer’s Sewer Revenue Bonds, Series 2000 (West Virginia SRF Program), dated December 15, 2000, issued in the original aggregate principal amount of \$412,000.

“Series 2000 Bonds Resolution” means the Bond Resolution adopted on December 13, 2000, authorizing the issuance of the Series 2000 Bonds, as supplemented and amended.

“Series 2004 Bonds” means collectively the Series 2004A Bonds and the Series 2004B Bonds.

“Series 2004 Bonds Construction Trust Funds” means collectively the Series 2004A Bonds Construction Trust Fund and the Series 2004B Bonds Construction Trust Fund.

“Series 2004 Bonds Reserve Accounts” means collectively the Series 2004A Bonds Reserve Account and the Series 2004B Bonds Reserve Account.

“Series 2004 Bonds Sinking Funds” means collectively the Series 2004A Bonds Sinking Fund and the Series 2004B Bonds Sinking Fund.

“Series 2004A Bonds” means the Sewer Revenue Bonds, Series 2004A (West Virginia SRF Program), of the Issuer, authorized by this Resolution, the original aggregate principal amount of which shall be as set forth in the Supplemental Resolution.

“Series 2004A Bonds Construction Trust Fund” means the Series 2004A Bonds Construction Trust Fund established by Section 5.01 hereof.

“Series 2004A Bonds Purchase Agreement” shall mean the Bond Purchase Agreement entered into or to be entered into by and among the Issuer, the Authority and the DEP, providing for the purchase of the Series 2004A Bonds from the Issuer by the Authority, attached hereto as Exhibit B-1, the form of which is approved, and the execution and delivery by the Issuer are authorized and directed by Section 3.11 hereof and by the Supplemental Resolution.

“Series 2004A Bonds Reserve Account” means the Series 2004A Bonds Reserve Account established in the Series 2004A Bonds Sinking Fund pursuant to Section 5.02 hereof.

“Series 2004A Bonds Reserve Requirement” means, as of any date of calculation, the maximum amount of principal and interest, if any, which will become due on the Series 2004A Bonds in the then concurrent or any succeeding year.

“Series 2004A Bonds Sinking Fund” means the Series 2004A Bonds Sinking Fund established by Section 5.02 hereof.

“Series 2004B Bonds” means the Sewer Revenue Bonds, Series 2004B (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution, the original aggregate principal amount of which shall be as set forth in the Supplemental Resolution.

“Series 2004B Bonds Construction Trust Fund” means the Series 2004B Bonds Construction Trust Fund established by Section 5.01 hereof.

“Series 2004B Bonds Loan Agreement” shall mean the Loan Agreement entered into or to be entered into by and between the Issuer and the Authority on behalf of the Council, providing for the purchase of the Series 2004B Bonds from the Issuer by the Authority, attached hereto as Exhibit B-2, the form of which is approved, and the execution and delivery by the Issuer are authorized and directed by Section 3.11 hereof and by the Supplemental Resolution.

“Series 2004B Bonds Reserve Account” means the Series 2004B Bonds Reserve Account established in the Series 2004B Bonds Sinking Fund pursuant to Section 5.02 hereof.

“Series 2004B Bonds Reserve Requirement” means, as of any date of calculation, the maximum amount of principal and interest, if any, which will become due on the Series 2004B Bonds in the then concurrent or any succeeding year.

“Series 2004B Bonds Sinking Fund” means the Series 2004B Bonds Sinking Fund established by Section 5.02 hereof.

“SRF Administrative Fee” means any administrative fee required to be paid under the Series 2004A Bonds Loan Agreement.

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

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

“State” means the State of West Virginia.

“Supplemental Resolution” means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article “the,” refers specifically to the Supplemental Resolution authorizing the sale of the Series 2004 Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2004 Bonds and not so included may be included in another Supplemental Resolution.

“Surplus Revenues” means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds or any other obligations of the Issuer, as further defined in Section 5.03(B) hereof.

“System” means the complete properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, in its entirety or any integral part thereof, of the Issuer, and shall include the Project and any improvements or extensions thereof, both within and without said Issuer.

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

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

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 enactment of this Resolution.

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

## ARTICLE II

### AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT AND THE REFUNDING OF THE NOTES

Section 2.01. Authorization of Acquisition and Construction of the Project and the Refunding of the Notes. There are hereby authorized the refunding of the Notes and the acquisition and construction of the Project, at an estimated cost of \$17,496,291, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The foregoing Project costs, including without limitation costs associated with the issuance of the Series 2004 Bonds, shall be paid with the proceeds of the Series 2004 Bonds. The proceeds of the Series 2004 Bonds hereby authorized shall be applied as provided in Article VI hereof.

The Issuer has received bids and has entered into or will enter into contracts for the acquisition and construction of the Project, which are in an amount and otherwise compatible with the financing plan submitted to the Authority, SRF Program and the Council.

The Cost of the Project, including without limitation the costs of issuing the Series 2004 Bonds, is estimated not to exceed \$17,996,291, which is to be paid with the proceeds of the Series 2004 Bonds and the Grant. A portion of the proceeds of the Series 2004B Bonds will be used to pay in full the entire outstanding principal of and all interest and fees accrued on the Notes on the Closing Date.

## ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2004 Bonds, funding reserve accounts for the respective Series 2004 Bonds, paying the costs of refunding the Notes, paying the Costs of the Project not otherwise provided for, and paying certain costs of issuance of the Series 2004 Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 2004 Bonds of the Issuer, in an aggregate principal amount of not more than \$17,496,291. The Series 2004 Bonds shall be issued in two series, the first series to be designated "Sewer Revenue Bonds, Series 2004A (West Virginia SRF Program)," and the second series to be designated "Sewer Revenue Bonds, Series 2004B (West Virginia Infrastructure Fund)," and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The allocation of the \$17,496,291 aggregate principal amount between the Series 2004A Bonds and the Series 2004B Bonds shall be set forth in the Supplemental Resolution. The proceeds of the respective Series 2004 Bonds remaining after the funding of the Series 2004 Bonds Reserve Accounts (if funded from the Bond proceeds), capitalization of interest, if any, shall be deposited in or credited to the respective Series 2004 Bonds Construction Trust Funds established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2004 Bonds shall be issued in such principal amounts not to exceed \$17,496,291 in the aggregate; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreements. The Series 2004 Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2004 Bonds shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2004A Bonds and the Series 2004B Bonds shall each be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the respective Series 2004 Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2004 Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2004 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 Series 2004 Bonds shall cease to be such officer of the Issuer before the Series 2004 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2004 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2004 Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Series 2004 Bond shall be conclusive evidence that such Series 2004 Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2004 Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2004 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting any of said Bonds shall be conclusively deemed to have agreed that such Series 2004 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bond shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 2004 Bonds remain Outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain the books for the registration and transfer of the Bonds.

The registered Series 2004 Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto, together with a written instrument of transfer satisfactory to the Bond Registrar, duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2004 Bonds or transferring the registered Series 2004 Bonds are exercised, Bonds shall be delivered in accordance with the

provisions of this Bond Legislation. All Series 2004 Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 2004 Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 2004 Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2004 Bonds or, in the case of any proposed redemption of Series 2004 Bonds, next preceding the date of the selection of Series 2004 Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2004 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided and amounts, if any, in the Series 2004 Bonds Sinking Fund and the Series 2004 Bonds Reserve Account. No holder or holders of any of the Series 2004 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2004 Bonds or the interest thereon, if any.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Prior Bonds. The payment of the debt service of all the Series 2004 Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 2004 Bonds and the Prior Bonds and to make the payments into all funds and accounts either existing or hereinafter established are hereby irrevocably pledged to the payment of the principal of and interest on the Series 2004 Bonds and Prior Bonds as the same become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2004 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2004 Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2004 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2004 Bonds to the original purchasers;

C. An executed and certified copy of the Bond Legislation;

D. Executed copies of the Loan Agreements; and

E. The approving opinions of bond counsel on the Series 2004 Bonds.

Section 3.10. Forms of Series 2004 Bonds. The text of the Series 2004 Bonds shall be in substantially the following respective forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[Form of Series 2004A Bond]

**UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
UNION-WILLIAMS PUBLIC SERVICE DISTRICT  
SEWER REVENUE BOND,  
SERIES 2004A  
(WEST VIRGINIA SRF PROGRAM)**

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

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

KNOW ALL MEN BY THESE PRESENTS: That UNION-WILLIAMS PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Wood and Pleasants Counties of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of \_\_\_\_\_ DOLLARS (\$\_\_\_\_\_), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as Exhibit A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing on \_\_\_\_\_, \_\_\_\_\_, as set forth on the "Debt Service Schedule" attached as Exhibit B hereto and incorporated herein by reference.

This Bond shall bear no interest. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing \_\_\_\_\_, 20\_\_\_\_, as set forth on Exhibit B attached hereto. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The SRF Administrative Fee 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 the Registrar (as defined in the hereinafter described Bond Legislation) on the 15th day of the month next preceding an interest and SRF Administrative Fee 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 only be redeemed prior to its stated date of maturity in whole or in part upon the terms and conditions prescribed by, and otherwise in compliance with, the Water Pollution Control Revolving Fund Bond Purchase Agreement among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP") dated \_\_\_\_\_, 20\_\_\_\_.

This Bond is issued (i) to permanently finance a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewer system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public sewer system of the Issuer, the Project and any further additions,

betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Resolution duly adopted by the Issuer on \_\_\_\_\_, 2004 and a Supplemental Resolution duly adopted by the Issuer on \_\_\_\_\_, 2004 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other securities provided for the Bonds of this Series (the "Bonds") under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH (1) THE SEWERAGE SYSTEM REVENUE BONDS, SERIES 1991, OF THE ISSUER, DATED APRIL 16, 1991, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$540,000 (THE "SERIES 1991 BONDS"); (2) THE SEWER REVENUE BONDS, SERIES 2000 (WEST VIRGINIA SRF PROGRAM), OF THE ISSUER, DATED DECEMBER 15, 2000, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$412,000 (THE "SERIES 2000 BONDS"); AND (3) THE SEWER REVENUE BONDS, SERIES 2004B (WEST VIRGINIA INFRASTRUCTURE FUND), OF THE ISSUER, DATED \_\_\_\_\_, 2004, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$\_\_\_\_\_ (THE "SERIES 2004B BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the System, on a parity with the pledge of the Net Revenues in favor of the holders of the Series 1991 Bonds and the Series 2000 Bonds (collectively, the "Prior Bonds") and the Series 2004B Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2004A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2004A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds and the Series 2004B Bonds, provided however, that so long as there exists in the Series 2004A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds and the Series 2004B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with

the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, this Bond will be in default should any proceeds of this Bond be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to provide an agricultural commodity.

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

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

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

IN WITNESS WHEREOF, the UNION-WILLIAMS 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 \_\_\_\_\_, 2004.

UNION-WILLIAMS PUBLIC SERVICE DISTRICT

[SEAL]

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary

(Form of)

**CERTIFICATE OF AUTHENTICATION AND REGISTRATION**

This Bond is one of the Series 2004A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

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

\_\_\_\_\_  
as Registrar

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

**EXHIBIT A**

**RECORD OF ADVANCES**

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

Total \$ \_\_\_\_\_

**EXHIBIT B**

**DEBT SERVICE SCHEDULE**

(Form of)

**ASSIGNMENT**

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

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

Dated: \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_

In the presence of:

\_\_\_\_\_

[Form of Series 2004B Bond]

**UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
UNION-WILLIAMS PUBLIC SERVICE DISTRICT  
SEWER REVENUE BOND,  
SERIES 2004B  
(WEST VIRGINIA INFRASTRUCTURE FUND)**

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

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

KNOW ALL MEN BY THESE PRESENTS: That UNION-WILLIAMS PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Wood and Pleasants Counties of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of \_\_\_\_\_ DOLLARS (\$\_\_\_\_\_), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as Exhibit A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing on \_\_\_\_\_, \_\_\_\_\_, as set forth on the "Debt Service Schedule" attached as Exhibit B hereto and incorporated herein by reference.

This Bond shall bear no 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 only be redeemed prior to its stated date of maturity in whole or in part but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council") and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, acting on behalf of the Council, dated \_\_\_\_\_, 20\_\_.

This Bond is issued (i) to pay in full the entire outstanding principal of and all interest and administrative fees on the Issuer's Sewerage System Design Notes, Series 2000 (West Virginia Infrastructure Fund) and the Issuer's Promissory Note dated February 17, 2000, payable to the order of WesBanco Bank, Inc.; (ii) to permanently finance a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewer system of the Issuer (the "Project"); and (iii) to pay certain costs of issuance hereof and related costs. The existing public sewer system of the Issuer, the Project and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond

Resolution duly adopted by the Issuer on \_\_\_\_\_, 2004 and a Supplemental Resolution duly adopted by the Issuer on \_\_\_\_\_, 2004 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other securities provided for the Bonds of this Series (the "Bonds") under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH (1) THE SEWERAGE SYSTEM REVENUE BONDS, SERIES 1991, OF THE ISSUER, DATED APRIL 16, 1991, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$540,000 (THE "SERIES 1991 BONDS"); (2) THE SEWER REVENUE BONDS, SERIES 2000 (WEST VIRGINIA SRF PROGRAM), OF THE ISSUER, DATED DECEMBER 15, 2000, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$412,000 (THE "SERIES 2000 BONDS"); AND (3) THE SEWER REVENUE BONDS, SERIES 2000A (WEST VIRGINIA SRF PROGRAM), OF THE ISSUER, DATED \_\_\_\_\_, 2004, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$ \_\_\_\_\_ (THE "SERIES 2004A BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the System, on a parity with the pledge of the Net Revenues in favor of the holders of the Series 1991 Bonds and the Series 2000 Bonds (collectively, the "Prior Bonds") and the Series 2004A Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2004B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2004B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds and the Series 2004A Bonds, provided however, that so long as there exists in the Series 2004B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds and the Series 2004A Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, this Bond will be in default should any proceeds of this Bond be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to provide an agricultural commodity.

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 do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

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

IN WITNESS WHEREOF, the UNION-WILLIAMS 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 \_\_\_\_\_, 2004.

UNION-WILLIAMS PUBLIC SERVICE DISTRICT

[SEAL]

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary

(Form of)

**CERTIFICATE OF AUTHENTICATION AND REGISTRATION**

This Bond is one of the Series 2004B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

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

\_\_\_\_\_  
as Registrar

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

EXHIBIT A

RECORD OF ADVANCES

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

Total \$ \_\_\_\_\_

**EXHIBIT B**

**DEBT SERVICE SCHEDULE**

(Form of)

**ASSIGNMENT**

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

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

Dated: \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_

In the presence of:

\_\_\_\_\_

Section 3.11. Sale of Series 2004 Bonds; Approval and Ratification of Execution of Loan Agreements with Authority. The Series 2004 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the respective Loan Agreements. The Loan Agreements, including all schedules and exhibits attached thereto, are hereby approved and ratified. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreements substantially in the forms attached hereto as Exhibit B and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreements to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.12. Series 2004 Bonds are Issued as Parity Bonds With Respect to Prior Bonds. The Series 2004 Bonds are issued as and shall constitute parity bonds with respect to the Prior Bonds. The Issuer has met the requirements of the Prior Resolutions for the issuance of the Series 2004 Bonds on a parity with the Prior Bonds and has received the written consent of the Holders of all of the Outstanding Prior Bonds for the issuance of the Series 2004 Bonds on a parity with the Prior Bonds.

Section 3.13. Filing of "Amended Schedule". Upon completion of acquisition and construction of the Project, the Issuer will file with the DEP, the Council and the Authority an amended schedule, the form of which will be provided by the DEP and the Council, setting forth the actual costs of the Project and sources of funds therefor.

**ARTICLE IV**

**[RESERVED]**

## ARTICLE V

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

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

- A. Revenue Fund (established by the Series 1991 Bonds Resolution);
- B. Sewerage System Reserve Account (established by the Series 1991 Bonds Resolution);
- C. Renewal and Replacement Fund (created by the Series 1991 Bonds Resolution); and
- D. I/A Future Connection Fund (created by the Series 1991 Bonds Resolution);
- E. Series 2004A Bonds Construction Trust Fund; and
- F. Series 2004B Bonds Construction Trust Fund.

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

- A. Series 2000 Bonds Sinking Fund (created by the Series 2000 Bonds Resolution);
- B. Within the Series 2000 Bonds Sinking Fund, the Series 2000 Bonds Reserve Account (created by the Series 2000 Bonds Resolution);
- C. Series 2004A Bonds Sinking Fund;
- D. Within the Series 2004A Bonds Sinking Fund, the Series 2004A Bonds Reserve Account;
- E. Series 2004B Bonds Sinking Fund; and
- F. Within the Series 2004B Bonds Sinking Fund, the Series 2004B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds.

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

1. The Issuer shall first each month pay from the monies in the Revenue Fund all current Operating Expenses of the System.

2. The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the National Finance Office the amount required by the Series 1991 Bonds Resolution for payment of interest on the Series 1991 Bonds.

3. The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the National Finance Office the amount required by the Series 1991 Bonds Resolution for payment of principal of the Series 1991 Bonds; (ii) remit to the Commission for deposit in the Series 2000 Bonds Sinking Fund the amount required by the Series 2000 Bonds Resolution for payment of principal of the Series 2000 Bonds; (iii) beginning 3 months prior to the first principal payment date of the Series 2004A Bonds, remit to the Commission for deposit in the Series 2004A Bonds Sinking Fund, a sum equal to 1/3rd of the amount of principal which will mature and become due on the Series 2004A Bonds on the next ensuing quarterly principal payment date, provided, that in the event the period to elapse between the date of such initial deposit in the Series 2004A Bonds Sinking Fund and the next ensuing quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next ensuing quarterly principal payment date, the required amount of principal coming due on such date; and (iv) beginning 3 months prior to the first principal payment date of the Series 2004B Bonds, remit to the Commission for deposit in the Series 2004B Bonds Sinking Fund, a sum equal to 1/3rd of the amount of principal which will mature and become due on the Series 2004B Bonds on the next ensuing quarterly principal payment date, provided, that in the event the period to elapse between the date of such initial deposit in the Series 2004B Bonds Sinking Fund and the next ensuing quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next ensuing quarterly principal payment date, the required amount of principal coming due on such date.

4. The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Depository Bank the amount required by the Series 1991 Bonds Resolution to be deposited in the Sewerage System Reserve Account; (ii) remit to the Commission for deposit in the Series 2000 Bonds Reserve Account the amount required by the Series 2000 Bonds Resolution to be deposited therein; (iii) commencing the month following the completion of the Project, as certified by the Consulting Engineers, if not fully funded upon issuance of the Series 2004A Bonds, remit to the Commission for deposit in the Series 2004A Bonds Reserve Account, an amount equal to 1/120 of the Series 2004A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 2004A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall

remain on deposit therein, an amount equal to the Series 2004A Bonds Reserve Requirement; and (iv) commencing the month following the completion of the Project, as certified by the Consulting Engineers, if not fully funded upon issuance of the Series 2004B Bonds, remit to the Commission for deposit in the Series 2004B Bonds Reserve Account, an amount equal to 1/120 of the Series 2004B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 2004B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2004B Bonds Reserve Requirement.

5. The Issuer shall next, by the fifteenth of each month, so long as the Series 1991 Bonds remain Outstanding, transfer from the Revenue Fund to the I/A Future Connection Fund established by the Series 1991 Bonds Resolution, the amounts required by Section 4.02(B)(4) of the Series 1991 Bonds Resolution.

6. The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund to the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month (provided that, so long as the Series 1991 Bonds remain Outstanding such sum shall not be less than \$575.00 each month), exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in any of the Reserve Accounts [except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the Series 2004A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2004A Bonds as the same shall become due. Moneys in the Series 2004A Bonds Reserve Account shall be used only for the purposes of paying principal of and interest, if any, on the Series 2004A Bonds, as the same shall come due, when other moneys in the Series 2004A Bond Sinking Fund are insufficient therefor, and for no other purpose.

Moneys in the Series 2004B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2004B Bonds as the same shall become due. Moneys in the Series 2004B Bonds Reserve Account shall be used only for the purposes of paying principal of and interest, if any, on the Series 2004B Bonds, as the same shall come due, when other moneys in the Series 2004B Bond Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2004 Bonds Sinking Funds and the Series 2004 Bonds Reserve Accounts shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the respective Series 2004 Bonds Construction Trust Funds, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in

full, first to the next ensuing interest payment due on the Series 2004 Bonds, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 2004 Bonds Reserve Accounts which result in a reduction in the balance of the respective Series 2004 Bonds Reserve Accounts to below the respective Reserve Requirements shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the priority set forth above.

As and when additional Bonds ranking on a parity with the Series 2004 Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional Parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in a amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the respective Series 2004 Bonds Sinking Funds, or into the respective Series 2004 Bonds Reserve Account therein when the aggregate amount of funds therein are at least equal to the respective aggregate principal amount of the respective Series 2004 Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

Principal, interest or reserve payments, whether made for a deficiency or otherwise shall be made on a parity and pro rata with respect to the Prior Bonds and the Series 2004 Bonds in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2004 Bonds Sinking Funds and the Series 2004 Bonds Reserve Accounts created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority in writing at any time, the Issuer shall make the necessary arrangements whereby required payments into the Series 2004 Bonds Sinking Funds and the Series 2004 Bonds Reserve Accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 2004 Bonds Sinking Funds and the Series 2004 Bonds Reserve Accounts shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2004 Bonds Sinking Funds, including the Series 2004 Bonds Reserve Accounts therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the respective Series 2004 Bonds under the conditions and restrictions set forth herein.

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 the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

C. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month), deposit with the Commission the required interest, principal and reserve account payments with respect to the Series 2004 Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited. The Issuer shall also on the first day of each month (if the first day is not a business day, then the first business day of each month), deposit with the Commission the SRF Administrative Fee as set forth in the Schedule attached to the Series 2004A Bonds Loan Agreement.

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

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

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

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

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

All Tap Fees shall be deposited by the Issuer, as received, in the Revenue Fund and may be used for any lawful purpose of the System.

## ARTICLE VI

### BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of any or all of the Series 2004 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2004 Bonds, there shall first be deposited with the Commission in the respective Series 2004 Bonds Sinking Funds, the amount, if any, specified in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the respective Series 2004 Bonds for the period commencing on the date of issuance of the Series 2004 Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 2004 Bonds, there shall be deposited with the Commission in the respective Series 2004 Bonds Reserve Accounts the sum, if any, set forth in the Supplemental Resolution for funding of the respective Series 2004 Bonds Reserve Accounts.

C. Next, from the proceeds of the Series 2004 Bonds, there shall be paid the entire outstanding principal amount of and all accrued interest and administrative fees on the Notes, as set forth in the Supplemental Resolution.

D. As the Issuer receives advances of the remaining moneys derived from the sale of such Series 2004 Bonds, such moneys shall be deposited with the Depository Bank in the respective Series 2004 Bonds Construction Trust Funds. The monies in the respective Series 2004 Bonds Construction Trust Funds shall be applied solely to payment of Costs of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the respective Series 2004 Bonds.

E. After completion of construction of the Project, as certified by the Consulting Engineers, and all Costs have been paid, any remaining proceeds of the Series 2004A Bonds shall be expended as directed by the Authority and DEP and any remaining proceeds of the Series 2004B Bonds shall be expended as directed by the Authority and the Council.

Section 6.02. Disbursements From the Construction Trust Funds. A. With respect to the Series 2004A Bonds, on or before the Closing Date, the Issuer shall have delivered to the Authority and the DEP a report listing the specific purposes for which the proceeds of the Series 2004A Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for costs of the Project from the proceeds of the Series 2004A Bonds shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2004A Bonds Construction Trust Fund shall be made only after submission to, and approval from the DEP of the following:

I. A completed and signed "Payment Requisition Form," the form of which is attached to the Series 2004A Bonds Loan Agreement, in compliance with the construction schedule; and

II. A certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

1. None of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;

2. 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;

3. Each of such costs has been otherwise properly incurred; and

4. Payment for each of the items proposed is then due and owing.

Pending such application, moneys in the Series 2004A Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

B. With respect to the Series 2004B Bonds, the Issuer shall each month provide the Council with a requisition for the costs incurred for the Project together with such documentation as the Council shall require. Payments for costs of the Project from the proceeds of the Series 2004B Bonds shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2004B Bonds Construction Trust Fund shall be made only after submission to, and approval from the Council of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

1. None of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;

2. 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;

3. Each of such costs has been otherwise properly incurred; and

4. Payment for each of the items proposed is then due and owing.

Pending such application, moneys in the Series 2004B Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

The Issuer shall expend all proceeds of the Series 2004B Bonds within 3 years of the date of issuance of the Council's bonds, the proceeds of which were used to make the loan to the Issuer.

## ARTICLE VII

### ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2004 Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of said Series 2004 Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2004 Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Series 2004 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2004 Bonds or the interest thereon, if any.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of the Series 2004 Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System, on parity with the lien on said Net Revenues in favor of the Holders of the Prior Bonds. The Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 2004 Bonds and to make the payments into the sinking funds, including the reserve accounts therein, and all other payments provided for in the Bond Legislation and the Prior Resolutions are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Series 2004 Bonds and the Prior Bonds as the same become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreements. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the Recommended Decision of the Public Service Commission of West Virginia entered on January 29, 2004, in Case No. 03-0397-PSD-CN, and are hereby adopted, ratified, approved and affirmed and which rates are incorporated herein by reference as a part hereof.

So long as any of the Series 2004 Bonds are Outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreements. In the event the schedule of rates and

charges initially established for the System in connection with the Series 2004 Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreements, the Issuer hereby covenants and agrees that it will, to the extent and in the manner authorized by law, immediately adjust and increase such schedule of rates and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreements.

Section 7.05. Sale of the System. So long as the Prior Bonds are Outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, or any part thereof, except as provided in the Prior Resolutions. Additionally, so long as the Series 2004 Bonds are Outstanding and except as otherwise required by law or with the written consent of the DEP, the Council and the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Series 2004 Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall immediately be simultaneously remitted to the National Finance Office for payment of the Series 1991 Bonds and to the Commission for deposit in the Series 2000 Bonds Sinking Fund, the Series 2004A Bonds Sinking Fund and the Series 2004B Bonds Sinking Fund, respectively, pro rata, with respect to the principal amount of each of the Prior Bonds, the Series 2004A Bonds and the Series 2004B Bonds then Outstanding, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the National Finance Office and the Commission to apply such proceeds to the payment of principal of and interest on the Series 2004 Bonds and Prior Bonds in such manner. Any balance remaining after the payment of all the Series 2004 Bonds and Prior 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 \$50,000, 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 \$50,000 but not in excess of \$200,000, 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 in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property shall be deposited in the Renewal and Replacement Fund. Such payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said fund by other provisions of this Bond Legislation. No sale, lease or

other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$200,000 and insufficient to pay the Series 2004 Bonds and Prior Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of the Series 2004 Bonds and Prior Bonds then outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Series 2004 Bonds and Prior Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and in Section 7.07, so long as any of the Series 2004 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 Series 2004 Bonds. All obligations issued by the Issuer after the issuance of the Series 2004 Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 2004 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Sinking Funds, Reserve Accounts, the Renewal and Replacement Fund and the I/A Future Connection Fund at the time of the issuance of such subordinate obligations have been made and are current. Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2004 Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2004 Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as any of the Prior Bonds are Outstanding, the limitations on the issuance of parity obligations set forth in the respective Prior Resolutions shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2004 Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2004 Bonds, and must have the prior written consent of the Authority, the DEP and the Council.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the design, construction or acquisition of extensions, improvements or betterments to the System or refunding one or more series of the Prior Bonds, the Series 2004 Bonds issued pursuant hereto or one or more subsequent series of Parity Bonds, or both such purposes.

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

- (1) The Prior Bonds and Series 2004 Bonds then Outstanding;
- (2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Resolution then Outstanding; and
- (3) The Parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates adopted by the Issuer, the period for appeal of which has expired (without successful appeal) prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accounts, 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 said Independent Certified Public Accountants on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the period for appeal of which has expired (without successful appeal) prior to issuance of such Parity Bonds.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Series 2004 Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation or separate resolution authorizing said parity Bonds required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the Series 2004 Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2004 Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Bond Legislation and the Prior Resolutions with respect to the Series 2004 Bonds and Prior Bonds then Outstanding, and any other payments provided for in this Bond Legislation, shall have been made in full as required to the date of delivery of such Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Bond Legislation.

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

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

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

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

The Issuer shall file with the Authority, the DEP and the Council, 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 and Surplus Revenues derived from and relating to the System.

B. A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation with respect to said Bonds and Prior Bonds and the status of all said funds and accounts.

C. The amount of any Bonds or other obligations outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular and the Single Audit Act or successor thereto in effect at the time, to the extent required, 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, the DEP and the Council or any other original purchaser of the Bonds. Such audit report submitted to the Authority, the DEP and the Council shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreements and this Bond Legislation, and that the Issuer's revenues are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

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

The Issuer shall provide the DEP with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in Exhibit E of the Series 2004A Bonds Loan Agreement or as promulgated from time to time.

Section 7.09. Rates. Prior to the issuance of the Series 2004 Bonds, 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 the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2004 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2004 Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit, respectively, in the Series 2004 Bonds Reserve Accounts and reserve accounts for obligations on a parity with the Series 2004 Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Series 2004 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2004 Bonds, including the Prior Bonds.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority, the DEP and the Council within 30 days of adoption thereof. The Issuer, with the approval of the Governing Body, may amend the budget during the subject Fiscal Year provided that the budget remains balanced after such amendment. If the budget is so amended, a copy of the amended budget shall be submitted to the Authority, the DEP and the Council within 15 days of the adoption of such amendment. After the adoption of any such amendment, the budget, as amended, shall be the budget of the Issuer for the balance of the subject Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget, any amendments thereto and all resolutions authorizing increased expenditures for operation and maintenance to the Authority, the DEP and the Council and to any Holder of any Bonds who shall file his or her address with the Issuer and request in writing that copies of all such budgets, any amendments thereto and resolutions be furnished him or her and shall make available such budgets, any amendments thereto 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 on behalf of such Holder of any Bonds.

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

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

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

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

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

The Issuer shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator to operate the System so long as the Series 2004 Bonds are Outstanding. The Issuer shall notify the DEP and the Council in writing of the certified operator employed at the 50% completion stage.

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

Section 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps,

actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the water facilities are not owned by the Issuer, the Issuer shall enter into a termination agreement with the water provider, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

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

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as any of the Series 2004 Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreements, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

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

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

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

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

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

B. The Issuer shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to 100% of the contract price of the portion of the Project covered by the particular contract as security for the faithful performance of such contract. The Issuer shall verify such bonds prior to commencement of construction. The Issuer shall also require all contractors engaged in the construction of the Project to carry such workers' compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project; provided that the amounts and terms of such coverage are satisfactory to the Authority, the DEP and the Council. In the event the Loan Agreements so require, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interest may appear. The Issuer shall verify such insurance prior to commencement of construction.

Section 7.16. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Bureau for Public Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Bureau for Public Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

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

Section 7.17. Completion and Operation of Project; Permits and Orders. The Issuer will complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

The Issuer has obtained all permits required by state and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Series 2004 Bonds required by state law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Compliance With Loan Agreements and Law. The Issuer shall perform, satisfy and comply with all terms and conditions of the Loan Agreements and the Act. Notwithstanding anything herein to the contrary, the Issuer will provide the DEP and the Council with all copies submitted to the Authority.

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

Section 7.19. Securities Laws Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and

customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.20. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2004 Bonds or within thirty days thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the DEP and the Council for written approval. The Issuer shall obtain the written approval of the DEP and the Council, respectively, before expending any proceeds of the Series 2004A Bonds or the Series 2004B Bonds, respectively, held in "contingency" as set forth in the schedule attached to the Certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the DEP and the Council, respectively, before expending any proceeds of the Series 2004A Bonds or the Series 2004B Bonds made available due to bid or construction or project underruns.

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

Section 7.21. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2004 Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2004 Bonds during the term thereof is, under the terms of the Series 2004 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect to any property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2004 Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2004 Bonds during the term thereof is, under the terms of the Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2004 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 2004 Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related, all of the foregoing to be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2004 Bonds or \$5,000,000 are used,

directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2004 Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure that tax-exempt status of the Series 2004 Bonds and the interest thereon, if any, including, without limitation, the information return required under Section 149(e) of the Code, to the extent applicable.

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on any bonds issued by or on behalf of the Authority, the DEP or the Council, the proceeds of which were used to fund all or any portion of the loans evidenced by the Series 2004 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, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.22. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2004 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2004 Bonds and shall be for the equal benefit of all Holders of each respective series of Series 2004 Bonds; provided, however, that the statutory mortgage lien in favor of the Holders of the Series 2004 Bonds shall be on parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 7.23. Covenants with Respect to Erosion and Wetlands. The Issuer covenants and agrees that the Project shall not contribute to excessive erosion of highly erodible land or conversion of wetlands to produce an agricultural commodity.

## ARTICLE VIII

### INVESTMENT OF FUNDS

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year during which the respective banks hold any such funds, accounts or investments (or more often if reasonably requested by the Issuer), a summary of such funds, accounts, and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2004 Bonds are Outstanding and as long thereafter as necessary to comply with the Code.

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2004 Bonds as a condition of issuance of the Series 2004 Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2004 Bonds as may be necessary in order to maintain the status of the Series 2004 Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2004 Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority, the DEP or the Council, as the case may be, from which the proceeds of the Series 2004 Bonds are derived, to lose their status as tax-exempt

bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority, the DEP or the Council, to ensure compliance with the covenants and agreements set forth in this Section 8.02, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2004 Bonds and any additional information requested by the Authority.

## ARTICLE IX

### DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an “Event of Default” with respect to the Series 2004 Bonds:

- (1) If default occurs in the due and punctual payment of the principal of or interest on any of the Series 2004 Bonds; or
- (2) If default occurs in the Issuer’s observance of any of the covenants, agreements or conditions on its part relating to the Series 2004 Bonds, set forth in this Bond Legislation, any supplemental resolution or in the Series 2004 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond; or
- (3) If the Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America; or
- (4) If a default occurs under any of the Prior Bonds or any of the Prior Resolutions.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Holders of the Bonds, including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Holders of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that all rights and remedies of the Holders of the Series 2004 Bonds shall be on a parity with the Holders of the Prior Bonds.

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

hereby established, and to apply such rates, rentals, fees, charges or other avenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

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

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

## ARTICLE X

### PAYMENT OF BONDS

Section 10.01. Payment of Series 2004 Bonds. If the Issuer shall pay or there shall otherwise be paid, to the respective Holders of all Series 2004 Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 2004 Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2004 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

## ARTICLE XI

### MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to the issuance of the Series 2004 Bonds, this Resolution may be amended or supplemented in any way by Supplemental Resolution. Following issuance of the Series 2004 Bonds, no material modification or amendment of this Bond Legislation, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Series 2004 Bonds shall be made without the consent in writing of the Holders of the Series 2004 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Series 2004 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 Holder as may be necessary to assure that the Series 2004 Bonds remain public purpose bonds.

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

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution, or the Series 2004 Bonds.

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

Section 11.05. Conflicting Provisions Repealed. All orders or resolutions and or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed, provided that in the event of any conflict between this Resolution and any of the Prior Resolutions, such Prior Resolution shall control (unless less restrictive), so long as the respective Prior Bonds or any portion thereof are Outstanding.

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

any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

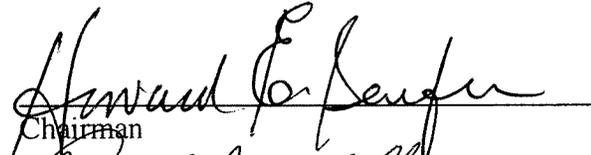
Section 11.07. Public Notice of Proposed Financing. Prior to making formal application to the Public Service Commission of West Virginia for a Certificate of Convenience and Necessity with respect to the Project, the Secretary of the Governing Body shall have caused to be published in a newspaper of general circulation within the boundaries of the Issuer, a Class II legal advertisement stating:

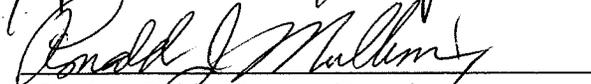
- (a) The maximum amount of the Series 2004 Bonds to be issued;
- (b) The maximum interest rate and terms of the Series 2004 Bonds originally authorized hereby;
- (c) The public service properties to be acquired or constructed and the cost of the same;
- (d) The maximum anticipated rates which will be charged by the Issuer; and
- (e) The date that the formal application for a Certificate of Convenience and Necessity is to be filed with the Public Service Commission of West Virginia.

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

[Rest of Page Intentionally Left Blank]

ADOPTED this 11th day of February, 2004.

  
Chairman

  
Member, Public Service Board

UNAVAILABLE DUE TO ILLNESS  
Member, Public Service Board

## CERTIFICATION

Certified a true copy of an Resolution duly adopted by the Public Service Board of the UNION-WILLIAMS PUBLIC SERVICE DISTRICT on the 11th day of February, 2004.

Dated: February 19, 2004.

  
Secretary, Public Service District

[SEAL]

## EXHIBIT A

### DESCRIPTION OF PROJECT

The acquisition and construction of certain extensions, additions, betterments and improvements to the Issuer's existing sewerage system, including improvements to the sewage treatment plant and extensions and improvements to the sewage collection system, generally described as follows:

Extension of sewer lines to the following areas of Union and Williams Magisterial Districts in Wood County to serve approximately 1,479 customers:

Route 31 north From Route 2 to Williamtown, including access road;

Route 2 from east of Cooper's Ridge Road to the Emerson Avenue I-77 interchange;

Route 31 from WV Route 2 to Whipperwill Ridge Road;

Old St. Mary's Pike from WV Route 2 South; and

WV Route 68 from the Emerson Avenue I-77 interchange to just outside the City of Parkersburg service area.

The Project will tie all existing sewerage collection systems into the new collection system, perform selected rehabilitation of existing systems, and decommission all public or community owned package plant systems.

The Issuer's wastewater treatment plant capacity will be increased from 90,000 GPD to 800,000 GPD to accommodate the additional flow. The effluent from this plant will discharge directly into the Ohio River at Waverly.

The Project will also receive flow from the Town of North Hills and transmit it to the Issuer's wastewater system.

**EXHIBIT B-1**

**SERIES 2004A BONDS PURCHASE AGREEMENT**

**[SEE TRANSCRIPT DOCUMENT NO. 3]**

**EXHIBIT B-2**

**SERIES 2004B BONDS LOAN AGREEMENT**

**[SEE TRANSCRIPT DOCUMENT NO. 4]**



**UNION-WILLIAMS PUBLIC SERVICE DISTRICT  
SEWER REVENUE BONDS,  
SERIES 2004A (WEST VIRGINIA SRF PROGRAM)  
AND  
SERIES 2004 B (WEST VIRGINIA INFRASTRUCTURE FUND)**

**SUPPLEMENTAL RESOLUTION**

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, INTEREST RATES, PRINCIPAL PAYMENT DATES, REDEMPTION PROVISIONS, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2004A (WEST VIRGINIA SRF PROGRAM) AND THE SEWER REVENUE BONDS, SERIES 2004B (WEST VIRGINIA INFRASTRUCTURE FUND) OF UNION-WILLIAMS PUBLIC SERVICE DISTRICT; AUTHORIZING, RATIFYING AND APPROVING A BOND PURCHASE AGREEMENT AND LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A BONDS REGISTRAR, DEPOSITORY BANK, AND PAYING AGENT; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board of Union-Williams Public Service District (the "Issuer") has duly and officially adopted a Resolution on February 11, 2004 (the "Resolution") entitled:

RESOLUTION AUTHORIZING THE REFUNDING OF CERTAIN NOTES OF UNION-WILLIAMS PUBLIC SERVICE DISTRICT AND THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWER SYSTEM OF UNION-WILLIAMS PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY UNION-WILLIAMS PUBLIC SERVICE DISTRICT OF NOT MORE THAN SEVENTEEN MILLION FOUR HUNDRED NINETY-SIX THOUSAND TWO HUNDRED NINETY-ONE DOLLARS (\$17,496,291.00) IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS IN TWO SERIES, THE FIRST SERIES TO BE DESIGNATED "SEWER REVENUE BONDS, SERIES 2004A (WEST VIRGINIA SRF PROGRAM)", AND THE SECOND SERIES TO BE DESIGNATED "SEWER REVENUE BONDS,

SERIES 2004B (WEST VIRGINIA INFRASTRUCTURE FUND)”; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AND THE WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION RELATING TO SUCH SERIES 2004A BONDS AND A LOAN AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY ACTING ON BEHALF OF THE WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL RELATING TO SUCH SERIES 2004B BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Resolution provides for the issuance by the Issuer of not more than Seventeen Million Four Hundred Ninety-Six Thousand Two Hundred Ninety-One Dollars (\$17,496,291.00) in aggregate principal amount of sewer revenue bonds in two series (collectively, the “Series 2004 Bonds”), the first series to be designated Sewer Revenue Bonds, Series 2004A (West Virginia SRF Program) (the “Series 2004A Bonds”), and the second series to be designated Sewer Revenue Bonds, Series 2004B (West Virginia Infrastructure Fund) (the “Series 2004B Bonds”), with the allocation of the \$17,496,291 aggregate principal amount between the Series 2004A Bonds and the Series 2004B Bonds to be set forth in a supplemental resolution, and has preliminarily authorized the execution and delivery of a bond purchase agreement relating to the Series 2004A Bonds, including all schedules and exhibits attached thereto (the “Series 2004A Bonds Loan Agreement”), by and among the Issuer, the West Virginia Water Development Authority (the “Authority”) and the West Virginia Department of Environmental Protection (the “DEP”) and a loan agreement relating to the Series 2004B Bonds, including all schedules and exhibits attached thereto (the “Series 2004B Bonds Loan Agreement” and together with the Series 2003A Bonds Loan Agreement, sometimes collectively referred to herein as the “Loan Agreements”), by and between the Issuer and the Authority acting on behalf of the West Virginia Infrastructure and Jobs Development Council (the “Council”), all in accordance with Chapter 16, Article 13A, Chapter 22C, Article 2 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the “Act”); and in the Resolution it is provided that the exact principal amounts, dates, maturity dates, interest rates, interest and principal payment dates, redemption provisions, sale prices and other terms of the Series 2004 Bonds should be established by a supplemental resolution pertaining to the Series 2004 Bonds; and that other matters relating to the Series 2004 Bonds be herein provided for;

WHEREAS, the Series 2004A Bonds and the Series 2004B Bonds shall be on parity with respect to liens, pledges and sources of and security for payment with respect to each other and with respect to the Prior Bonds;

WHEREAS, the forms of the Loan Agreements have been presented to the Issuer at this meeting for final ratification and approval;

WHEREAS, the Series 2004A Bonds and the Series 2004B Bonds are proposed to be purchased by the Authority on behalf of the DEP and the Council, respectively, pursuant to the Loan Agreements; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreements be finally ratified, approved and entered into by the Issuer, that the exact principal amounts, dates, maturity dates, interest rates, interest and principal payment dates, redemption provisions, sale prices and other terms of the Series 2004 Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Series 2004 Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE UNION-WILLIAMS PUBLIC SERVICE DISTRICT:

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

A. Sewer Revenue Bonds, Series 2004A (West Virginia SRF Program) of the Issuer, originally represented by a single bond, numbered AR-1, in the principal amount of \$15,596,291.00. The Series 2004A Bonds shall be dated the date of delivery thereof, shall finally mature on September 1, 2035, shall bear no interest, shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the redemption premium, if any, and otherwise in compliance with the Series 2004A Bonds Loan Agreement, as long as the Authority shall be registered owner of the Series 2004A Bonds, and shall be payable in quarterly installments of principal on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2005, in the amounts as set forth in the Schedule Y attached to the Series 2004A Bonds Loan Agreement and incorporated in and made a part of the Series 2004A Bonds. The Issuer does approve and shall pay the SRF Administrative Fee equal to .5% of the principal amount of the Series 2004A Bonds, payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2005, as set forth in the Schedule Y attached to the Series 2004A Bonds Loan Agreement.

B. Sewer Revenue Bonds, Series 2004B (West Virginia Infrastructure Fund) of the Issuer, originally represented by a single bond, numbered BR-1, in the principal amount of \$1,900,000. The Series 2004B Bonds shall be dated the date of delivery thereof, shall finally mature on December 1, 2044, shall bear no interest, shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Series 2004B Bonds Loan Agreement, as long as the Authority shall be registered owner of the Series 2004B Bonds, and shall be payable in quarterly installments of principal on March 1, June 1, September 1 and December 1 of each

year, commencing December 1, 2005, in the amounts as set forth in the Schedule Y attached to the Series 2004B Bonds Loan Agreement and incorporated in and made a part of the Series 2004B Bonds.

Section 2. All other provisions relating to the Series 2004 Bonds and the text of the Series 2004A Bonds and the Series 2004B Bonds shall be as provided in the Resolution.

Section 3. The Issuer does hereby authorize, ratify, approve and accept the forms of the Loan Agreements, copies of which are incorporated herein by reference, and the execution and delivery of the Loan Agreements by the Chairman and the Secretary and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed. The price of the Series 2004 Bonds shall be 100% of par value, there being no interest accrued thereon. The proceeds of the Series 2004 Bonds shall be advanced from time to time as requisitioned by the Issuer, and at closing, there shall be requisitioned and advanced a portion of the proceeds of the Series 2004A Bonds in the amount of \$779,815.00 and a portion of the proceeds of the Series 2003B Bonds in the amount of \$989,638.00 being more than a de minimis amount with respect to each series of 2004 Bonds. The Issuer hereby affirms all covenants and representations made in the Loan Agreements and in the respective applications to the DEP and the Council.

Section 4. The Issuer does hereby appoint and designate WesBanco Bank, Inc., Wheeling, West Virginia, to serve as Registrar for the Series 2004 Bonds (the "Registrar") and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Series 2004 Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Series 2004 Bonds under the Resolution.

Section 6. The Issuer does hereby appoint and designate WesBanco Bank, Inc., Parkersburg, West Virginia, to serve as Depository Bank under the Resolution.

Section 7. The Series 2004A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2004A Bonds Sinking Fund as capitalized interest.

Section 8. The Series 2004A Bonds proceeds in the amount of \$-0- shall be deposited in a Series 2004A Bonds Reserve Account.

Section 9. The Series 2004B Bonds proceeds in the amount of \$-0-, shall be deposited in the Series 2004B Bonds Sinking Fund as capitalized interest.

Section 10. The Series 2004B Bonds proceeds in the amount of \$-0- shall be deposited in a Series 2004B Bonds Reserve Account.

Section 11. The Series 2004B Bonds proceeds in the amount of \$127,411.00 shall be deposited with the Commission on the Closing Date and applied immediately to pay and redeem the Issuer's Sewerage System Design Notes, Series 2000 (West Virginia Infrastructure Fund), dated August 30, 2000, issued in the original aggregate principal amount of \$123,700, together with the Administrative Fee of 3% thereon in the amount of \$3,711.

Section 12. The Series 2004B Bonds proceeds in the amount of \$693,360.26 shall be deposited with WesBanco Bank, Inc. and applied immediately to pay in full the loan made to the Issuer by WesBanco Bank, Inc. evidenced by the Promissory Note of the Issuer dated February 17, 2000, together with all interest accrued thereon.

Section 13. The remaining proceeds of the Series 2004A Bonds shall be deposited in the Series 2004A Bonds Construction Trust Fund as received from time to time for payment of Costs of the Project, and payment of cost of issuance of the Series 2004A Bonds and the reimbursement of the Issuer of any such Costs paid by the Issuer.

Section 14. The remaining proceeds of the Series 2004B Bonds shall be deposited in the Series 2004B Bonds Construction Trust Fund as received from time to time for payment of Costs of the Project, and payment of cost of issuance of the Series 2004B Bonds and the reimbursement of the Issuer of any such Costs paid by the Issuer.

Section 15. The Chairman and Secretary are hereby authorized and directed to execute and deliver the Series 2004 Bonds and such other documents, agreements, instruments and certificates required or desirable in connection with the Series 2004 Bonds hereby and by the Resolution approved and provided for, and to affix thereon the seal of the Issuer, as appropriate, to the end that the Series 2004 Bonds may be delivered to the Authority pursuant to the Loan Agreements on or about February 19, 2004, or as soon thereafter as practicable.

Section 16. The acquisition and construction of the Project and the financing thereof with the proceeds of the Series 2004 Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

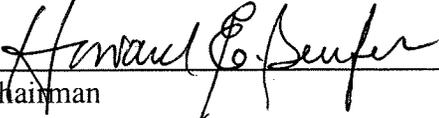
Section 17. The Governing Body hereby determines that it is in the best interest of the Issuer to invest all monies in the funds and accounts established by the Resolution held by the Depository Bank in time deposits of the Depository Bank, secured by a pledge of Government Obligations, and therefore the Issuer hereby authorizes and directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such time deposits until further directed by the Issuer. Monies in the Sinking Funds and Reserve Accounts for the Series 2004 Bonds shall be invested by the Commission in the West Virginia Consolidated Fund.

Section 18. All contracts relating to the financing, acquisition and construction of the Project are hereby approved and the Chairman is hereby authorized and directed to execute and deliver all such contracts.

Section 19. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 11th day of February, 2004.

UNION-WILLIAMS PUBLIC SERVICE DISTRICT

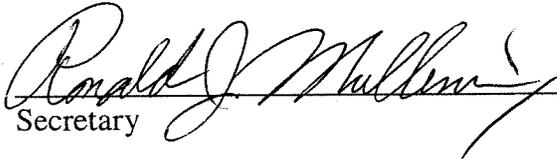
  
\_\_\_\_\_  
Chairman

**CERTIFICATION**

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Union-Williams Public Service District on the 11th day of February, 2004.

Dated: February 19, 2004.

[SEAL]

  
Secretary

# West Virginia Infrastructure & Jobs Development Council

## Public Members:

Russell L. Isaacs, Chairman  
Cottageville  
Wright Calhoun  
Petersburg  
C.R. "Rennie" Hill, III  
Beckley  
Timothy P. Stranko  
Morgantown

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

Katy Mallory, PE  
Executive Secretary

Katy.Mallory@verizon.net

September 3, 2003

Jerry Dotson, Manager  
Union Williams PSD  
P.O. Box 243  
Waverly, WV 26184

Re: Union Williams Public Service District  
Sewer Project 98S-448  
Bid Overrun

Dear Mr. Dotson:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") has reviewed the Union Williams Public Service District's (the "District") request for revision to the Infrastructure Council's binding commitment offer of July 25, 2002 to the District for financing its wastewater project. At its September 3, 2003 meeting, the Infrastructure Council voted to revise the binding commitment as shown on the attached Schedule A. The changes reflect an increase in the Infrastructure Fund Loan of \$1,500,000 for total Infrastructure Fund Loan of \$1,900,000 and an Infrastructure Fund grant of \$500,000.

This commitment will expire on the earlier of (i) March 30, 2004 or (ii) upon the District's written notification to the Infrastructure Council that the District does not desire to obtain the Loan.

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

Sincerely,



Russell L. Isaacs

RLI/km  
Attachments

**NOTE:**

This letter is sent in triplicate. Please acknowledge receipt and immediately return two copies to the Infrastructure Council.

Union Williams Public Service District

By: \_\_\_\_\_

Its: \_\_\_\_\_

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

cc: Samme Gee, Esq., Jackson & Kelly  
Steve Hardman, Esq., Boyles, Rice, McDavid, Graff & Love  
Todd Dingess, Smith, Cochran & Hicks  
✓ George Blum, Cerrone  
Mike Johnson, DEP  
Kathy Emery, DEP



# West Virginia Infrastructure & Jobs Development Council

**Public Members:**

**Russell L. Isaacs, Chairman**  
Cottageville  
**Henry Harmon, Vice Chairman**  
Hurricane  
**Dwight Calhoun**  
Petersburg  
**William P. Stafford, II, Esquire**  
Princeton

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

**Katy Mallory, PE**  
Executive Secretary

KMallory@ezwv.com

June 5, 2002

Jerry Dotson, Manager  
Union Williams Public Service District  
P.O. Box 243  
Waverly, West Virginia 26184

Re: Union Williams Public Service District  
Wastewater Project 98S-448

Dear Mr. Dotson:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") at its June 5, 2002 meeting, determined that the Union Williams Public Service District (the "District") should utilize a \$15,681,125 Clean Water State Revolving Fund loan and voted to offer the District a binding commitment for an Infrastructure Fund loan of \$400,000 (0%, 40 years) to finance its \$16,081,125 project to upgrade the wastewater treatment plant and extend sewage collection system to serve areas along Route 2, Route 31, Route 68 and the Town of North Hills.

In order to receive the proposed binding commitment the District must adhere to a certain project schedule. Please contact Katy Mallory at 558-4607 by **July 30, 2002** to establish the necessary schedule and finalize the proposed binding commitment.

Sincerely,



Russell L. Isaacs

cc: Mike Johnson, DEP  
Region V Planning & Development Council  
Cerrone & Associates, Inc.

# West Virginia Infrastructure & Jobs Development Council

**Public Members:**

**Russell L. Isaacs, Chairman**  
Cottageville  
**Henry Harmon, Vice Chairman**  
Hurricane  
**Dwight Calhoun**  
Petersburg  
**William P. Stafford, II, Esq.**  
Princeton

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

**Katy Mallory, PE**  
Executive Secretary

[KMallory@ezwv.com](mailto:KMallory@ezwv.com)

May 1, 2002

Mr. Jerry Dotson, Manager  
Union Williams Public Service District  
P.O. Box 243  
Waverly, West Virginia 26184

Re: Union Williams Public Service District  
Sewer Project 98S-448

Dear Mr. Dotson:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") has reviewed the Union Williams Public Service District's (the "District") revised preliminary application regarding its proposed project to extend the sewage collection system to serve 1,877 new customers (the "Project").

Upon consideration of the revised preliminary application, the Infrastructure Council recommends that the District utilize a \$15,681,125 Clean Water State Revolving Fund loan to finance this \$16,081,125 Project.

The Infrastructure Council also determined the District may be eligible for Infrastructure Fund loan of \$400,000. However, the Infrastructure Council's final decision regarding specific funding of the Project is deferred pending the District's readiness to proceed and availability of funds in the Infrastructure Fund.

**This letter is not a commitment letter of Infrastructure Funds.** The Project will be placed on the Infrastructure Council's pending list of projects.

If you have any questions regarding this matter, please contact Katy Mallory at 558-4607.

Sincerely,

Russell L. Isaacs

cc: Mike Johnson, DEP  
Region V Planning & Development Council  
Cerrone Associates, Inc.

From: WV INFRASTRUCTURE 004 0004003 02/11/2004 10:00 AM 002/004

# West Virginia Infrastructure & Jobs Development Council

Public Members:

Russell L. Isaacs, Chairman  
Cottageville  
Henry Harmon, Vice Chairman  
Hurricane  
Dwight Calhoun  
Petersburg  
William P. Stafford, II, Esquire  
Princeton

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

Katy Mallory, PE  
Executive Secretary

KMallory@ezwv.com

April 3, 2002

Mr. Jerry Dotson, Manager  
Union Williams Public Service District  
P.O. Box 243  
Waverly, West Virginia 26184

Re: Union Williams Public Service District  
Sewer Project 98S-448

Dear Mr. Dotson:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") has reviewed the Union Williams Public Service District's (the "District") revised preliminary application regarding its proposed project to extend the sewage collection system to serve 1,877 new customers (the "Project").

Based on the findings of the Sewer Technical Review Committee, the Infrastructure Council has determined that the Project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. The District should carefully review the enclosed comments of the Sewer Technical Review Committee as the District may need to address certain issues raised in said comments as it proceeds with the Project.

Upon consideration of the revised preliminary application, the Infrastructure Council recommends that the District utilize a Clean Water State Revolving Fund loan of \$10,656,500 and pursue an additional Clean Water State Revolving Fund loan of \$5,843,500 to finance this \$16,500,000 Project. Please contact the Department of Environmental Protection at 558-0641 for specific information on the steps the District needs to follow to apply for these funds. **Please note that this letter does not constitute funding approval from this agency.**

If you have any questions regarding this matter, please contact Katy Mallory at 558-4607.

Sincerely,



Russell L. Isaacs

RLI/km

cc: Mike Johnson, DEP (w/o enclosure)  
Region V Planning & Development Council  
Cerrone Associates, Inc.



**CERTIFICATE OF LIABILITY INSURANCE**

**ADDITIONAL INSURED:** UNION WILLIAMS PSD  
PO BOX 243  
WAVERLY, WV 26164

**CERTIFICATE NO:** L 900002687 - Oct 1, 2002

This certifies that the insured named above is an Additional Insured for the Coverage indicated below under General Liability Policy GL 4006069 and Automobile Policy CA 3853305 issued to the State of West Virginia by NATIONAL UNION FIRE INSURANCE CO. OF PITTSBURGH, PA.

**COVERAGE PERIOD:** Jul 1, 2006 to Jul 1, 2007 12:01 a.m. Eastern Time

**COVERAGE AFFORDED:** Comprehensive General Liability Insurance  
Personal Injury Liability Insurance  
Professional Liability Insurance  
Stop Gap Liability Insurance  
Wrongful Act Liability Coverage  
Comprehensive Auto Liability Coverage  
Auto Physical Damage Insurance  
Garagekeepers Insurance

**LIMIT OF LIABILITY:** \$1,000,000 each occurrence and is SUBJECT TO \$2,500 DEDUCTIBLE. \*For all coverages combined. This limit is not increased if a claim is insured under more than one coverage or if claim is made against more than one insured.

**SPECIAL LIMITS:** The auto physical damage limit is the actual cash value of each vehicle subject to a deductible of \$1,000.

**CLAIM REPORTING:** Claims should be reported to:  
Claim Manager  
West Virginia Board of Risk & Insurance Management  
90 Maccorkle Avenue S.W. Suite 203  
South Charleston, West Virginia 25303

**Claims Made Prior Acts Date:** October 1, 2002

THE INSURANCE EVIDENCED BY THIS CERTIFICATE IS SUBJECT TO ALL OF THE TERMS, CONDITIONS, EXCLUSIONS AND DEFINITIONS IN THE POLICIES. IT IS A CONDITION PRECEDENT OF COVERAGE UNDER THE POLICIES THAT THE ADDITIONAL INSURED DOES NOT WAIVE ANY STATUTORY OR COMMON LAW IMMUNITY CONFERRED UPON IT.

**BY:** *Bob [Signature]*  
AUTHORIZED REPRESENTATIVE

**DATED:** June 22, 2006

**AGENT OF RECORD:** INTRA-STATE INSURANCE CORPORATION

P.O. BOX 5526  
VIENNA, WV 26105

**CERTIFICATE OF PROPERTY INSURANCE**

**INSURED:** UNION WILLIAMS PSD  
PO BOX 243  
WAVERLY, WV 26164

**CERTIFICATE NO:** P 900002687 - Oct 1, 2002

This certifies that the Additional Insured named above is insured for first party Property Coverages procured and/or administered by the West Virginia Board of Risk and Insurance Management (BRIM). The coverages are provided through a combination of custom designed and conventional commercial insurance products.

THE INSURANCE EVIDENCED BY THIS CERTIFICATE IS SUBJECT TO ALL OF THE TERMS, CONDITIONS, EXCLUSIONS AND DEFINITIONS CONTAINED IN THE POLICIES.

**COVERAGE PERIOD:** Jul 1, 2006 to Jul 1, 2007 12:01 a.m. Eastern Time

**LIMIT OF LIABILITY:** Stated values, for real and personal property, which have been declared to and accepted by BRIM, not to exceed the maximum coverage procured by BRIM.

THIS POLICY DOES NOT COVER DAMAGE FROM FLOOD. FOR INFORMATION ABOUT FLOOD INSURANCE, CONTACT THE NATIONAL FLOOD INSURANCE PROGRAM OR YOUR INSURANCE AGENT.

**SPECIAL LIMITS:** Each policy shall be governed by the special limits of liability contained therein.

**DEDUCTIBLE:** The State of West Virginia has a \$1,000,000.00 deductible on coverages it procures. The above listed insured has a \$2,500 deductible that is applicable to each loss.

**CLAIM REPORTING:** Claims should be reported to:  
Claim Manager  
West Virginia Board of Risk & Insurance Management  
90 MacCorkle Avenue S.W. Suite 203  
South Charleston, West Virginia 25303

**BY:** Bob Mith  
AUTHORIZED REPRESENTATIVE

**DATED:** June 22, 2006

**AGENT OF RECORD:** INTRA-STATE INSURANCE CORPORATION

P.O. BOX 5526  
VIENNA, WV 26105

GRANT AGREEMENT

This Grant Agreement entered into by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority"), on behalf of the WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL (the "Council") and UNION WILLIAMS PUBLIC SERVICE DISTRICT (the "Governmental Agency").

R E C I T A L S

WHEREAS, the Council has authorized the Authority to make a grant to the Governmental Agency in the amount not to exceed \$500,000 (the "Grant") for the purposes of the design, acquisition or construction of a project for which a preliminary application has been submitted and approved by the Council;

WHEREAS, the Governmental Agency wishes to accept the Grant upon such terms and conditions as are hereinafter set forth for the purposes of designing, acquiring or constructing the project described in Exhibit A attached hereto and incorporated herein by reference (the "Project");

WHEREAS, this Grant Agreement sets forth the Council, the Authority and the Governmental Agency's understandings and agreements with regard to the Grant.

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

T E R M S

1. Prior to the distribution of the Grant, the Governmental Agency shall provide the Authority with a Project budget and an anticipated monthly draw schedule reflecting the receipt dates and amounts from other funding sources.

2. The Authority shall advance the Council's share of the Project costs from the Grant from time to time upon receipt of a requisition evidencing the costs incurred, which requisition must be satisfactory to the Authority.

3. The monthly requisition will also set forth (i) the amounts requested for that requisition period from all other funding agencies, and (ii) the amounts advanced for the Project to date from all other funding agencies.

4. The Governmental Agency will use the proceeds of the Grant only for the purposes specifically set forth in Exhibit A.

5. The Governmental Agency shall comply with and is bound by the Council's rules set forth as Title 167, Series 1 and more particularly Section 5.9 with respect to the sale of the Project.

6. The Governmental Agency acknowledges that the Grant may be reduced, from time to time, to reflect actual Project costs and availability of other funding.

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

8. This Grant Agreement shall be governed by the laws of the State of West Virginia.

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

UNION WILLIAMS PUBLIC  
SERVICE DISTRICT

By: Howard E. Seuffer  
Its: Chairperson  
Date: February 19, 2004

(SEAL)

Attest:

Ronald J. Muller  
Its: Secretary

WEST VIRGINIA WATER  
DEVELOPMENT AUTHORITY

By: Daniel B. Zuposh  
Its: Director  
Date: February 19, 2004

(SEAL)

Attest:

Barbara B. Meadows  
Its: Secretary-Treasurer

000832/00466  
01/09/04

## Exhibit A

### Project Description

The Project consists of construction of an extension to the existing sewer system of the Governmental Agency to serve additional residents of Union and Williams Magisterial Districts in Wood County, West Virginia, together with all appurtenant facilities.

FILE NO. = 124

STN NO.	COM	ABBR NO.	STATION NAME/TEL.NO.	PAGES	DURATION
001	OK	5	13045580454	003/003	00:01'07"
002	OK	5	13044644793	003/003	00:01'08"

-CERRONE ASSOCIATES

\*\*\*\*\*-CERRONE ASSOC. - \*\*\*\*\* 304 233 2512-\*\*\*\*\*

Cerrone Associates, Inc.

**Fax Cover** This is a confidential message, intended solely for the person to whom it is addressed. If you receive this message in error, please forward it to the correct person, or mail it back to us. Thank you.

**To** Gary Scott  
WV DOH

**Fax No.** (304) 558-0454

**From** Dominick P. Cerrone, PE

**Date** December 21, 2001

**Subject** Union Williams PSD Wastewater System  
Cerrone Project #UN10-85

**Pages** 3, including this one

The Union Williams PSD Board was provided the attached information at their Board Meeting on December 19th. They approved a motion for us to proceed with plan revisions to accommodate your roadway project along Route #2.

We will begin the detailed design revisions which will include a detailed take off of additional costs incurred to the sewer project by the DOH project.

\* However, the District would like to verify that actual bid unit costs will be reimbursed versus our Engineer's estimate. It would also like to know when it will be reimbursed, as the District will have to pay our design fee for this item in several months.

Lastly, we informed the District that you will be sending the Board an agreement in January, 2002. We hope that the attached information is useful for this.

"Get it done right, make it functional, and make it affordable."

401 MAIN STREET  
Wheeling, WV  
26003-2697  
(304) 232-6550  
(304) 233-2512 Fax  
E-mail: mail@cerrone1.com

Fax copy: Jerry Dotson, UWPSD



November 25, 2002

401 Main Street

Wheeling, WV 26003

304.232.5560 (T)

304.233.2512 (F)

mail@cerrone1.com

Mr. Gary Scott  
WV Division Of Highways  
1900 Kanawha Blvd.  
Building Five, Rm 650  
Charleston WV 25305-0430

RE: Union Williams Public Service District  
Wastewater System  
Cerrone Project #UN10-8S

Dear Mr. Scott:

We met with Scott Boehm from HDR, Inc. on November 22, 2002, to discuss revisions needed to the above referenced project based on recent WV DOH roadway design revisions in the same area, including storm retention structures and gas and water line relocations which have arisen in the past year since our meeting in December, 2001.

They include the following:

WVDOH Project U354-2-23.11 02  
Station 103+00 to 113+00  
Storm retention structure has caused a relocate from original designs performed by us in January, 2002

WVDOH Project U354-2-23.11 03  
Station 159+00 to 162+50  
Newly identified slip and gas line conflict has caused a sewer line relocate from drawings already revised by us March, 2002

WVDOH Project U354-2-23.11 03  
Station 178+00 to 181+00  
Temporary sedimentation basin has caused a relocate of sewer line from revisions already made

WVDOH Project U354-2-23.11 03  
Station 190+00 to 193+00  
Temporary sedimentation basin has caused a relocate of sewer line from original drawing



WVDOH Project U354-2-23.11 03

Station 157+50

Elimination of service to two homes due to recent  
WVDOH buy out of properties

We have enclosed a preliminary cost estimate associated with these revisions for additional design costs, additional construction costs, and an analysis of the net amount of construction costs to be reimbursed by the WVDOH to the District as of November, 2002. We have also enclosed a copy of correspondence from December, 2001, which is the basis for this, since several current revisions will be credited against past construction costs to have been reimbursed.

Please provide us verification that the District will be reimbursed for both the design cost for revision and the net amount of construction costs so that we may execute these changes. As with the previous construction costs to be reimbursed, the construction costs should be reimbursed based on actual bid prices at that time for the various items rather than this construction cost estimate.

Once you approve this, we will execute an agreement between the District and us for additional design work and submit a copy to your office.

Please contact this office if you have questions.

Respectfully,

CERRONE ASSOCIATES, INC.

Dominick P. Cerrone, PE  
Project Engineer

DPC/mt

Encls.

xc: Jerry Dotson, Union Williams PSD, w/encls.  
Scott Boehm, HDR, Inc., w/encls.



November 24, 2004

Mr. Jesse Sheppard, Utilities Supervisor  
WV Division Of Highways District 3  
624 Depot Street  
Parkersburg WV 26101-5127

RE: Union Williams PSD Wastewater System  
Cerrone Project #UN10-8S

Dear Mr. Sheppard:

Enclosed are two (2) cost sheets regarding project expenses incurred by the Union Williams Public Service District to accommodate the DOH Route 68/Route 2 road widening project in its wastewater system project. The cost sheet titled "Adjusted Reimbursement Estimate from WV DOH" netting a reimbursement of \$77,645 is based on estimated unit costs prior to bidding of July, 2003. The Reimbursement Agreement between the WVDOH and the District established some time ago was based on this, with the understanding that the costs would be adjusted after the bid to reflect actual costs incurred by the District. The cost sheet titled "Post Bid Construction Costs" netting \$101,660 reflects the actual cost based on bid unit prices.

The District would like to request reimbursement for the amount of \$101,660 at this time based on the Agreement in place. It is our understanding in conversation with Gary Scott of the WVDOH that the District may work with your office to secure this. Thank you for your assistance and if you require any additional information, please contact this office.

CERRONE ASSOCIATES, INC.

Dominick P. Cerrone, PE  
Project Engineer

DPC/mt  
Encl.

xc: Mr. Jerry Dotson, General Manager, Union Williams PSD,  
w/encls.

Ms. Amy Harris, MOVRC, w/encls.

November 24, 2004

Mr. Gary Scott  
WV Division of Highways  
Building 5, Room 650  
1900 Kanawha Boulevard  
Charleston, WV 25305

RE: Union Williams PSD Wastewater System  
Cerrone Project #UN10-8S

Dear Mr. Scott:

Enclosed is a cost spreadsheet applying actual Bid unit costs to reimbursement items which the Union Williams Public Service District and the Division of Highways have entered into an agreement for the District to accommodate your road widening project in its Wastewater System project. It is our understanding that the current agreement based, on prebid estimates, amounts to approximately \$86,000.

At the request of Jesse Sheppard, we would like to request that a revised or supplemental agreement in the amount of \$101,660 be prepared between the District and the DOH in order to accommodate actual bid costs.

Should you have questions, please do not hesitate to call our office.

CERRONE ASSOCIATES, INC.

Dominick P. Cerrone, PE  
Project Engineer

DPC/mt

Encl.

xc: Mr. Jesse Sheppard, w/encl.  
Mr. Jerry Dotson, General Manager, Union Williams PSD,  
w/encl.  
Ms. Amy Harris, MOVRC, w/encl.

February 19, 2007

Mr. Keith Lynch  
WV Department of Highways - District 3  
624 Depot Street  
Parkersburg WV 26102

RE: Union Williams Public Service District  
Wastewater Facilities  
Cerrone Project #UN10-8S

Dear Mr. Lynch:

Enclosed is correspondence dated November 19, 2004 to Jesse Sheppard regarding the Union Williams PSD request for a supplemental reimbursement for additional sewer system construction work for the road widening project on WV Route #2 based on actual bid costs. The initial reimbursement from November, 2002 was based on Engineering estimates. We had also sent you correspondence dated June 6, 2006 requesting an update on this supplemental reimbursement, but as of this date, we have not heard from your office.

The District would like to follow up on the status of the supplemental reimbursement since it will need to access this money in the very near future.

Please contact us should you have any questions. We look forward to hearing from you.

Respectfully,

CERRONE ASSOCIATES, INC.

Dominick P. Cerrone, PE  
Project Engineer

DPC/cd

Encls.

xc: Jerry Dotson, General Manager, Union Williams PSD,  
w/encls.

## CLOSING MEMORANDUM

		<u>Fax No.</u>
To:	Jerry Dotson	464-4793
	Jefferson E. Brady, P.E.	558-4609
	Barbara Meadows	558-0299
	Sarah L. Boardman	558-1280
	Samme Gee	340-1277
	C. Randall Law	480-2599
	George Blum	233-2512
From:	Camden P. Siegrist	
Closing Date:	March 29, 2007	
Re:	Union-Williams Public Service District Sewer Revenue Bonds Series 2007 (West Virginia Infrastructure Fund)	

### 1. DISBURSEMENTS TO DISTRICT:

A.	Payor:	West Virginia Infrastructure and Jobs Development Council
	Source:	Series 2007 Bonds Proceeds
	Amount:	\$87,492
	Form:	Wire
	Payee:	Union-Williams Public Service District
	Account:	Series 2007 Bonds Construction Trust Fund
	Wire Instructions:	Bank Name: WesBanco Bank, Inc. Bank Address: 415 Market Street Parkersburg, West Virginia 26101
	ABA Number:	051500562
	Account Number:	0314054372
	Contact:	C. Randall Law
	Phone Number:	(304) 480-2500

2. DISBURSEMENTS BY DISTRICT FROM SERIES 2007 BONDS CONSTRUCTION TRUST FUND

- A. Payor: Union-Williams Public Service District  
Source: Series 2007 Bonds Construction Trust Fund  
Amount: \$24,500.00  
Form: Check  
Payee: Bowles Rice McDavid Graff & Love LLP  
Memo: Bond Counsel Fees and Expenses
- B. Payor: Union-Williams Public Service District  
Source: Series 2007 Bonds Construction Trust Fund  
Amount: \$500.00  
Form: Check  
Payee: WesBanco Bank, Inc.  
Memo: Registrar's Fee
- C. Payor: Union-Williams Public Service District  
Source: Series 2007 Bonds Construction Trust Fund  
Amount: \$53,109.85  
Form: Check  
Payee: Thrasher Engineering, Inc.  
Memo: Resident Project Representative Services
- D. Payor: Union-Williams Public Service District  
Source: Series 2007 Bonds Construction Trust Fund  
Amount: \$9,381.55  
Form: Check  
Payee: Cerrone Associates, Inc.  
Memo: Engineering Services