

\$410,000
COTTAGEVILLE PUBLIC SERVICE DISTRICT
WATER REVENUE BOND,
SERIES 2009

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The Pre-Closing of the sale of \$410,000 Cottageville Public Service District, Water Revenue Bond, Series 2009 (the "Bond") will take place at State Route 62 South, Cottageville, West Virginia, at 10:00 a.m., Eastern Time, on April 1, 2009. The Closing will take place on April 3, 2009. No transaction shall be deemed to have been completed and no documents shall be deemed to have been delivered unless and until all transactions are complete and all documents are delivered. Any document that references an Exhibit or Schedule to be attached thereto shall be considered completed and attached if the referenced Exhibit or Schedule appears elsewhere in this Transcript.

ARTICLE 13A

PUBLIC SERVICE DISTRICTS

Section

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- 16-13A-20. Refunding revenue bonds.
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- 16-13A-23. Validation of acts and proceedings of public service boards.
- 16-13A-24. Acceptance of loans, grants or temporary advances.
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§ 16-13A-1. Legislative findings

The Legislature of the state of West Virginia hereby determines and finds that the present system of public service districts within the state has provided a valuable service at a reasonable cost to persons who would otherwise have been

unable to obtain public utility services. To further this effort, and to insure that all areas of the state are benefiting from the availability of public service district utility services and to further correct areas with health hazards, the Legislature concludes that it is in the best interest of the public to implement better management of public service district resources by expanding the ability and the authority of the public service commission to assist public service districts by offering advice and assistance in operational, financial and regulatory affairs.

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

Acts 1953, c. 147; Acts 1980, c. 60; Acts 1986, c. 81.

Cross References

County courts, authority to make grants for water and sewer systems, see § 7-1-3t.

Administrative Code References

Sewer utilities regulations, see W. Va. Code St. R. § 150-5-1 et seq.

Library References

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| Counties ⇨18. | C.J.S. Counties § 31. |
| Municipal Corporations ⇨5, 6. | C.J.S. Municipal Corporations § 11. |
| Public Utilities ⇨145. | C.J.S. Public Utilities §§ 26 to 32, 159 to 167, |
| Westlaw Topic Nos. 104, 268, 317A. | 169 to 171, 177 to 178. |

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Validity 1

1. Validity

Title of act authorizing creation of public service districts in connection with acquisition, construction, maintenance, operation, improvement and extension of properties supplying water and sewerage services, clearly defines object and purposes of act and powers of governing board, and is sufficient to meet constitutional requirements. Acts 1953, c. 147; Const. art. 6,

PUBLIC SERVICE DISTRICTS

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§ 30. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Statutes ⇨ 123(3); Statutes ⇨ 123(5)

Statute authorizing creation of public service districts violates no provision of State Constitution, nor is it violative of Fourteenth Amendment to United States Constitution. Act 1953, c. 147; U.S.C.A. Const. Amend. 14. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Constitutional Law ⇨ 4056; Municipal Corporations ⇨ 4

In statute authorizing creation of public service districts, provision for delinquent fixed rates and charges for services rendered to be lien on premises served was not unconstitutional as depriving owners of property without due process of law or as violating Fourteenth Amendment of United States Constitution or applicable provisions of State Constitution. Acts 1953, c. 147, § 1 et seq.; Const. art. 3, §§ 9, 10; U.S.C.A. Const. Amend. 14. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Constitutional Law ⇨ 4416; Municipal Corporations ⇨ 408(1)

Statute authorizing creation of public service districts does not, in so far as it requires County Court to define territory to be included in public service district and appoint a board to govern same in first instance, involve unconstitutional delegation of judicial functions to the County Court, Acts 1953, c. 147; Const. art. 8, § 24. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Constitutional Law ⇨ 2355; Municipal Corporations ⇨ 4

2. In general

A public service district may be created for the purpose of furnishing water or sewer services, or both water and sewer services. Code, 16-13A-1. Canyon Public Service Dist. v. Tasa Coal Co., 1973, 195 S.E.2d 647, 156 W.Va. 606. Municipal Corporations ⇨ 5

Creation and operation of water or sanitary districts or authorities by issuance of revenue bonds payable from revenues are authorized. Code, 16-13A-1 et seq. State ex rel. Appalachian Power Co. v. Gainer, 1965, 143 S.E.2d 351, 149 W.Va. 740. Health ⇨ 369; Waters And Water Courses ⇨ 183.5

A county court may use Federal Revenue Sharing Funds for ordinary and necessary maintenance and operating expenses for sewage disposal, sanitation, and pollution abatement, and ordinary and necessary capital expenditures authorized by law but may not use such funds for matching purposes under any other federal-aid program. 55 W.Va. Op. Atty. Gen. 116 (June 27, 1973) 1973 WL 159152.

3. Construction and application

A public service district is a public corporation and does not come within constitutional

provision which in substance provides that all corporations shall be created by general laws and which is applicable to private corporations. Acts 1953, c. 147, § 1 et seq.; Const. art. 11, § 1. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Statutes ⇨ 80(3)

4. Eminent domain powers

Where notice, hearing and order with respect to creation of public service district considered only the question of furnishing water, such district was created only for the purposes of furnishing water services, and had no power to condemn real estate for sewerage facilities. Code, 16-13A-1, 16-13A-2. Canyon Public Service Dist. v. Tasa Coal Co., 1973, 195 S.E.2d 647, 156 W.Va. 606. Eminent Domain ⇨ 32

Condemnation by public service district is not a taking of private property for private use in violation of applicable constitutional provision. Const. art. 3, § 9. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Eminent Domain ⇨ 13

5. Property of public service district

Property of public service district is public property used for public purposes, and, under constitutional provision that public property shall be exempt from taxation, statute authorizing creation of public service districts and granting tax exemption was not violative of constitutional provision requiring that taxation be equal and uniform throughout state. Acts 1953, c. 147, § 1 et seq.; Const. art. 10, § 1. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Taxation ⇨ 2289

6. Rates and charges for service

Relief under Federal Securities Act of 1933 was not adequate or sufficient remedy for relief sought by corporations holding sewer revenue bonds of public service district in mandamus proceeding to compel district to establish and collect rates for services rendered by district sufficient to provide for all operational and maintenance expenses, to pay, when due, principal and interest of revenue bonds issued by district, and to file tariff reflecting such charges with Public Service Commission, and any relief afforded under provisions of federal statute could not supersede relief which could be granted in mandamus proceeding. Securities Act of 1933, § 1 et seq., 15 U.S.C.A. § 77a et seq.; Code, 16-13A-1 et seq. State ex rel. Allstate Ins. Co. v. Union Public Service Dist., 1966, 151 S.E.2d 102, 151 W.Va. 207. Mandamus ⇨ 3(8)

Corporations holding sewer revenue bonds of public service district, a public corporation and political subdivision of state, had right by mandamus to enforce and compel district and members of the Public Service Board to establish, charge and collect rates for services rendered by district sufficient to provide for all operation-

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Note 6

al and maintenance expenses, to pay, when due, principal and interest of revenue bonds issued by district, and to file tariffs reflecting such charges with Public Service Commission. Code, 16-13A-1 et seq., 16-13A-9, 16-13A-10, 16-13A-13, 16-13A-17. State ex rel. Allstate Ins. Co. v. Union Public Service Dist., 1966, 151 S.E.2d 102, 151 W.Va. 207. Mandamus ⇨ 110

It was ministerial duty of chairman of public service board of public service district to sign revenue bonds and to assist in effectuating their issuance, and in view of constitutionality of statute authorizing creation of the public service board, relator's showing of legal right to require performance of such duty, was sufficient and writ of mandamus would issue. Acts 1953, c. 147. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Mandamus ⇨ 103

7. Creation and enforcement of liens

Public service district's failure to docket notice of lien prior to date purchaser recorded deed of trust prevented district from enforcing sewer lien against purchaser. Code, 16-13A-9, 38-10C-1. McClung Investments, Inc. v. Green Valley Community Public Service Dist., 1997, 485 S.E.2d 434, 199 W.Va. 490. Municipal Corporations ⇨ 712(7)

Public service district liens must be docketed to be enforceable against purchaser of property for valuable consideration, without notice. Code, 16-13A-9, 38-10C-1. McClung Investments, Inc. v. Green Valley Community Public Service Dist., 1997, 485 S.E.2d 434, 199 W.Va. 490. Gas ⇨ 14.6; Municipal Corporations ⇨ 712(7); Waters And Water Courses ⇨ 203(14)

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

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

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

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

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

Acts 1986, c. 81.

PUBLIC HEALTH

Statute authorizing creation of public service districts confers upon public service board authority to create mortgage lien on the property of public service district, and action of legislature conferring such authority was within the legislature's power. Acts 1953, c. 147; Const. art. 10, § 8. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Municipal Corporations ⇨ 222; Municipal Corporations ⇨ 225(1)

8. Admissibility of evidence

Extrinsic evidence relating to background and negotiations with regard to forming a public service district were not admissible in regard to construction of a contract for furnishing of water, where contract language was clear and unambiguous that district was to furnish water as customer should require. Berkeley County Public Service Dist. v. Vitro Corp. of America, 1968, 162 S.E.2d 189, 152 W.Va. 252. Evidence ⇨ 448

9. Costs

Costs of proceeding whereby constitutionality of statute authorizing creation of public service districts was tested would not be taxed against defendant who was chairman of public service board and who, honestly and in good faith, though mistakenly, endeavored to perform his duty in refusing to sign revenue bonds, and each litigant would pay his own costs. Acts 1953, c. 147. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Mandamus ⇨ 190

Library References

Public Utilities ⇨ 145.

Westlaw Topic No. 317A.

PUBLIC SERVICE DISTRICTS

§ 16-13A-1b

C.J.S. Public Utilities §§ 26 to 32, 159 to 167,
169 to 171, 177 to 178.

Notes of Decisions

In general 1

1. In general

Statute clearly and unambiguously gives Public Service Commission (PSC) power to reduce or increase utility rates whenever it finds that existing rate is unjust, unreasonable, insufficient, or unjustly discriminatory or otherwise in violation of any provision of legislation governing Commission. Code, 24-1-1 et seq., 24-2-3. State ex rel. Water Development Authority v. Northern Wayne County Public Service Dist.,

1995, 464 S.E.2d 777, 195 W.Va. 135. Public Utilities ⇌ 123

Legislature sought to establish in Public Service Commission (PSC) governmental entity which would protect public from unfair rates and practices by public utilities and also ensure that public utilities are given competitive return for their stockholders. Code, 24-2-3. State ex rel. Water Development Authority v. Northern Wayne County Public Service Dist., 1995, 464 S.E.2d 777, 195 W.Va. 135. Public Utilities ⇌ 123; Public Utilities ⇌ 129

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

Each county commission shall conduct a study of all public service districts which have their principal offices within its county and shall develop a plan relating to the creation, consolidation, merger, expansion or dissolution of such districts or the consolidation or merger of management and administrative services and personnel and shall present such plan to the public service commission for approval, disapproval, or modification: Provided, That within ninety days of the effective date of this section each county commission in this state shall elect either to perform its own study or request that the public service commission perform such study. Each county commission electing to perform its own study has one year from the date of election to present such plan to the public service commission. For each county wherein the county commission elects not to perform its own study, the public service commission shall conduct a study of such county. The public service commission shall establish a schedule for such studies upon a priority basis, with those counties perceived to have the greatest need of creation or consolidation of public service districts receiving the highest priority. In establishing the priority schedule, and in the performance of each study, the bureau of public health and the division of environmental protection shall offer their assistance and cooperation to the public service commission. Upon completion by the public service commission of each study, it shall be submitted to the appropriate county commission for review and comment. Each county commission has six months in which to review the study conducted by the public service commission, suggest changes or modifications thereof, and present such plan to the public service commission. All county plans, whether conducted by the county commission itself or submitted as a result of a public service commission study, shall, by order, be approved, disapproved or modified by the public service commission in accordance with rules promulgated by the public service commission and such order shall be implemented by the county commission.

Acts 1986, c. 81; Acts 1994, c. 61.

Cross References

Public Service Commission, participation in studies, see § 24-1-1b.

Library References

Counties ~~§~~ 18, 47.
Westlaw Topic No. 104.
C.J.S. Counties §§ 31, 70 to 73.

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

Any territory constituting the whole or any part of one or more counties in the state so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of properties supplying water, sewerage or stormwater services or gas distribution services or all of these within such territory, will be conducive to the preservation of the public health, comfort and convenience of such area, may be constituted a public service district under and in the manner provided by this article. The words "public service properties," when used in this article, shall mean and include any facility used or to be used for or in connection with: (1) The diversion, development, pumping, impounding, treatment, storage, distribution or furnishing of water to or for the public for industrial, public, private or other uses (herein sometimes referred to as "water facilities"); (2) the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (herein sometimes referred to as "sewer facilities" or "landfills"); (3) the distribution or the furnishing of natural gas to the public for industrial, public, private or other uses (herein sometimes referred to as "gas utilities or gas system"); or (4) the collection, control or disposal of stormwater (herein sometimes referred to as "stormwater system" or "stormwater systems"), or (5) the management, operation, maintenance and control of stormwater and stormwater systems (herein sometimes referred to as "stormwater management program" or "stormwater management programs"). As used in this article "stormwater system" or "stormwater systems" means a stormwater system in its entirety or any integral part thereof used to collect, control or dispose of stormwater, and includes all facilities, structures and natural water courses used for collecting and conducting stormwater to, through and from drainage areas to the points of final outlet including, but not limited to, any and all of the following: Inlets, conduits, outlets, channels, ponds, drainage easements, water quality facilities, catch basins, ditches, streams, gulches, flumes, culverts, siphons, retention or detention basins, dams, floodwalls, pipes, flood control systems, levies and pumping stations: Provided, That the term "stormwater system" or "stormwater systems" does not include highways, road and drainage easements, or stormwater facilities constructed, owned or operated by the West Virginia division of highways. As used in this article "stormwater management program" or "stormwater management programs" means those activities associated with the management, operation, maintenance and control of stormwater and stormwater systems, and includes, but is not limited to, public education, stormwater and surface runoff water quality improvement, mapping, planning, flood control, inspection, enforce-

ment and any other activities required by state and federal law: Provided, however, That the term "stormwater management program" or "stormwater management programs" does not include those activities associated with the management, operation, maintenance and control of highways, road and drainage easements, or stormwater facilities constructed, owned or operated by the West Virginia division of highways without the express agreement of the commissioner of highways.

Acts 1986, c. 81; Acts 2002, c. 272, eff. 90 days after March 9, 2002.

Library References

Counties ⇨18.	C.J.S. Counties § 31.
Gas ⇨12.	C.J.S. Gas §§ 43 to 45.
Municipal Corporations ⇨5, 6.	C.J.S. Municipal Corporations § 11.
Waters and Water Courses ⇨183.5.	C.J.S. Waters §§ 483, 543 to 581.
Westlaw Topic Nos. 104, 190, 268, 405.	

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

(a) The county commission of any county may propose the creation, enlargement, reduction, merger, dissolution, or consolidation of a public service district by any of the following methods: (1) On its own motion by order duly adopted, (2) upon the recommendation of the Public Service Commission, or (3) by petition of twenty-five percent of the registered voters who reside within the limits of the proposed public service district within one or more counties. The petition shall contain a description, including metes and bounds, sufficient to identify the territory to be embraced therein and the name of such proposed district: *Provided*, That after the effective date of this section, no new public service district shall be created, enlarged, reduced, merged, dissolved or consolidated under this section without the written consent and approval of the Public Service Commission, which approval and consent shall be in accordance with rules promulgated by the Public Service Commission and may only be requested after consent is given by the appropriate county commission or commissions pursuant to this section. Any territory may be included regardless of whether or not the territory includes one or more cities, incorporated towns or other municipal corporations which own and operate any public service properties and regardless of whether or not it includes one or more cities, incorporated towns or other municipal corporations being served by privately owned public service properties: *Provided, however*, That the same territory shall not be included within the boundaries of more than one public service district except where the territory or part thereof is included within the boundaries of a separate public service district organized to supply water, sewerage services, stormwater services or gas facilities not being furnished within such territory or part thereof: *Provided further*, That no city, incorporated town or other municipal corporation shall be included within the boundaries of the proposed district

except upon the adoption of a resolution of the governing body of the city, incorporated town or other municipal corporation consenting.

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

(c) When the county commission of any county enters an order on its own motion proposing the creation, enlargement, reduction, merger, dissolution or consolidation of a public service district, as aforesaid, or when a petition for the creation is presented, as aforesaid, the county commission shall at the same session fix a date of hearing in the county on the creation, enlargement, reduction, merger, dissolution or consolidation of the proposed public service district, which date so fixed shall be not more than forty days nor less than twenty days from the date of the action. Within ten days of fixing the date of hearing, the county commission shall provide the Executive Secretary of the Public Service Commission with a copy of the order or petition and notification of the time and place of the hearing to be held by the county commission. If the territory proposed to be included is situated in more than one county, the county commission, when fixing a date of hearing, shall provide for notifying the county commission and clerk thereof of each of the other counties into which the territory extends of the date so fixed. The clerk of the county commission of each county in which any territory in the proposed public service district is located shall cause notice of the hearing and the time and place thereof, and setting forth a description of all of the territory proposed to be included therein to be given by publication as a Class I legal advertisement in compliance with the provisions of article three, chapter fifty-nine of this code, and the publication area for the publication shall be by publication in each city, incorporated town or municipal corporation if available in each county in which any territory in the proposed public service district is located. The publication shall be at least ten days prior to the hearing.

(d) In all cases where proceedings for the creation, enlargement, reduction, merger, dissolution or consolidation of the public service districts are initiated by petition as aforesaid, the person filing the petition shall advance or satisfactorily indemnify the payment of the cost and expenses of publishing the hearing notice, and otherwise the costs and expenses of the notice shall be paid in the first instance by the county commission out of contingent funds or any other funds available or made available for that purpose. In addition to the notice required herein to be published, there shall also be posted in at least five conspicuous places in the proposed public service district, a notice containing

the same information as is contained in the published notice. The posted notices shall be posted not less than ten days before the hearing.

(e) All persons residing in or owning or having any interest in property in the proposed public service district shall have an opportunity to be heard for and against its creation, enlargement, reduction, merger, dissolution or consolidation. At the hearing the county commission before which the hearing is conducted shall consider and determine the feasibility of the creation, enlargement, reduction, merger, dissolution or consolidation of the proposed district. If the county commission determines that the construction or acquisition by purchase or otherwise and maintenance, operation, improvement and extension of public service properties by the public service district will be conducive to the preservation of public health, comfort and convenience of such area, the county commission shall by order create, enlarge, reduce, merge, dissolve or consolidate such public service district. If the county commission, after due consideration, determines that the proposed district will not be conducive to the preservation of public health, comfort or convenience of the area or that the creation, enlargement, reduction, merger, dissolution or consolidation of the proposed district as set forth and described in the petition or order is not feasible, it may refuse to enter an order creating the district or it may enter an order amending the description of the proposed district and create, enlarge, reduce, merge, dissolve or consolidate the district as amended.

(f) If the county commission determines that any other public service district or districts can adequately serve the area of the proposed public service district, whether by enlargement, reduction, merger, dissolution or consolidation, it shall refuse to enter the order, but shall enter an order creating, enlarging, reducing, merging, dissolving or consolidating the area with an existing public service district, in accordance with rules adopted by the Public Service Commission for such purpose: *Provided*, That no enlargement of a public service district may occur if the present or proposed physical facilities of the public service district are determined by the appropriate county commission or the Public Service Commission to be inadequate to provide such enlarged service. The clerk of the county commission of each county into which any part of such district extends shall retain in his office an authentic copy of the order creating, enlarging, reducing, merging, dissolving or consolidating the district: *Provided, however*, That within ten days after the entry of an order creating, enlarging, reducing, merging, dissolving or consolidating a district, such order must be filed for review and approval by the Public Service Commission. The Public Service Commission may provide a hearing in the affected county on the matter and may approve, reject or modify the order of the county commission if it finds it is in the best interests of the public to do so. The Public Service Commission shall adopt rules relating to such filings and the approval, disapproval or modification of county commission orders for creating, enlarging, merging, dissolving or consolidating districts. The provisions of this section shall not apply to the implementation by a county commission of an order issued by the Public Service Commission pursuant to this section and section one-b, of this article.

(g) The county commission may, if in its discretion it deems it necessary, feasible and proper, enlarge the district to include additional areas, reduce the area of the district, where facilities, equipment, service or materials have not been extended, or dissolve the district if inactive or create or consolidate two or more such districts. If consolidation of districts is not feasible, the county commission may consolidate and centralize management and administration of districts within its county or multi-county area to achieve efficiency of operations: *Provided*, That where the county commission determines on its own motion by order entered of record, or there is a petition to enlarge the district, merge and consolidate districts, or the management and administration thereof, reduce the area of the district or dissolve the district if inactive, all of the applicable provisions of this article providing for hearing, notice of hearing and approval by the Public Service Commission shall apply. The Commission shall at all times attempt to bring about the enlargement or merger of existing public service districts in order to provide increased services and to eliminate the need for creation of new public service districts in those areas which are not currently serviced by a public service district: *Provided, however*, That where two or more public service districts are consolidated pursuant to this section, any rate differentials may continue for the period of bonded indebtedness incurred prior to consolidation. The districts may not enter into any agreement, contract or covenant that infringes upon, impairs, abridges or usurps the duties, rights or powers of the county commission, as set forth in this article, or conflicts with any provision of this article.

(h) A list of all districts and their current board members shall be filed by the county commission with the Secretary of State and the Public Service Commission by the first day of July of each year.

Acts 1953, c. 147; Acts 1965, c. 134; Acts 1967, c. 105; Acts 1975, c. 140; Acts 1980, c. 60; Acts 1981, c. 124; Acts 1986, c. 81; Acts 1995, c. 125, eff. 90 days after March 11, 1995; Acts 2002, c. 272, eff. 90 days after March 9, 2002; Acts 2005, c. 195, eff. 90 days after April 9, 2005.

Library References

Counties ⇨47.
Municipal Corporations ⇨6.
Westlaw Topic Nos. 104, 268.

C.J.S. Counties §§ 70 to 73.
C.J.S. Municipal Corporations § 11.

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ter and sewerage services, clearly defines object and purposes of act and powers of governing board, and is sufficient to meet constitutional requirements. Acts 1953, c. 147; Const. art. 6, § 30. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Statutes ⇨ 123(3); Statutes ⇨ 123(5)

1. Validity

Title of act authorizing creation of public service districts in connection with acquisition, construction, maintenance, operation, improvement and extension of properties supplying wa-

Statute authorizing creation of public service districts does not, in so far as it requires County Court to define territory to be included in public service district and appoint a board to govern same in first instance, involve unconstitutional delegation of judicial functions to the County Court, Acts 1953, c. 147; Const. art. 8, § 24.

State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Constitutional Law ⇨ 2355; Municipal Corporations ⇨ 4

2. Creation of public service districts

Where notice, hearing and order with respect to creation of public service district considered only the question of furnishing water, such district was created only for the purposes of furnishing water services, and had no power to condemn real estate for sewerage facilities. Code, 16-13A-1, 16-13A-2. Canyon Public Service Dist. v. Tasa Coal Co., 1973, 195 S.E.2d 647, 156 W.Va. 606. Eminent Domain ⇨ 32

Where public service district was created for purpose of furnishing water services, county court had authority to add sewerage services to the facilities of the district under appropriate proceedings. Code, 16-13A-2. Canyon Public Service Dist. v. Tasa Coal Co., 1973, 195 S.E.2d 647, 156 W.Va. 606. Municipal Corporations ⇨ 270

Statute authorizing creation of public service districts confers upon public service board authority to create mortgage lien on the property of public service district, and action of legislature conferring such authority was within the legislature's power. Acts 1953, c. 147; Const. art. 10, § 8. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Municipal Corporations ⇨ 222; Municipal Corporations ⇨ 225(1)

3. District boundaries

Public service district statute that allowed county commission to designate district's boundaries did not also empower commission to make service territories exclusive, displacing Public Service Commission's (PSC) authority to determine service rights. Code, 16-13A-2. Berkeley County Public Service Sewer Dist. v. West Virginia Public Service Com'n, 1998, 512 S.E.2d 201, 204 W.Va. 279. Counties ⇨ 47

4. Notice of hearing

Provisions of statute, with respect to creation of public service districts, which relate to the filing of the petition or motion of the county court, the description of the territory to be embraced, and like provisions are mandatory; but, despite use of the word "shall," the require-

ments for posting and publication of notice and the time of setting the hearing are directory and require only substantial compliance. Code, 16-13A-2. Canyon Public Service Dist. v. Tasa Coal Co., 1973, 195 S.E.2d 647, 156 W.Va. 606. Municipal Corporations ⇨ 12(3); Municipal Corporations ⇨ 12(6)

Though record with respect to creation of public service district was silent with respect to posting of notice of hearing and as to whether hearing was not more than 40 nor less than 20 days after his fixing the date for hearing as provided by statute, there was substantial compliance with statute where hearing was set some time prior to the date of the hearing, there was publication of notice more than ten days prior to the date of the hearing as required, and there were no objections either before, during or after the hearing to the creation of the district or to the procedures employed in its creation. Code, 16-13A-2. Canyon Public Service Dist. v. Tasa Coal Co., 1973, 195 S.E.2d 647, 156 W.Va. 606. Municipal Corporations ⇨ 12(6)

5. Number of voters within district

Public service district was not void because there were not 100 legal voters owning property within the district. Code, 16-13A-2. Canyon Public Service Dist. v. Tasa Coal Co., 1973, 195 S.E.2d 647, 156 W.Va. 606. Municipal Corporations ⇨ 6

6. Costs

Costs of proceeding whereby constitutionality of statute authorizing creation of public service districts was tested would not be taxed against defendant who was chairman of public service board and who, honestly and in good faith, though mistakenly, endeavored to perform his duty in refusing to sign revenue bonds, and each litigant would pay his own costs. Acts 1953, c. 147. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Mandamus ⇨ 190

7. Referendum

A public service district, once created by county court, not subject to referendum on issue to continue or be abolished. 52 W.Va. Op. Atty. Gen. 33 (August 11, 1966) 1966 WL 87428.

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

From and after the date of the adoption of the order creating any public service district, it is a public corporation and political subdivision of the state, but without any power to levy or collect ad valorem taxes. Each district may acquire, own and hold property, both real and personal, in its corporate name, and may sue, may be sued, may adopt an official seal and may enter into

contracts necessary or incidental to its purposes, including contracts with any city, incorporated town or other municipal corporation located within or without its boundaries for furnishing wholesale supply of water for the distribution system of the city, town or other municipal corporation, or for furnishing stormwater services for the city, town or other municipal corporation, and contract for the operation, maintenance, servicing, repair and extension of any properties owned by it or for the operation and improvement or extension by the district of all or any part of the existing municipally owned public service properties of any city, incorporated town or other municipal corporation included within the district: Provided, That no contract shall extend beyond a maximum of forty years, but provisions may be included therein for a renewal or successive renewals thereof and shall conform to and comply with the rights of the holders of any outstanding bonds issued by the municipalities for the public service properties.

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

Each city, incorporated town or other municipal corporation having a population of more than three thousand but less than eighteen thousand is entitled to appoint one member of the board, and each city, incorporated town or other municipal corporation having a population in excess of eighteen thousand shall be entitled to appoint one additional member of the board for each additional eighteen thousand population. The members of the board representing such cities, incorporated towns or other municipal corporations shall be residents thereof and shall be appointed by a resolution of the governing bodies thereof and upon the filing of a certified copy or copies of the resolution or resolutions in the office of the clerk of the county commission which entered the order creating the district, the persons so appointed become members of the board without any further act or proceedings. If the number of members of the board so appointed by the governing bodies of cities, incorporated towns or other municipal corporations included in the district equals or exceeds three, then no further members shall be appointed to the board and the members so appointed are the board of the district except in cases of merger or consolidation where the number of board members may equal five.

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If no city, incorporated town or other municipal corporation having a population of more than three thousand is included within the district, then the county commission which entered the order creating the district shall appoint three members of the board, who are persons residing within the district and residing within the state of West Virginia, which three members become members of the board of the district without any further act or proceedings except in cases of merger or consolidation where the number of board members may equal five.

If the number of members of the board appointed by the governing bodies of cities, incorporated towns or other municipal corporations included within the district is less than three, then the county commission which entered the order creating the district shall appoint such additional member or members of the board, who are persons residing within the district, as is necessary to make the number of members of the board equal three except in cases of merger or consolidation where the number of board members may equal five, and the member or members appointed by the governing bodies of the cities, incorporated towns or other municipal corporations included within the district and the additional member or members appointed by the county commission as aforesaid, are the board of the district. A person may serve as a member of the board in one or more public service districts.

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

Notwithstanding any provision of this code to the contrary, whenever a district is consolidated or merged pursuant to section two of this article, the terms of office of the existing board members shall end on the effective date of the merger or consolidation. The county commission shall appoint a new board according to rules promulgated by the public service commission. Whenever districts are consolidated or merged no provision of this code prohibits the expansion of membership on the new board to five.

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

Any vacancy shall be filled for the unexpired term within thirty days, otherwise successor members of the board shall be appointed for terms of six

years and the terms of office shall continue until successors have been appointed and qualified. All successor members shall be appointed in the same manner as the member succeeded was appointed. The district shall provide to the public service commission, within thirty 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. The public service commission shall notify each new board member of the legal obligation to attend training as prescribed in this section.

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

The members of the board, and the chair, secretary and treasurer thereof, shall make available to the county commission, at all times, all of its books and records pertaining to the district's operation, finances and affairs, for inspection and audit. The board shall meet at least monthly.

Acts 1953, c. 147; Acts 1965, c. 134; Acts 1971, c. 72; Acts 1981, c. 124; Acts 1983, c. 166; Acts 1986, c. 81; Acts 1994, c. 61; Acts 1997, c. 159, eff. 90 days after April 12, 1997; Acts 2002, c. 272, eff. 90 days after March 9, 2002.

Law Review and Journal Commentaries

The Scope of Title Examination in West Virginia: Can Reasonable Minds Differ? John W. Fisher, II, 98 W. Va. L. Rev. 449 (1996).
 "Yes, West Virginia, there is a special priority for the purchase money mortgage." The recognition of purchase money mortgage priority in West Virginia. Abraham M. Ashton, 107 W. Va. L. Rev. 525 (2005).

Library References

Counties ⇌ 18. C.J.S. Counties § 31.
 Municipal Corporations ⇌ 6. C.J.S. Municipal Corporations § 11.
 Westlaw Topic Nos. 104, 268.

Notes of Decisions

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 Sale of water 6
 Standard of care 2
 Tort Claims Act 7
 1. In general
 Board members of the Mt. Zion Public Service District cannot be compensated for performing the duties of treasurer and/or secretary

for the Mt. Zion Public Service District; furthermore, a board member may not be compensated for reading meters for the Mt. Zion Public Service District. 63 W.Va. Op.Atty.Gen. 2 (July 14, 1988) 1988 WL 483329.

2. Standard of care

Public service district owes duty of reasonable care to avoid damage to property of others with respect to maintenance of water lines. *McCloud v. Salt Rock Water Public Service Dist.*, 2000, 533 S.E.2d 679, 207 W.Va. 453. *Waters And Water Courses* ⇐ 205

3. Ministerial officers, generally

Public policy of West Virginia, as evidenced by statute making it unlawful for county or district board member or officer to be or become pecuniarily interested in proceeds of any contract or service over which he might have any voice, influence, or control, is not directed against actual fraud or collusion but is for purpose of preventing those acts and eliminating any opportunity therefor, and purpose of statute is to protect public funds and give official recognition to fact that person cannot properly represent public in transacting business with himself. Code, 61-10-15. *State v. Neary*, 1987, 365 S.E.2d 395, 179 W.Va. 115. *Courts* ⇐ 55; *Judges* ⇐ 21

4. Removal of members

Public Service District board member can be removed by majority vote of registered voters. 51 W.Va. Op.Atty.Gen. 564 (November 10, 1965) 1965 WL 92492.

5. Criminal responsibility of members

County commissioner's conviction for being or becoming pecuniarily interested in contract over which he might have some voice or influence was supported by evidence of his continued performance of contract maintenance work for public service district after his election to commission. Code, 61-10-15. *State v. Neary*, 1987, 365 S.E.2d 395, 179 W.Va. 115. *Counties* ⇐ 60

6. Sale of water

Public Service Districts may sell, at wholesale, bulk water to other municipal corporations. 51 W.Va. Op.Atty.Gen. 739 (March 16, 1966) 1966 WL 87469.

7. Tort Claims Act

Tort Claims Act's protection extended to public service districts, under the Act's definition of political subdivision, which included the term "public service districts," despite general authorization for public service districts to "sue and be sued," in the Public Health statutes. *Zirkle v. Elkins Road Public Service Dist.*, 2007, 655 S.E.2d 155. *Waters And Water Courses* ⇐ 183.5

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

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

Acts 1963, c. 75; Acts 1971, c. 72; Acts 1981, c. 124; Acts 1986, c. 81.

Library References

Counties ⇨45.
Public Utilities ⇨145.
Westlaw Topic Nos. 104, 317A.

C.J.S. Counties § 67.
C.J.S. Public Utilities §§ 26 to 32, 159 to 167,
169 to 171, 177 to 178.

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is to protect public funds and give official recognition to fact that person cannot properly represent public in transacting business with himself. Code, 61-10-15. State v. Neary, 1987, 365 S.E.2d 395, 179 W.Va. 115. Courts ⇨ 55; Judges ⇨ 21

1. Criminal responsibility of members

Upon becoming member of county commission, person who is pecuniarily interested in proceeds of any contract or service with public service district violates criminal conflict of interest statute; by virtue of that position, that person has some voice, influence, or control over continuation of contract. Code, 61-10-15. State v. Neary, 1987, 365 S.E.2d 395, 179 W.Va. 115. Counties ⇨ 60

3. Sufficiency of evidence

County commissioner's conviction for being or becoming pecuniarily interested in contract over which he might have some voice or influence was supported by evidence of his continued performance of contract maintenance work for public service district after his election to commission. Code, 61-10-15. State v. Neary, 1987, 365 S.E.2d 395, 179 W.Va. 115. Counties ⇨ 60

2. Ministerial officers, generally

Public policy of West Virginia, as evidenced by statute making it unlawful for county or district board member or officer to be or become pecuniarily interested in proceeds of any contract or service over which he might have any voice, influence, or control, is not directed against actual fraud or collusion but is for purpose of preventing those acts and eliminating any opportunity therefor, and purpose of statute

Conflict of interest indictment against county commissioner was sufficient even though it did not characterize commissioner's interest as pecuniary, and commissioner was not entitled to bill of particulars. Code, 61-10-15. State v. Neary, 1987, 365 S.E.2d 395, 179 W.Va. 115. Counties ⇨ 60

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

(a) The chairman shall preside at all meetings of the board and may vote as any other member of the board. If the chairman is absent from any meeting, the remaining members may select a temporary chairman and if the member selected as chairman resigns as such or ceases for any reason to be a member of the board, the board shall select one of its members as chairman to serve until the next annual organization meeting.

(b) Salaries of the board members are:

(1) For districts with fewer than six hundred customers, up to seventy-five dollars per attendance at regular monthly meetings and fifty dollars per attendance at additional special meetings, total salary not to exceed fifteen hundred dollars per annum;

(2) For districts with six hundred customers or more but fewer than two thousand customers, up to one hundred dollars per attendance at regular monthly meetings and seventy-five dollars per attendance at additional special meetings, total salary not to exceed two thousand five hundred fifty dollars per annum;

(3) For districts with two thousand customers or more, up to one hundred twenty-five dollars per attendance at regular monthly meetings and seventy-five

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dollars per attendance at additional special meetings, total salary not to exceed three thousand seven hundred fifty dollars per annum; and

(4) For districts with four thousand or more customers, up to one hundred fifty dollars per attendance at regular monthly meetings and one hundred dollars per attendance at additional special meetings, total salary not to exceed five thousand four hundred dollars per annum.

The public service district shall certify the number of customers served to the Public Service Commission beginning on the first day of July, one thousand nine hundred eighty-six, and continue each fiscal year thereafter.

(c) Public service districts selling water to other water utilities for resale may adopt the following salaries for its board members:

(1) For districts with annual revenues of less than fifty thousand dollars, up to seventy-five dollars per attendance at regular monthly meetings and fifty dollars per attendance at additional special meetings, total salary not to exceed fifteen hundred dollars per annum;

(2) For districts with annual revenues of fifty thousand dollars or more, but less than two hundred fifty thousand dollars, up to one hundred dollars per attendance at regular monthly meetings and seventy-five dollars per attendance at special meetings, total salary not to exceed two thousand five hundred fifty dollars per annum;

(3) For districts with annual revenues of two hundred fifty thousand dollars or more, but less than five hundred thousand dollars, up to one hundred twenty-five dollars per attendance at regular monthly meetings and seventy-five dollars per attendance at additional special meetings, total salary not to exceed three thousand seven hundred fifty dollars per annum; and

(4) For districts with annual revenues of five hundred thousand dollars or more, up to one hundred fifty dollars per attendance at regular monthly meetings and one hundred dollars per attendance at additional special meetings, total salary not to exceed five thousand four hundred dollars per annum.

The public service district shall certify the number of customers served and its annual revenue to the public service commission beginning on the first day of July, two thousand, and continue each fiscal year thereafter.

(d) Board members may be reimbursed for all reasonable and necessary expenses actually incurred in the performance of their duties as provided for by the rules of the board.

(e) The board shall by resolution determine its own rules of procedure, fix the time and place of its meetings and the manner in which special meetings may be called. Public notice of meetings shall be given in accordance with section three, article nine-a, chapter six of this code. Emergency meetings may be called as provided for by said section. A majority of the members constituting the board also constitute a quorum to do business.

(f) 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. The county commission which created a district or county commissions if more than one created the district may, upon written request of the district, adopt an order changing the official name of a public service district: *Provided*, That such name change will not be effective until approved by the public service commission of West Virginia and the owners of any bonds and notes issued by the district, if any, shall have consented, in writing, to the name change. If a district includes territory located in more than one county, the county commission or county commissions changing the name of the district shall provide any county commission into which the district also extends with a certified copy of the order changing the name of the district. The official name of any district created under the provisions of this article may contain the name or names of any city, incorporated town or other municipal corporation included therein or the name of any county or counties in which it is located.

Acts 1953, c. 147; Acts 1981, c. 124; Acts 1986, c. 81; Acts 1997, c. 159, eff. 90 days after April 12, 1997; Acts 2000, c. 199, eff. 90 days after March 11, 2000; Acts 2005, c. 196, eff. 90 days after April 8, 2005.

Library References

Counties Ⓒ68, 87.
Municipal Corporations Ⓒ161.
Westlaw Topic Nos. 104, 268.

C.J.S. Counties §§ 107 to 118, 128.
C.J.S. Municipal Corporations §§ 372 to 390.

Notes of Decisions

In general 1

1. In general

Board members of the Mt. Zion Public Service District cannot be compensated for per-

forming the duties of treasurer and/or secretary for the Mt. Zion Public Service District; furthermore, a board member may not be compensated for reading meters for the Mt. Zion Public Service District. 63 W.Va. Op.Atty.Gen. 2 (July 14, 1988) 1988 WL 483329.

§ 16-13A-5. General manager of board

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

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

The board of any public service district which purchases water, sewer or stormwater service from a municipal water, sewer or stormwater system or

another public service district may, as an alternative to hiring its own general manager; elect to permit the general manager of the municipal water, sewer or stormwater system or public service district from which such water, sewer or stormwater service is purchased provide professional management to the district, if the appropriate municipality or public service board agrees to provide such assistance. The general manager shall receive reasonable compensation for such service.

Acts 1953, c. 147; Acts 1981, c. 124; Acts 1986, c. 81; Acts 2002, c. 272, eff. 90 days after March 9, 2002.

Library References

Counties ⇨65, 68.

Municipal Corporations ⇨149, 161.

Westlaw Topic Nos. 104, 268.

C.J.S. Counties §§ 101 to 103, 107 to 118.

C.J.S. Municipal Corporations §§ 361 to 366, 368, 372 to 390.

§ 16-13A-6. Employees of board

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

Acts 1953, c. 147; Acts 1981, c. 124.

Library References

Counties ⇨65, 68, 87.

Municipal Corporations ⇨149, 161, 170.

Westlaw Topic Nos. 104, 268.

C.J.S. Counties §§ 101 to 103, 107 to 118, 128.

C.J.S. Municipal Corporations §§ 361 to 366, 368, 372 to 405.

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

The board of such districts shall have the supervision and control of all public service properties acquired or constructed by the district, and shall have the power, and it shall be its duty, to maintain, operate, extend and improve the same, including, but not limited to, those activities necessary to comply with all federal and state requirements, including water quality improvement activities. All contracts involving the expenditure by the district of more than fifteen thousand dollars for construction work or for the purchase of equipment and improvements, extensions or replacements, shall be entered into only after notice inviting bids shall have been published as a Class I legal advertisement in compliance with the provision of article three, chapter fifty-nine of this code, and the publication area for such publication shall be as specified in section two of this article in the county or counties in which the district is located. The publication shall not be less than ten days prior to the making of any such contract. To the extent allowed by law, in-state contractors shall be given first priority in awarding public service district contracts. It shall be the duty of the board to ensure that local in-state labor shall be utilized to the greatest extent

possible when hiring laborers for public service district construction or maintenance repair jobs. It shall further be the duty of the board to encourage contractors to use American made products in their construction to the extent possible. Any obligations incurred of any kind or character shall not in any event constitute or be deemed an indebtedness within the meaning of any of the provisions or limitations of the constitution, but all such obligations shall be payable solely and only out of revenues derived from the operation of the public service properties of the district or from proceeds of bonds issued as hereinafter provided. No continuing contract for the purchase of materials or supplies or for furnishing the district with electrical energy or power shall be entered into for a longer period than fifteen years.

Acts 1953, c. 147; Acts 1967, c. 105; Acts 1981, c. 124; Acts 1982, c. 24; Acts 1986, c. 81; Acts 1997, c. 159, eff. 90 days after April 12, 1997; Acts 2002, c. 272, eff. 90 days after March 9, 2002.

Library References

Counties ⇨107.
 Municipal Corporations ⇨711.
 Public Utilities ⇨114.
 Westlaw Topic Nos. 104, 268, 317A.

C.J.S. Counties § 147.
 C.J.S. Municipal Corporations § 1535.
 C.J.S. Public Utilities §§ 5 to 9, 202 to 207.

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

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

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

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

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

For the purpose of acquiring any public service properties or lands, rights or easements deemed necessary or incidental for the purposes of the district, each such district has the right of eminent domain to the same extent and to be exercised in the same manner as now or hereafter provided by law for such right of eminent domain by cities, incorporated towns and other municipal corporations: Provided, That the power of eminent domain provided in this section does not extend to highways, road and drainage easements, or stormwater facilities constructed, owned or operated by the West Virginia division of highways without the express agreement of the commissioner of highways: Provided, however, That such board may not acquire all or any substantial part of a privately owned waterworks system unless and until authorized so to do by the public service commission of West Virginia, and that this section shall not be construed to authorize any district to acquire through condemnation proceedings either in whole or substantial part an existing privately owned waterworks plant or system or gas facilities located in or furnishing water or gas service within such district or extensions made or to be made by it in territory contiguous to such existing plant or system, nor may any such board construct or extend its public service properties to supply its services into areas served by or in competition with existing waterworks or gas facilities or extensions made or to be made in territory contiguous to such existing plant or system by the owner thereof.

Acts 1953, c. 147; Acts 1980, c. 60; Acts 1981, c. 124; Acts 2002, c. 272, eff. 90 days after March 9, 2002.

Library References

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| Counties \S 103, 104. | C.J.S. Counties $\S\S$ 143 to 144, 147. |
| Eminent Domain \S 6, 16. | C.J.S. Municipal Corporations $\S\S$ 873 to 880. |
| Municipal Corporations \S 221, 224. | C.J.S. Property \S 17. |
| Westlaw Topic Nos. 104, 148, 268. | |

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1. Validity

Title of act authorizing creation of public service districts in connection with acquisition, construction, maintenance, operation, improvement and extension of properties supplying wa-

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ter and sewerage services, clearly defines object and purposes of act and powers of governing board, and is sufficient to meet constitutional requirements. Acts 1953, c. 147; Const. art. 6, § 30. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Statutes ⇨ 123(3); Statutes ⇨ 123(5)

Property of public service district is public property used for public purposes, and, under constitutional provision that public property shall be exempt from taxation, statute authorizing creation of public service districts and granting tax exemption was not violative of constitutional provision requiring that taxation be equal and uniform throughout state. Acts 1953, c. 147, § 1 et seq.; Const. art. 10, § 1. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Taxation ⇨ 2289

2. In general

Statute providing that private property may be taken or damaged for a number of specified purposes amounts to legislative declaration of public purposes within meaning of laws, and it is a judicial question whether such declaration is consonant with organic law. Acts 1949, c. 59; Const. art. 3, § 9. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Constitutional Law ⇨ 2510

3. Eminent domain powers

Although construction of new facility proposed by utility will often require taking of private property through eminent domain, absent express statutory language Public Service Commission (PSC) has no duty to review and decide issues that are inherent in eminent domain proceeding. Sexton v. Public Service Com'n, 1992, 423 S.E.2d 914, 188 W.Va. 305. Public Utilities ⇨ 114

Statute providing that private property may be taken or damaged for a number of specified purposes is consonant with organic law and is constitutional. Acts 1949, c. 59; Const. art. 3, § 9. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Eminent Domain ⇨ 3

4. Valuation of property

Although landowner is competent to give estimate of value of property in eminent domain proceeding, that valuation is not conclusive; government agency may rely on appraisal report concerning estimated value of property to

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be taken. Sexton v. Public Service Com'n, 1992, 423 S.E.2d 914, 188 W.Va. 305. Evidence ⇨ 568(4)

5. Environmental assessment

Whether construction of sewage lagoons would constitute "nuisance" does not defeat Public Service Commission's (PSC) jurisdiction to issue certificate of public convenience and necessity; while PSC may assess environmental considerations, chief inquiry by PSC is need of public for project. Code, 24-2-11. Sexton v. Public Service Com'n, 1992, 423 S.E.2d 914, 188 W.Va. 305. Municipal Corporations ⇨ 708

6. Connections with sewers or drains

City, rather than sewer and water districts, was entitled to provide sewer and water services to newly developed tract that was within districts' boundaries, but was annexed to city, where such services were not previously furnished to tract. Code, 16-13A-8. Berkeley County Public Service Sewer Dist. v. West Virginia Public Service Com'n, 1998, 512 S.E.2d 201, 204 W.Va. 279. Municipal Corporations ⇨ 712(1); Waters And Water Courses ⇨ 201

If a tract of real estate located within a public service district has been annexed into a municipality, then, as between the municipality and the public service district, the municipality has the superior right to extend water and/or sewer service which were not being previously furnished to the tract by the public service district, and under those circumstances, a public service district would need the consent of the municipality and the Public Service Commission (PSC) in order to provide such service. Code, 16-13A-8. Berkeley County Public Service Sewer Dist. v. West Virginia Public Service Com'n, 1998, 512 S.E.2d 201, 204 W.Va. 279. Municipal Corporations ⇨ 712(1); Waters And Water Courses ⇨ 201; Waters And Water Courses ⇨ 202

7. Public corporation

A public service district is a public corporation and does not come within constitutional provision which in substance provides that all corporations shall be created by general laws and which is applicable to private corporations. Acts 1953, c. 147, § 1 et seq.; Const. art. 11, § 1. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Statutes ⇨ 80(3)

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

(a)(1) The board may make, enact and enforce all needful rules in connection with the acquisition, construction, improvement, extension, management,

maintenance, operation, care, protection and the use of any public service properties owned or controlled by the district. The board shall establish rates, fees and charges for the services and facilities it furnishes, which shall be sufficient at all times, notwithstanding the provisions of any other law or laws, to pay the cost of maintenance, operation and depreciation of the public service properties and principal of and interest on all bonds issued, other obligations incurred under the provisions of this article and all reserve or other payments provided for in the proceedings which authorized the issuance of any bonds under this article. The schedule of the rates, fees and charges may be based upon:

(A) The consumption of water or gas on premises connected with the facilities, taking into consideration domestic, commercial, industrial and public use of water and gas;

(B) The number and kind of fixtures connected with the facilities located on the various premises;

(C) The number of persons served by the facilities;

(D) Any combination of paragraphs (A), (B) and (C) of this subdivision; or

(E) May be determined on any other basis or classification which the board may determine to be fair and reasonable, taking into consideration the location of the premises served and the nature and extent of the services and facilities furnished. However, no rates, fees or charges for stormwater services may be assessed against highways, road and drainage easements or stormwater facilities constructed, owned or operated by the West Virginia division of highways.

(2) Where water, sewer, stormwater or gas services, or any combination thereof, are all furnished to any premises, the schedule of charges may be billed as a single amount for the aggregate of the charges. The board shall require all users of services and facilities furnished by the district to designate on every application for service whether the applicant is a tenant or an owner of the premises to be served. If the applicant is a tenant, he or she shall state the name and address of the owner or owners of the premises to be served by the district. Notwithstanding the provisions of section eight, article three, chapter twenty-four of this code to the contrary, all new applicants for service shall deposit the greater of a sum equal to two twelfths of the average annual usage of the applicant's specific customer class or fifty dollars, with the district to secure the payment of service rates, fees and charges in the event they become delinquent as provided in this section. If a district provides both water and sewer service, all new applicants for service shall deposit the greater of a sum equal to two twelfths of the average annual usage for water service or fifty dollars and the greater of a sum equal to two twelfths of the average annual usage for wastewater service of the applicant's specific customer class or fifty dollars. In any case where a deposit is forfeited to pay service rates, fees and charges which were delinquent at the time of disconnection or termination of service, no reconnection or reinstatement of service may be made by the district until another deposit equal to the greater of a sum equal to two twelfths of the average usage for the applicant's specific customer class or fifty dollars

has been remitted to the district. After twelve months of prompt payment history, the district shall return the deposit to the customer or credit the customer's account at a rate as the public service commission may prescribe: *Provided*, That where the customer is a tenant, the district is not required to return the deposit until the time the tenant discontinues service with the district. Whenever any rates, fees, rentals or charges for services or facilities furnished remain unpaid for a period of twenty days after the same become due and payable, the user of the services and facilities provided is delinquent and the user is liable at law until all rates, fees and charges are fully paid. The board may, under reasonable rules promulgated by the public service commission, shut off and discontinue water or gas services to all delinquent users of either water or gas facilities, or both, ten days after the water or gas services become delinquent.

(b) In the event that any publicly or privately owned utility, city, incorporated town, other municipal corporation or other public service district included within the district owns and operates separately either water facilities or sewer facilities, and the district owns and operates the other kind of facilities either water or sewer, as the case may be, then the district and the publicly or privately owned utility, city, incorporated town or other municipal corporation or other public service district shall covenant and contract with each other to shut off and discontinue the supplying of water service for the nonpayment of sewer service fees and charges: *Provided*, That any contracts entered into by a public service district pursuant to this section shall be submitted to the public service commission for approval. Any public service district providing water and sewer service to its customers has the right to terminate water service for delinquency in payment of either water or sewer bills. Where one public service district is providing sewer service and another public service district or a municipality included within the boundaries of the sewer district is providing water service, and the district providing sewer service experiences a delinquency in payment, the district or the municipality included within the boundaries of the sewer district that is providing water service, upon the request of the district providing sewer service to the delinquent account, shall terminate its water service to the customer having the delinquent sewer account: *Provided, however*, That any termination of water service must comply with all rules and orders of the public service commission.

(c) Any district furnishing sewer facilities within the district may require, or may by petition to the circuit court of the county in which the property is located, compel or may require the division of health to compel all owners, tenants or occupants of any houses, dwellings and buildings located near any sewer facilities where sewage will flow by gravity or be transported by other methods approved by the division of health, including, but not limited to, vacuum and pressure systems, approved under the provisions of section nine, article one, chapter sixteen of this code, from the houses, dwellings or buildings into the sewer facilities, to connect with and use the sewer facilities and to cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from the houses, dwellings and buildings where

there is gravity flow or transportation by any other methods approved by the division of health, including, but not limited to, vacuum and pressure systems, approved under the provisions of section nine, article one, chapter sixteen of this code and the houses, dwellings and buildings can be adequately served by the sewer facilities of the district and it is declared that the mandatory use of the sewer facilities provided for in this paragraph is necessary and essential for the health and welfare of the inhabitants and residents of the districts and of the state. If the public service district requires the property owner to connect with the sewer facilities even when sewage from dwellings may not flow to the main line by gravity and the property owner incurs costs for any changes in the existing dwellings' exterior plumbing in order to connect to the main sewer line, the public service district board shall authorize the district to pay all reasonable costs for the changes in the exterior plumbing, including, but not limited to, installation, operation, maintenance and purchase of a pump or any other method approved by the division of health. Maintenance and operation costs for the extra installation should be reflected in the users charge for approval of the public service commission. The circuit court shall adjudicate the merits of the petition by summary hearing to be held not later than thirty days after service of petition to the appropriate owners, tenants or occupants.

(d) Whenever any district has made available sewer facilities to any owner, tenant or occupant of any house, dwelling or building located near the sewer facility and the engineer for the district has certified that the sewer facilities are available to and are adequate to serve the owner, tenant or occupant and sewage will flow by gravity or be transported by other methods approved by the division of health from the house, dwelling or building into the sewer facilities, the district may charge, and the owner, tenant or occupant shall pay the rates and charges for services established under this article only after thirty-day notice of the availability of the facilities has been received by the owner, tenant or occupant. Rates and charges for sewage services shall be based upon actual water consumption or the average monthly water consumption based upon the owner's, tenant's or occupant's specific customer class.

(e) Whenever any district has made available a stormwater system to any owner, tenant or occupant of any real property located near the stormwater system and where stormwater from real property affects or drains into the stormwater system, it is hereby found, determined and declared that the owner, tenant or occupant is being served by the stormwater system and it is further hereby found, determined and declared that the mandatory use of the stormwater system is necessary and essential for the health and welfare of the inhabitants and residents of the district and of the state. The district may charge, and the owner, tenant or occupant shall pay the rates, fees and charges for stormwater services established under this article only after thirty-day notice of the availability of the stormwater system has been received by the owner.

(f) All delinquent fees, rates and charges of the district for either water facilities, sewer facilities, gas facilities or stormwater systems or stormwater management programs are liens on the premises served of equal dignity, rank and priority with the lien on the premises of state, county, school and municipi-

pal taxes. In addition to the other remedies provided in this section, public service districts are granted a deferral of filing fees or other fees and costs incidental to the bringing and maintenance of an action in magistrate court for the collection of delinquent water, sewer, stormwater or gas bills. If the district collects the delinquent account, plus reasonable costs, from its customer or other responsible party, the district shall pay to the magistrate the normal filing fee and reasonable costs which were previously deferred. In addition, each public service district may exchange with other public service districts a list of delinquent accounts: *Provided*, That an owner of real property may not be held liable for the delinquent rates or charges for services or facilities of a tenant, nor may any lien attach to real property for the reason of delinquent rates or charges for services or facilities of a tenant of the real property, unless the owner has contracted directly with the public service district to purchase the services or facilities.

(g) Anything in this section to the contrary notwithstanding, any establishment, as defined in section three, article eleven, chapter twenty-two, now or hereafter operating its own sewage disposal system pursuant to a permit issued by the division of environmental protection, as prescribed by section eleven, article eleven, chapter twenty-two of this code, is exempt from the provisions of this section.

Acts 1953, c. 147; Acts 1965, c. 134; Acts 1980, c. 60; Acts 1981, c. 124; Acts 1986, c. 81; Acts 1989, c. 174; Acts 1994, c. 61; Acts 2002, c. 272, eff. 90 days after March 9, 2002; Acts 2003, c. 183, eff. 90 days after March 8, 2003.

Law Review and Journal Commentaries

The Scope of Title Examination in West Virginia: Can Reasonable Minds Differ? John W. Fisher, II, 98 W. Va. L. Rev. 449 (1996).

'Yes, West Virginia, there is a special priority for the purchase money mortgage.' The recog-

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Gas ⇨14.6.
Municipal Corporations ⇨712.
Waters and Water Courses ⇨203.
Westlaw Topic Nos. 190, 268, 405.

C.J.S. Gas §§ 64, 84 to 85.
C.J.S. Municipal Corporations § 1535.
C.J.S. Waters §§ 483, 666 to 732.

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applicable provisions of State Constitution. Acts 1953, c. 147, § 1 et seq.; Const. art. 3, §§ 9, 10; U.S.C.A.Const. Amend. 14. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Constitutional Law ⇨ 4416; Municipal Corporations ⇨ 408(1)

1. Validity

In statute authorizing creation of public service districts, provision for delinquent fixed rates and charges for services rendered to be lien on premises served was not unconstitutional as depriving owners of property without due process of law or as violating Fourteenth Amendment of United States Constitution or

2. Takings

Public service district's requiring property owner to connect onto its sewer system and to abandon private sewer system located on property was not a taking of private property without just compensation. Const. Art. 3, § 9; Code, 16-13A-9; U.S.C.A. Const.Amend. 5. Kingmill Valley Public Service Dist. v. River-

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view. *Estates Mobile Home Park, Inc.*, 1989, 386 S.E.2d 483, 182 W.Va. 116. Eminent Domain ⇨ 2.18

Statute providing that private property may be taken or damaged for a number of specified purposes amounts to legislative declaration of public purposes within meaning of laws, and it is a judicial question whether such declaration is consonant with organic law. *Acts 1949, c. 59*; *Const. art. 3, § 9*. *State ex rel. McMillion v. Stahl*, 1955, 89 S.E.2d 693, 141 W.Va. 233. *Constitutional Law* ⇨ 2510

3. Public service district liens

Public service district liens must be docketed to be enforceable against purchaser of property for valuable consideration, without notice. *Code, 16-13A-9, 38-10C-1*. *McClung Investments, Inc. v. Green Valley Community Public Service Dist.*, 1997, 485 S.E.2d 434, 199 W.Va. 490. *Gas* ⇨ 14.6; *Municipal Corporations* ⇨ 712(7); *Waters And Water Courses* ⇨ 203(14)

Public service district's failure to docket notice of lien prior to date purchaser recorded deed of trust prevented district from enforcing sewer lien against purchaser. *Code, 16-13A-9, 38-10C-1*. *McClung Investments, Inc. v. Green Valley Community Public Service Dist.*, 1997, 485 S.E.2d 434, 199 W.Va. 490. *Municipal Corporations* ⇨ 712(7)

If owner, tenant or occupant of garage apartment did not receive notice that public service district's sewer facilities were available for apartment, district would have been without statutory authority to impose charges and a lien against apartment for sewer services, though the apartment was on a lot containing another dwelling which was properly subject to sewer service charges. *Code, 16-13A-9, 16-13A-21*. *Rhodes v. Malden Public Service Dist.*, 1983, 301 S.E.2d 601, 171 W.Va. 645. *Municipal Corporations* ⇨ 712(7)

Statute authorizing creation of public service districts confers upon public service board authority to create mortgage lien on the property of public service district, and action of legislature conferring such authority was within the legislature's power. *Acts 1953, c. 147*; *Const. art. 10, § 8*. *State ex rel. McMillion v. Stahl*, 1955, 89 S.E.2d 693, 141 W.Va. 233. *Municipal*

Corporations ⇨ 222; *Municipal Corporations* ⇨ 225(1)

4. Rates and charges for service

Statute clearly and unambiguously gives Public Service Commission (PSC) power to reduce or increase utility rates whenever it finds that existing rate is unjust, unreasonable, insufficient, or unjustly discriminatory or otherwise in violation of any provision of legislation governing Commission. *Code, 24-1-1 et seq., 24-2-3*. *State ex rel. Water Development Authority v. Northern Wayne County Public Service Dist.*, 1995, 464 S.E.2d 777, 195 W.Va. 135. *Public Utilities* ⇨ 123

Corporations holding sewer revenue bonds of public service district, a public corporation and political subdivision of state, had right by mandamus to enforce and compel district and members of the Public Service Board to establish, charge and collect rates for services rendered by district sufficient to provide for all operational and maintenance expenses, to pay, when due, principal and interest of revenue bonds issued by district, and to file tariffs reflecting such charges with Public Service Commission. *Code, 16-13A-1 et seq., 16-13A-9, 16-13A-10, 16-13A-13, 16-13A-17*. *State ex rel. Allstate Ins. Co. v. Union Public Service Dist.*, 1966, 151 S.E.2d 102, 151 W.Va. 207. *Mandamus* ⇨ 110

Duty imposed on public service district, a public corporation and political subdivision of state, to establish rates and charges sufficient to pay cost of maintenance, operation and depreciation of properties of district and principal of and interest on all bonds issued by district is nondiscretionary duty which may be enforced by mandamus. *Code, 16-13A-9*. *State ex rel. Allstate Ins. Co. v. Union Public Service Dist.*, 1966, 151 S.E.2d 102, 151 W.Va. 207. *Mandamus* ⇨ 80

5. Notice of availability of sewer service

Issue of fact as to whether owner or tenant had received notice that public service district's sewer services were available for garage apartment, so as to allow imposition of sewer service charges and a lien against apartment, was not appropriate for resolution in mandamus proceeding. *Code, 16-13A-9, 16-13A-21*. *Rhodes v. Malden Public Service Dist.*, 1983, 301 S.E.2d 601, 171 W.Va. 645. *Mandamus* ⇨ 174

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

No public service district shall foreclose upon the premises served by such district for delinquent fees, rates or charges for which a lien is authorized by sections nine or nineteen of this article except through the bringing and maintenance of a civil action for such purpose brought in the circuit court of the county wherein the district lies. In every such action, the court shall be required to make a finding based upon the evidence and facts presented that

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the district prior to the bringing of such action had exhausted all other remedies for the collection of debts with respect to such delinquencies. In no event shall foreclosure procedures be instituted by any such district or on its behalf unless such delinquency had been in existence or continued for a period of two years from the date of the first such delinquency for which foreclosure is being sought.

Acts 1982, c. 74.

Library References

Gas ⇨14.6.
Municipal Corporations ⇨712.
Waters and Water Courses ⇨203.
Westlaw Topic Nos. 190, 268, 405.

C.J.S. Gas §§ 64, 84 to 85.
C.J.S. Municipal Corporations § 1535.
C.J.S. Waters §§ 483, 666 to 732.

§ 16-13A-10. Budget

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

Acts 1953, c. 147; Acts 1981, c. 124.

Library References

Counties ⇨154.5.
Municipal Corporations ⇨879.
Westlaw Topic Nos. 104, 268.

C.J.S. Municipal Corporations §§ 1621 to 1622.

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1. In general

Corporations holding sewer revenue bonds of public service district, a public corporation and political subdivision of state, had right by mandamus to enforce and compel district and members of the Public Service Board to establish, charge and collect rates for services rendered

by district sufficient to provide for all operational and maintenance expenses, to pay, when due, principal and interest of revenue bonds issued by district, and to file tariffs reflecting such charges with Public Service Commission. Code, 16-13A-1 et seq., 16-13A-9, 16-13A-10, 16-13A-13, 16-13A-17. State ex rel. Allstate Ins. Co. v. Union Public Service Dist., 1966, 151 S.E.2d 102, 151 W.Va. 207. Mandamus ⇨ 110

§ 16-13A-11. Accounts; audit

The general manager, under direction of the board, shall install and maintain a proper system of accounts, in accordance with all rules, regulations or orders

pertaining thereto by the public service commission, showing receipts from operation and application of the same, and the board shall at least once a year cause such accounts to be properly audited: Provided, That such audit may be any audit by an independent public accountant completed within one year of the time required for the submission of the report: Provided, however, That if the district is required to have its books, records and accounts audited annually by an independent certified public accountant as a result of any covenant in any board resolution or bond instrument, a copy of such audit may be submitted in satisfaction of the requirements of this section, and is hereby found, declared and determined to be sufficient to satisfy the requirements of article nine, chapter six of this code pertaining to the annual audit report by the state tax commission. A copy of the audit shall be forwarded within thirty days of submission to the county commission and to the public service commission.

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

Acts 1953, c. 147; Acts 1981, c. 124; Acts 1986, c. 81.

Library References

Counties ☞154.5.
Municipal Corporations ☞879.
Westlaw Topic Nos. 104, 268.

C.J.S. Municipal Corporations §§ 1621 to 1622.

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

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

Acts 1953, c. 147; Acts 1981, c. 124.

Library References

Counties ☞158.
Municipal Corporations ☞883.
Westlaw Topic Nos. 104, 268.

C.J.S. Counties § 198.
C.J.S. Municipal Corporations §§ 1626, 1635.

§ 16-13A-13. Revenue bonds

For constructing or acquiring any public service properties for the authorized purposes of the district, or necessary or incidental thereto, and for constructing improvements and extensions thereto, and also for reimbursing or paying the costs and expenses of creating the district, the board of any such district is hereby authorized to borrow money from time to time and in evidence thereof issue the bonds of such district, payable solely from the revenues derived from the operation of the public service properties under control of the district. Such bonds may be issued in one or more series, may bear such date or dates, may mature at such time or times not exceeding forty years from their respective dates, may bear interest at such rate or rates not exceeding eighteen percent per annum payable at such times, may be in such form, may carry such registration privileges, may be executed in such manner, may be payable at such place or places, may be subject to such terms of redemption with or without premium, may be declared or become due before maturity date thereof, may be authenticated in any manner, and upon compliance with such conditions, and may contain such terms and covenants as may be provided by resolution or resolutions of the board. Notwithstanding the form or tenor thereof, and in the absence of any express recital on the face thereof, that the bond is nonnegotiable, all such bonds shall be, and shall be treated as, negotiable instruments for all purposes. Bonds bearing the signatures of officers in office on the date of the signing thereof shall be valid and binding for all purposes notwithstanding that before the delivery thereof any or all of the persons whose signatures appear thereon shall have ceased to be such officers. Notwithstanding the requirements or provisions of any other law, any such bonds may be negotiated or sold in such manner and at such time or times as is found by the board to be most advantageous, and all such bonds may be sold at such price that the interest cost of the proceeds therefrom does not exceed nineteen percent per annum, based on the average maturity of such bonds and computed according to standard tables of bond values. Any resolution or resolutions providing for the issuance of such bonds may contain such covenants and restrictions upon the issuance of additional bonds thereafter as may be deemed necessary or advisable for the assurance of the payment of the bonds thereby authorized.

Acts 1953, c. 147; Acts 1970, c. 11; Acts 1970, c. 12; Acts 1970, 1st Ex. Sess., c. 2; Acts 1980, c. 33; Acts 1981, 1st Ex. Sess., c. 2; Acts 1989, c. 174.

Library References

Counties ☞174.
Municipal Corporations ☞911.
Westlaw Topic Nos. 104, 268.

C.J.S. Counties § 218.
C.J.S. Municipal Corporations §§ 1647 to 1649.

Notes of Decisions

In general 1

1. In general

Corporations holding sewer revenue bonds of public service district, a public corporation and political subdivision of state, had right by mandamus to enforce and compel district and members of the Public Service Board to establish, charge and collect rates for services rendered by district sufficient to provide for all operational and maintenance expenses, to pay, when due, principal and interest of revenue bonds issued by district, and to file tariffs reflecting such

charges with Public Service Commission. Code, 16-13A-1 et seq., 16-13A-9, 16-13A-10, 16-13A-13, 16-13A-17. State ex rel. Allstate Ins. Co. v. Union Public Service Dist., 1966, 151 S.E.2d 102, 151 W.Va. 207. Mandamus ⇨ 110

Two acts amending same Code section in same manner except as to maximum interest rate of bonds, enacted on same date at same legislative session, and impossible to determine which passed after the other, that having lower maximum interest rate will govern. 53 W.Va. Op. Atty. Gen. 418 (April 8, 1970) 1970 WL 116579.

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

The cost of any public service properties acquired under the provisions of this article shall be deemed to include the cost of the acquisition or construction thereof, the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; for stormwater systems and associated stormwater management programs, those activities which include, but are not limited to, water quality improvement activities necessary to comply with all federal and state requirements; interest upon bonds prior to and during construction or acquisition and for six months after completion of construction or of acquisition of the improvements and extensions; engineering, fiscal agents and legal expenses; expenses for estimates of cost and of revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized, and the construction or acquisition of the properties and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof.

Acts 1953, c. 147; Acts 2002, c. 272, eff. 90 days after March 9, 2002.

Library References

Counties ⇨ 154.5.

Municipal Corporations ⇨ 879.

Westlaw Topic Nos. 104, 268.

C.J.S. Municipal Corporations §§ 1621 to 1622.

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

In the discretion and at the option of the board such bonds may be secured by a trust indenture by and between the district and a corporate trustee, which may be a trust company or bank having powers of a trust company within or without the State of West Virginia, but no such trust indenture shall convey, mortgage or create any lien upon the public service properties or any part thereof. The resolution authorizing the bonds and fixing the details thereof may provide that such trust indenture may contain such provisions for protecting and enforcing the rights and remedies of bondholders as may be reasonable

§ 16-13A-15

PUBLIC HEALTH

and proper, not in violation of law, including covenants setting forth the duties of the district and the members of its board and officers in relation to the construction or acquisition of public service properties and the improvement, extension, operation, repair, maintenance and insurance thereof, and the custody, safeguarding and application of all moneys, and may provide that all or any part of the construction work shall be contracted for, constructed and paid for, under the supervision and approval of consulting engineers employed or designated by the board and satisfactory to the original bond purchasers, their successors, assignees or nominees, who may be given the right to require the security given by contractors and by any depository of the proceeds of bonds or revenues of the public service properties or other money pertaining thereto be satisfactory to such purchasers, their successors, assignees or nominees. Such indenture may set forth the rights and remedies of the bondholders and such trustee.

Acts 1953, c. 147.

Library References

Counties Ⓒ183.

Municipal Corporations Ⓒ950(15).

Westlaw Topic Nos. 104, 268.

C.J.S. Counties § 222.

C.J.S. Municipal Corporations §§ 1708 to 1709.

United States Code Annotated

Trust Indenture Act of 1939, see 15 U.S.C.A. § 77aaa et seq.

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

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

Acts 1953, c. 147.

Library References

Counties Ⓒ186.5.

Municipal Corporations Ⓒ951.

Westlaw Topic Nos. 104, 268.

C.J.S. Municipal Corporations §§ 1704 to 1705.

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

The board of any such district shall have power to insert enforceable provisions in any resolution authorizing the issuance of bonds relating to the collection, custody and application of revenues of the district from the operation of the public service properties under its control and to the enforcement of the covenants and undertakings of the district. In the event there shall be default in the sinking fund provisions aforesaid or in the payment of the principal or interest on any of such bonds or, in the event the district or its board or any of its officers, agents or employees, shall fail or refuse to comply with the provisions of this article, or shall default in any covenant or agreement made with respect to the issuance of such bonds or offered as security therefor, then any holder or holders of such bonds and any such trustee under the trust indenture, if there be one, shall have the right by suit, action, mandamus or other proceeding instituted in the circuit court for the county or any of the counties wherein the district extends, or in any other court of competent jurisdiction, to enforce and compel performance of all duties required by this article or undertaken by the district in connection with the issuance of such bonds, and upon application of any such holder or holders, or such trustee, such court shall, upon proof of such defaults, appoint a receiver for the affairs of the district and its properties, which receiver so appointed shall forthwith directly, or by his agents and attorneys, enter into and upon and take possession of the affairs of the district and each and every part thereof, and hold, use, operate, manage and control the same, and in the name of the district exercise all of the rights and powers of such district as shall be deemed expedient, and such receiver shall have power and authority to collect and receive all revenues and apply same in such manner as the court shall direct. Whenever the default causing the appointment of such receiver shall have been cleared and fully discharged and all other defaults shall have been cured, the court may in its discretion and after such notice and hearing as it deems reasonable and proper direct the receiver to surrender possession of the affairs of the district to its board. Such receiver so appointed shall have no power to sell, assign, mortgage, or otherwise dispose of any assets of the district except as hereinbefore provided.

Acts 1953, c. 147.

Library References

Counties ☞188.

Municipal Corporations ☞937, 955.

Westlaw Topic Nos. 104, 268.

C.J.S. Counties § 226.

C.J.S. Municipal Corporations §§ 1707, 1711.

Notes of Decisions

In general 1

1. In general

Corporations holding sewer revenue bonds of public service district, a public corporation and political subdivision of state, had right by mandamus to enforce and compel district and members of the Public Service Board to establish, charge and collect rates for services rendered

by district sufficient to provide for all operational and maintenance expenses, to pay, when due, principal and interest of revenue bonds issued by district, and to file tariffs reflecting such charges with Public Service Commission. Code, 16-13A-1 et seq., 16-13A-9, 16-13A-10, 16-13A-13, 16-13A-17. State ex rel. Allstate Ins. Co. v. Union Public Service Dist., 1966, 151 S.E.2d 102, 151 W.Va. 207. Mandamus ⇨ 110

§ 16-13A-18. Operating contracts

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

Acts 1953, c. 147.

Library References

Counties ⇨114.
Municipal Corporations ⇨328.
Westlaw Topic Nos. 104, 268.

C.J.S. Counties § 161.
C.J.S. Municipal Corporations §§ 1027 to 1029.

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

In any case where a public service district owns a water, sewer, stormwater or gas system, and a majority of not less than sixty percent of the members of the public service board thereof deem it for the best interests of the district to sell, lease or rent such water, sewer, stormwater or gas system to any municipality or privately-owned water, sewer, stormwater or gas system, or to any water, sewer, stormwater or gas system owned by an adjacent public service district, the board may so sell, lease or rent such water, sewer, stormwater or gas system upon such terms and conditions as said board, in its discretion, considers in the best interests of the district: Provided, That such sale, leasing or rental may be made only upon: (1) The publication of notice of a hearing before the board of the public service district, as a Class I legal advertisement in compliance with the provisions of article three, chapter fifty-nine of this code, in a newspaper published and of general circulation in the county or counties wherein the district is located, such publication to be made not earlier than twenty days and not later than seven days prior to the hearing; (2) approval by the county commission or commissions of the county or counties in which the district operates; and (3) approval by the public service commission of West Virginia.

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

Acts 1963, c. 75; Acts 1981, c. 124; Acts 1986, c. 81; Acts 1997, c. 160, eff. 90 days after April 10, 1997; Acts 2002, c. 272, eff. 90 days after March 9, 2002.

Library References

Counties Ⓒ110.

Municipal Corporations Ⓒ225.

Westlaw Topic Nos. 104, 268.

C.J.S. Counties § 147.

C.J.S. Municipal Corporations §§ 882 to 892.

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

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

Acts 1953, c. 147.

Library References

Counties Ⓒ188.

Municipal Corporations Ⓒ937, 955.

Westlaw Topic Nos. 104, 268.

C.J.S. Counties § 226.

C.J.S. Municipal Corporations §§ 1707, 1711.

Notes of Decisions

In general 1

1. In general

Statute authorizing creation of public service districts confers upon public service board authority to create mortgage lien on the property

of public service district, and action of legislature conferring such authority was within the legislature's power. Acts 1953, c. 147; Const. art. 10, § 8. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Municipal Corporations Ⓒ 222; Municipal Corporations Ⓒ 225(1)

§ 16-13A-20. Refunding revenue bonds

The board of any district having issued bonds under the provisions of this article is hereby empowered thereafter by resolution to issue refunding bonds of such district for the purpose of retiring or refinancing such outstanding

bonds, together with any unpaid interest thereon and redemption premium thereunto appertaining and all of the provisions of this article relating to the issuance, security and payment of bonds shall be applicable to such refunding bonds, subject, however, to the provisions of the proceedings which authorized the issuance of the bonds to be so refunded.

Acts 1953, c. 147.

Library References

Counties ⇨175.	C.J.S. Counties § 218.
Municipal Corporations ⇨913.	C.J.S. Municipal Corporations §§ 1647 to 1648, 1651.
Westlaw Topic Nos. 104, 268.	

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

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

Acts 1953, c. 147; Acts 1986, c. 81; Acts 1994, c. 61.

Library References

Counties ⇨18.	Westlaw Topic Nos. 104, 268, 371.
Municipal Corporations ⇨5.	C.J.S. Counties § 31.
Taxation ⇨2316, 3519.	C.J.S. Municipal Corporations § 11.

Notes of Decisions

In general 2
Validity 1

1. Validity

Statute authorizing creation of public service districts violates no provision of State Constitution, nor is it violative of Fourteenth Amendment to United States Constitution. Act 1953,

c. 147; U.S.C.A.Const. Amend. 14. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Constitutional Law ⇨ 4056; Municipal Corporations ⇨ 4

Statute authorizing creation of public service districts does not, in so far as it requires County Court to define territory to be included in public service district and appoint a board to govern same in first instance, involve unconstitutional

delegation of judicial functions to the County Court, Acts 1953, c. 147; Const. art. 8, § 24. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Constitutional Law ⅉ 2355; Municipal Corporations ⅉ 4

1955, 89 S.E.2d 693, 141 W.Va. 233. Municipal Corporations ⅉ 222; Municipal Corporations ⅉ 225(1)

Title of act authorizing creation of public service districts in connection with acquisition, construction, maintenance, operation, improvement and extension of properties supplying water and sewerage services, clearly defines object and purposes of act and powers of governing board, and is sufficient to meet constitutional requirements. Acts 1953, c. 147; Const. art. 6, § 30. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Statutes ⅉ 123(3); Statutes ⅉ 123(5)

2. In general

Statute authorizing creation of public service districts confers upon public service board authority to create mortgage lien on the property of public service district, and action of legislature conferring such authority was within the legislature's power. Acts 1953, c. 147; Const. art. 10, § 8. State ex rel. McMillion v. Stahl,

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

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

Acts 1958, c. 14; Acts 1960, c. 19.

W.Va. Const., art. IX, § 9, redesignated the office of the county court as county commission.

Library References

Counties ⇨18.
 Municipal Corporations ⇨5.
 Westlaw Topic Nos. 104, 268.

C.J.S. Counties § 31.
 C.J.S. Municipal Corporations § 11.

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

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

Acts 1958, c. 14; Acts 1960, c. 19; Acts 1965, c. 134.

W.Va. Const., art. IX, § 9, redesignated the office of the county court as county commission.

Library References

Counties ⇨47.
 Municipal Corporations ⇨166.
 Westlaw Topic Nos. 104, 268.

C.J.S. Counties §§ 70 to 73.
 C.J.S. Municipal Corporations §§ 369 to 371.

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

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

PUBLIC SERVICE DISTRICTS

§ 16-13A-25

advances may be paid from the proceeds thereof until the maturity of such notes or other negotiable instrument.

Acts 1958, c. 14; Acts 1980, c. 60; Acts 1981, c. 124; Acts 1986, c. 118; Acts 2002, c. 272, eff. 90 days after March 9, 2002.

Library References

Counties Ⓒ149.

Municipal Corporations Ⓒ864(3).

Westlaw Topic Nos. 104, 268.

C.J.S. Counties §§ 185, 187.

C.J.S. Municipal Corporations §§ 1583 to 1585, 1587.

Notes of Decisions

In general 1

1. In general

The borrowing by PSD's of money from counties and/or municipalities, as evidenced by a

note, is permissible borrowing under this section. 62 W.Va. Op.Atty.Gen. 27 (May 6, 1988) 1988 WL 483331.

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

(a) Notwithstanding any other provisions of this article to the contrary, a public service district may not borrow money, enter into contracts for the provision of engineering, design or feasibility studies, issue or contract to issue revenue bonds or exercise any of the powers conferred by the provisions of section thirteen, twenty or twenty-four of this article without the prior consent and approval of the Public Service Commission: *Provided*, That approval of funding set forth in section eleven, article two, chapter twenty-four of this code or this section is not required if the funding is for a project which has received a certificate of public convenience and necessity after the eighth day of July, two thousand five, from the commission and where the cost of the project changes but the change does not affect the rates established for the project.

(b) The Public Service Commission may waive the provision of prior consent and approval for entering into contracts for engineering, design or feasibility studies pursuant to this section for good cause shown which is evidenced by the public service district filing a request for waiver of this section stated in a letter directed to the commission with a brief description of the project, a verified statement by the board members that the public service district has complied with chapter five-g of this code, and further explanation of ability to evaluate their own engineering contract, including, but not limited to:

(1) Experience with the same engineering firm; or

(2) Completion of a construction project requiring engineering services. The district shall also forward an executed copy of the engineering contract to the commission after receiving approval of the waiver.

(c) An engineering contract that meets one or more of the following criteria is exempt from the waiver or approval requirements:

(1) A contract with a public service district that is a Class A utility on the first day of April, two thousand three, or subsequently becomes a Class A utility as defined by commission rule;

(2) A contract with a public service district that does not require borrowing and that can be paid out of existing rates;

(3) A contract where the payment of engineering fees are contingent upon the receipt of funding, and commission approval of the funding, to construct the project which is the subject of the contract; or

(4) A contract that does not exceed fifteen thousand dollars.

(d) Requests for approval or waivers of engineering contracts shall be deemed granted thirty days after the filing date unless the staff of the Public Service Commission or a party files an objection to the request. If an objection is filed, the Public Service Commission shall issue its decision within one hundred twenty days of the filing date. In the event objection is received to a request for a waiver, the application shall be considered a request for waiver as well as a request for approval in the event a waiver is not appropriate.

(e) Unless the properties to be constructed or acquired represent ordinary extensions or repairs of existing systems in the usual course of business, a public service district must first obtain a certificate of public convenience and necessity from the Public Service Commission in accordance with the provision of chapter twenty-four of this code when a public service district is seeking to acquire or construct public service property.

Acts 1969, 1st Ex. Sess., c. 6; Acts 1981, c. 124; Acts 1986, c. 81; Acts 1996, c. 213, eff. 90 days after March 9, 1996; Acts 1997, c. 159, eff. 90 days after April 12, 1997; Acts 2003, c. 184, eff. 90 days after March 7, 2003; Acts 2005, c. 193, eff. 90 days after April 9, 2005; Acts 2006, c. 190, eff. 90 days after March 10, 2006.

Library References

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| Counties ⇨114. | C.J.S. Counties § 161. |
| Municipal Corporations ⇨270. | C.J.S. Public Utilities §§ 26 to 32, 159 to 167, |
| Public Utilities ⇨145. | 169 to 171, 177 to 178. |
| Westlaw Topic Nos. 104, 268, 317A. | |

Research References

ALR Library

101 ALR 5th 287, Remedies for Sewage Treatment Plant Alleged or Deemed to be Nuisance.

Notes of Decisions

In general 1

Certificate of public convenience and necessity 2

1. In general

Proposed sewage treatment project complied with buffer zone requirements where all parties acknowledged that distance of proposed sewage lagoons from property owners' home was further than minimum buffer-zone requirement of 300 feet; Public Service Commission relied on ample evidence in record to support claim that proposed location was both cost-effective and

environmentally sound. Code, 16-13A-25, 24-2-11, 24-2-11(a). Sexton v. Public Service Com'n, 1992, 423 S.E.2d 914, 188 W.Va. 305. Municipal Corporations ⇨ 708

2. Certificate of public convenience and necessity

Public Service district must obtain certificate of public convenience and necessity before it can acquire or construct public service property. Code, 16-13A-25. Sexton v. Public Service Com'n, 1992, 423 S.E.2d 914, 188 W.Va. 305. Public Utilities ⇨ 113

Ripley, West Virginia
October 5, 1966

The County Court of Jackson County, West Virginia, met in special session pursuant to law and to the rules of said Court at the County Court House, Ripley, West Virginia, at 10:30 o'clock A.M. The meeting was called to order and the roll being called there were present Harry Gorrell, President, presiding, and the following named Commissioners:

Otho Scarberry

Daniel Martin

Absent: None

This being the date fixed by prior action of the County Court for conducting the public hearing on the creation of the proposed Cottageville Public Service District, as contemplated and provided for in a resolution and order adopted by the County Court on September 3, 1966, the president announced that all persons residing in or owning or having any interest in property in such proposed public service district desiring to be heard for or against the creation of said district would be heard and all such interested persons desiring to be heard were given full opportunity.

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

"A RESOLUTION AND ORDER creating Cottageville
Public Service District in Jackson County,
West Virginia."

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

Otho Scarberry seconded the motion and after due consideration the President put the question on the motion and the roll being called, the following voted;

Aye: Harry Gorrell
Daniel Martin
Othe Scarberry
Nay: None

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

On motion and vote the meeting adjourned.

Larry Gorrell
President

Attest:

C. K. Kessel
Clerk

A RESOLUTION AND ORDER creating Cottageville
Public Service District in Jackson County,
West Virginia.

WHEREAS, the County Court of Jackson County, West Virginia, did heretofore by a resolution and order adopted September 3, 1966, fix a date for a public hearing on the creation of the proposed Cottageville Public Service District and in and by said resolution and order provide that all persons residing in or owning or having any interest in property in the proposed public service district might appear before the County Court at this meeting and have the opportunity to be heard for and against the creation of said district; and

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

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

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

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

"Beginning at the intersection of U. S. Highway Route 33 and W. Va. Secondary Route 44, at latitude North 38° 52' 02" and longitude West 81° 49' 05", and running thence S. 50° 30' W. 0.39 mile, thence N. 73° 50' W. 0.33 mile, thence N. 44° 20' W. 0.19 mile, thence N. 45° 40' E. 0.28 mile to the center of Mill Creek, thence down Mill Creek with the meanders thereof 2.0 miles to the intersection of Mill Creek and W. Va. Highway Route 2, thence with said Highway Route 2 in a northeasterly direction for 0.30 mile to latitude North 38° 53' 21" and longitude West 81° 50' 25", thence S. 39° 30' E. 1.92 miles to the Beginning, containing 0.87 square mile, in Union Magisterial District of Jackson County, West Virginia."

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

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

ADOPTED BY THE COUNTY COURT October 5, 1966.

Harry Garrell

President

Attest:

[Signature]

The seal of Jackson County Court is circular with the text "JACKSON COUNTY COURT" around the perimeter. In the center, there is a smaller emblem featuring a scale of justice and a book, with the word "CLERK" written below it.

A RESOLUTION AND ORDER ENLARGING THE
COTTAGEVILLE PUBLIC SERVICE DISTRICT
IN JACKSON COUNTY, WEST VIRGINIA.

WHEREAS, the County Court of Jackson County, West Virginia, did heretofore by a resolution and order adopted November 23, 1968, fix a date for a public hearing on the enlargement of the Cottageville Public Service District and in and by said resolution and order provided that all persons residing in or owning or having any interest in property in the Cottageville Public Service District or in the area proposed to be added to the Cottageville Public Service District might appear before the County Court at this meeting and have an opportunity to be heard for and against the enlargement of said district; and

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

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

NOW, THEREFORE, be it and it is hereby resolved and ordered by the County Court of Jackson County, West Virginia, as follows:

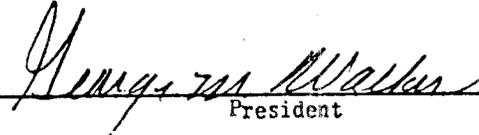
Section 1. That the Cottageville Public Service District be enlarged and that said district shall have the following described boundaries:

BEGINNING at a point having a latitude of N. 38° 52' 02" and longitude W. 81° 49' 05"; thence S. 50° 30' W. 0.39 miles, N. 73° 50' W. 0.33 miles, N. 44° 20' W. 0.19 miles, N. 45° 40' E. 0.28 miles to Mill Creek; thence with Mill Creek 2.0 miles to U. S. Route No. 2; thence with Route No. 2, 0.2 miles; thence S. 39° 30' E. 1.68 miles to beginning of area to be annexed; thence S. 81° 45' E. 0.38 miles, S. 66° 00' E. 0.67 miles, S. 24° 00' W. 0.24 miles; thence N. 66° 00' W. 0.83 miles to beginning, containing a total area of 1.03 miles.

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

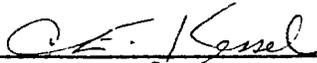
Section 3. That the County Court of Jackson County, West Virginia, has determined that the territory within Jackson County, West Virginia, having the hereintoabove described boundaries, is so situated that the consturction or acquisition by purchase or otherwise and the maintenance, operation, improvement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

ADOPTED BY THE COUNTY COURT DECEMBER 12, 1968.



President

Attest:



Clerk

A RESOLUTION AND ORDER ENLARGING THE
COTTAGEVILLE PUBLIC SERVICE DISTRICT
IN JACKSON COUNTY, WEST VIRGINIA.

WHEREAS, the County Court of Jackson County, West Virginia, did heretofore by a resolution and order adopted June 27th, 1970, fix a date for public hearing on the enlargement of the Cottageville Public Service District and in and by said resolution and order provided that all persons residing in or owning or having any interest in property in the Cottageville Public Service District or in the area proposed to be added to the Cottageville Public Service District might appear before the County Court at this meeting and have an opportunity to be heard for and against the enlargement of said district; and,

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

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

NOW, THEREFORE, be it and it is hereby resolved and ordered by the County Court of Jackson County, West Virginia, as follows:

Section 1. That the Cottageville Public Service District be enlarged and that said district shall have the following described boundaries:

BEGINNING at a point having a latitude of N. 39° 52' 62" and longitude of W. 81° 49' 05"; thence S. 50° 30' W. 0.39 mile, N. 73° 50' W. 0.33 mile, N. 44° 20' W. 0.19 mile, N. 45° 40' E. 0.28 mile to Mill Creek; thence with Mill Creek 2.0 miles to U. S. Route 2; thence with Route 2 in a northeasterly direction 0.30 mile to BEGINNING of area to be annexed; thence N. 17° 15' W. 0.47 mile, N. 30° 30' E. 0.35 mile, S. 85° E. 0.76 mile, S. 39° W. 1.10 mile; thence S. 39° 30' E. 1.49 miles; thence S. 81° 45' E. 0.38 mile, S. 66° E. 0.67 miles, S. 24° W. 0.24 mile; thence N. 66° W. 0.83 mile to point of beginning, containing a total area 1.50 square miles.

Section 2. That said enlarged public service district shall continue under the name and corporate title of "Cottageville Public Service District" and shall constitute a public corporation and political subdivision of the State of West Virginia having all the rights and powers now vested in public service districts by the laws of the State of West Virginia and particularly Article

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

ADOPTED BY THE COUNTY COURT July 18th., 1970.



President

ATTEST:



Clerk

O R D E R

On this the 15th. day of September, 1977, at a regular session of the Jackson County Commission it having been determined that:

WHEREAS, Chapter 16, Article 13A of the Code of West Virginia, as amended, authorizes the County Commission to enlarge a public service district, as therein defined, and

WHEREAS, this Commission, by resolution duly adopted, heretofore proposed a certain enlargement of the Cottageville Water District; set dates for public hearings thereon; caused notice of public hearings to issue; and did conduct said hearings, all in accordance with West Virginia Code Chapter 16, Article 13A, Section 2, and

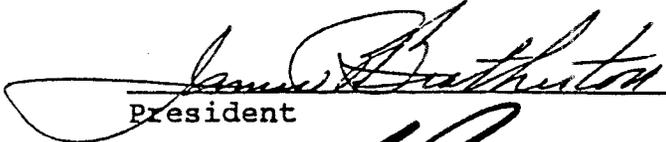
WHEREAS, after due deliberation, it is the opinion of this Commission that areas adjacent to the Cottageville District are experiencing growth; that said areas at present have an inadequate means of water supply; that the extension of Cottageville Public Service District will be conducive to the preservation of public health, comfort and convenience of the residents of said area; and that it is necessary, feasible and proper to enlarge the Cottageville Public Service District.

It is hereby ORDERED that the boundaries of the Cottageville Public Service District are extended and enlarged to include that area indicated in the attached description (Exhibit One) and

map (Exhibit Two), both said exhibits having been prepared by
J. H. Milam, Inc., Consulting Engineers and dated February 23,
1977.

So ORDERED this the 15th. day of September, 1977.

JACKSON COUNTY COMMISSION



President



Commissioner

Commissioner

Exhibit #1

COTTAGEVILLE PUBLIC SERVICE DISTRICT
JACKSON AND MASON COUNTIES WEST VIRGINIA

BEGINNING at a point in West Virginia Route 22/6, said point having a latitude of N 38° 51' 00" and a longitude of W 81° 51' 27";

THENCE, West, 2.12 miles, crossing Routes 87/1 and 2 to a point in Route 33/12, said point having a latitude of N 38° 51' 00" and a longitude of W 81° 54' 48";

THENCE, North, 2.10 miles, crossing Routes 33/15 and 33 to a point in the Ohio River, said point also being in the Ohio and West Virginia Boundary;

THENCE, in a eastern direction 4.25 miles with the Ohio and West Virginia Boundary in the Ohio River to a point;

THENCE, S 85° 00' E., 0.60 mile, leaving the Ohio and West Virginia Boundary and the Ohio River to a point in the original Cottageville Public Service District Boundary;

THENCE, S 30° 30' W., 0.35 mile with the original Public Service District Boundary to a point;

THENCE, S 7° 00' W., 0.68 mile with the original Public Service District Boundary crossing Route 20 to a point in Route 2;

THENCE, in a southeast direction, 2.00 miles with Mill Creek and the original Public Service District Boundary to a point;

THENCE, S 45° 40' W., 0.28 mile, leaving Mill Creek and continuing with the original Public Service District Boundary to a point;

THENCE, S 44° 20' E., 0.19 mile with the original Public Service District Boundary to a point;

COTTAGEVILLE PUBLIC SERVICE DISTRICT
JACKSON AND MASON COUNTIES, WEST VIRGINIA

THENCE, S 73° 50' E., 0.33 mile with the original Public Service
District Boundary to a point;

THENCE, N 50° 30' E., 0.39 mile with the original Public Service
District Boundary to a point;

THENCE, S 66° 00' E., 0.83 mile with the original Public Service
District Boundary to a point;

THENCE, N 24° 00' E., 0.24 mile with the original Public Service
District Boundary to a point;

THENCE, S 65° 00' E., 0.32 mile leaving the original Public Service
District Boundary and crossing Route 87/7 to a point;

THENCE, South 0.55 mile to a point in Route 87/8;

THENCE, West 4.20 miles, crossing Routes 33, 22 & 87/4 to a point;

THENCE, South, 0.47 mile to the POINT OF BEGINNING,

containing an area of 10.41 square miles, all of which
is in the Cologne, Union, and Cooper Magisterial Districts,
Jackson and Mason Counties, West Virginia, as shown on a
map dated February 23, 1977 and prepared by J. H. Milam, Inc.,
Consulting Engineers, Dunbar, West Virginia.

ORDER - Mason County Commission, W. Va.

TERMS April 12

1978

CASTLE & HARRIS INC., SPRINGFIELD, VA. OF GROUP - US0412

The following Order was signed concerning the Cottageville water system:

O R D E R

On this the 12th. day of April, 1978, at a regular session of the Mason County Commission it having been determined that:

WHEREAS, Chapter 16, Article 13A of the Code of West Virginia, as amended, authorizes the County Commission to enlarge a public service district, as therein defined, and

WHEREAS, this Commission, by resolution duly adopted, heretofore proposed a certain enlargement of the Cottageville Water District; set dates for public hearings thereon; caused notice of public hearings to issue; and did conduct said hearings, all in accordance with West Virginia Code Chapter 16, Article 13A, Section 2, and

WHEREAS, after due deliberation, it is the opinion of this Commission that areas adjacent to the Cottageville District are experiencing growth; that said areas at present have an inadequate means of water supply; that the extension of Cottageville Public Service District will be conducive to the preservation of public health, comfort and convenience of the residents of said area; and that it is necessary, feasible and proper to enlarge the Cottageville Public Service District.

It is hereby ORDERED that the boundaries of the Cottageville Public Service District are extended and enlarged to include that area indicated in the attached description (Exhibit One) and

ORDERS—Mason County Commission, W. Va.

TERMS April 12

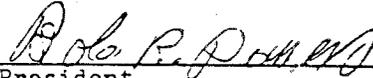
19 78

CAYTON HARRIS INC., SPRINGFIELD, VA. SO. GROUP NO. 05042

map (Exhibit Two); and by virtue thereof, the Mason County Public Service District is decreased to the extent as shown on the attached map; both said exhibits having been prepared by J. H. Milam, Inc., Consulting Engineers and dated February 23, 1977.

SO ORDERED this the 12th. day of April, 1978.

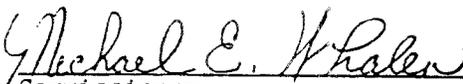
MASON COUNTY COMMISSION



President



Commissioner



Commissioner

ORDER — Mason County Commission, W. Va.

TERMS April 12

1978

47

CASTLE & HARRINGTON, OFFICERS, W. VA. DEPT. OF REVENUE - 115142

COTTAGEVILLE PUBLIC SERVICE DISTRICT
JACKSON AND MASON COUNTIES WEST VIRGINIA

BEGINNING at a point in West Virginia on 2/2/6, said point having a latitude of N 33° 51' 00" and a longitude of W 81° 51' 27";

THENCE, West, 2.12 miles, crossing Routes 87/1 and 2 to a point in Route 33/12, said point having a latitude of N 38° 51' 00" and a longitude of W 81° 54' 48";

THENCE, North, 2.10 miles, crossing Routes 33/15 and 33 to a point in the Ohio River, said point also being in the Ohio and West Virginia Boundary;

THENCE, in a eastern direction 4.25 miles with the Ohio and West Virginia Boundary in the Ohio River to a point;

THENCE, S 85° 00' E., 0.60 mile, leaving the Ohio and West Virginia Boundary and the Ohio River to a point in the original Cottageville Public Service District Boundary;

THENCE, S 30° 30' W., 0.35 mile with the original Public Service District Boundary to a point;

THENCE, S 7° 00' W., 0.68 mile with the original Public Service District Boundary crossing Route 20 to a point in Route 2;

THENCE, in a southeast direction, 2.00 miles with Mill Creek and the original Public Service District Boundary to a point;

THENCE, S 45° 40' W., 0.28 mile, leaving Mill Creek and continuing with the original Public Service District Boundary to a point;

THENCE, S 44° 20' E., 0.19 mile with the original Public Service District Boundary to a point;

ORDERS—Mason County Commission, W. Va.

TERMS April 12

19 78

STATE OF WEST VIRGINIA OFFICE OF THE COMMISSIONER OF LANDS

UNDEVELOPED LANDS OF THE STATE OF WEST VIRGINIA
JACKSON AND MASON COUNTIES, WEST VIRGINIA

THENCE, S 73° 50' E., 0.33 mile with the original Public Service
District Boundary to a point;

THENCE, N 50° 30' E., 0.39 mile with the original Public Service
District Boundary to a point;

THENCE, S 66° 00' E., 0.83 mile with the original Public Service
District Boundary to a point;

THENCE, N 24° 00' E., 0.24 mile with the original Public Service
District Boundary to a point;

THENCE, S 65° 00' E., 0.32 mile leaving the original Public Service
District Boundary and crossing Route 87/7 to a point;

THENCE, South 0.55 mile to a point in Route 87/8;

THENCE, West 4.20 miles, crossing Routes 33, 22 & 87/4 to a point;

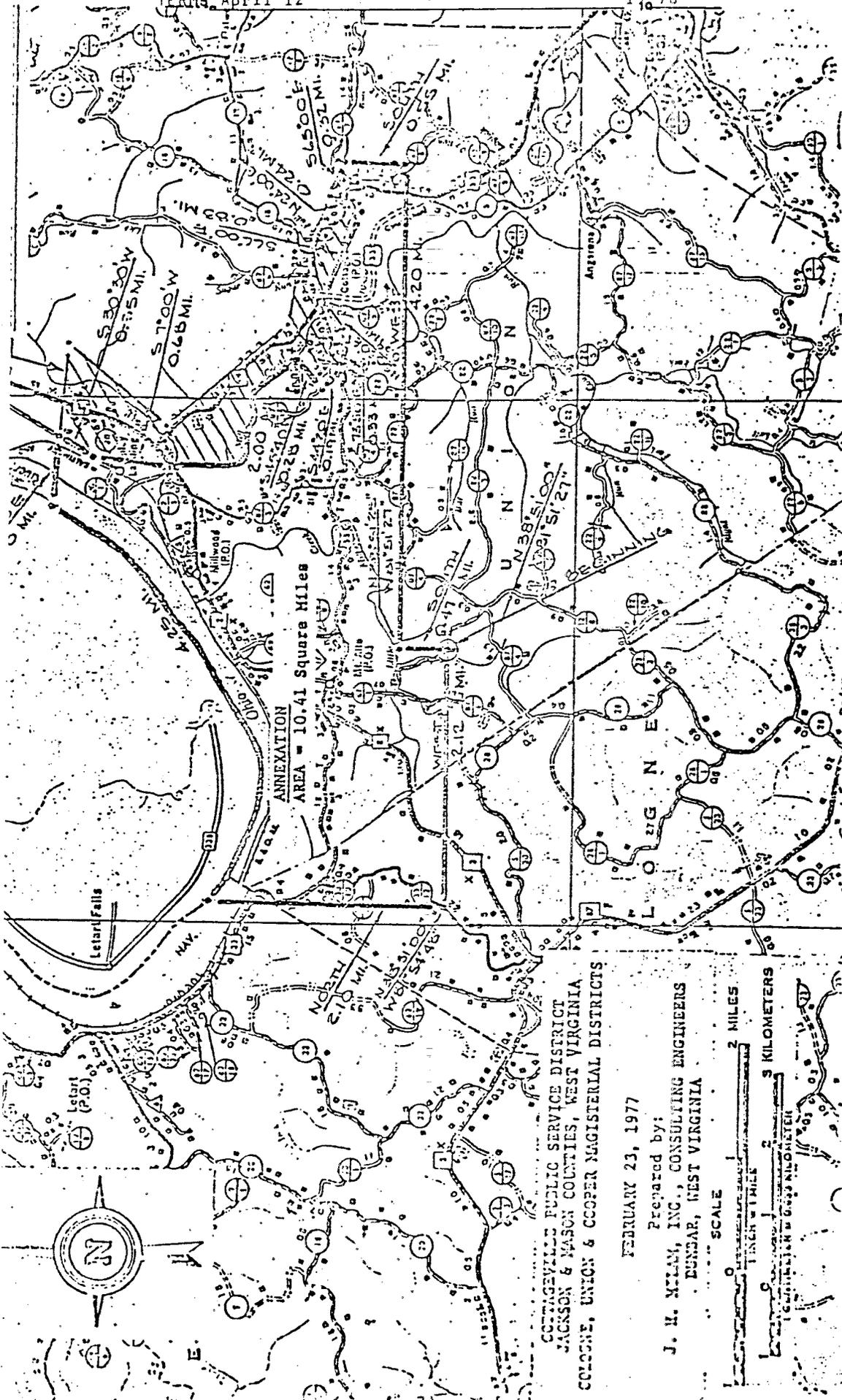
THENCE, South, 0.47 mile to the POINT OF BEGINNING,

containing an area of 10.41 square miles, all of which
is in the Cologne, Union, and Cooper Magisterial Districts,
Jackson and Mason Counties, West Virginia, as shown on a
map dated February 23, 1977 and prepared by J. H. Milan, Inc.,
Consulting Engineers, Dunbar, West Virginia.

ORDERS- Mason County Commission, W. Va.

TERMS, April 12

1978



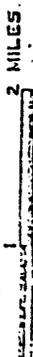
ANNEXATION
AREA = 10.41 Square Miles

COTTAGEVILLE PUBLIC SERVICE DISTRICT
JACKSON & MASON COUNTIES, WEST VIRGINIA
COLONE, UNICK & COOPER MAGISTERIAL DISTRICTS

FEBRUARY 23, 1977

Prepared by:
J. H. MIZAN, INC., CONSULTING ENGINEERS
BUNNAR, WEST VIRGINIA

SCALE



SCALE



SCALE



STATE OF WEST VIRGINIA, COUNTY OF MASON, TO WIT:
IN THE OFFICE OF THE CLERK OF THE COUNTY COMMISSION:

I, L. W. GETTY, CLERK OF THE COUNTY COMMISSION IN AND FOR THE
COUNTY OF MASON, STATE OF WEST VIRGINIA, HAVING A SEAL, HERE-
BY CERTIFY THE ABOVE AND FOREGOING TO BE A FULL, TRUE AND
COMPLETE PHOTO COPY OF AN ORIGINAL PAPER AS ON RECORD IN THIS
OFFICE.

GIVEN UNDER MY HAND AND THE SEAL OF SAID OFFICE AT THE CITY
OF POINT PLEASANT, COUNTY OF MASON, AND THE STATE OF WEST
VIRGINIA, THIS 5 DAY OF May, 1978.

L. W. Getty
CLERK P.P.

Ripley, West Virginia

May 6, 1982

The County Commission of Jackson County, West Virginia, met in regular session pursuant to law and to the rules of said Commission at the County Court House, Ripley, West Virginia, this May 6, 1982 at 2:00 p.m. The meeting was called to order and the roll being called there were present the following named Commissioners:

Charles E. Harvey, President

H. Stan Rawlings, Commissioner

Roger B. Fisher, Commissioner

This being the date fixed by prior action of the County Commission for conducting a hearing on the enlargement of the Cottageville Public Service District, as contemplated and provided for in a resolution and order adopted by the County Commission on April 8, 1982, the presiding officer announced that all persons residing in or owning or having any interest in property in said public service district or in the area to be included in said district desiring to be heard for or against the enlargement of said district would be heard and all such interested persons desiring to be heard were given full opportunity.

No persons from the present Cottageville Public Service District, or no person who owned property in the area proposed to be included in the Cottageville Public Service District, appeared before the County Commission to protest the enlargement of said district.

Whereupon, Roger B. Fisher introduced and caused to be read the proposed resolution and order entitled:

"A RESOLUTION AND ORDER ENLARGING THE COTTAGEVILLE
PUBLIC SERVICE DISTRICT IN JACKSON COUNTY, WEST VIRGINIA."

and moved that said proposed resolution and order be adopted. H. Stan Rawlings seconded the motion and after due consideration the presiding officer put the question on the motion and the roll being called, the following voted:

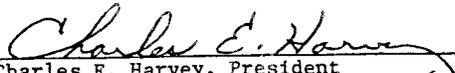
Aye: Charles E. Harvey

H. Stan Rawlings

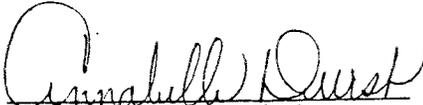
Roger B. Fisher

Nay: None

Whereupon, the presiding officer declared the motion duly carried
and said resolution and order duly adopted thid 6th day of May, 1982.


Charles E. Harvey, President

ATTEST:


Annabelle Durst, Clerk

A RESOLUTION AND ORDER ENLARGING THE COTTAGEVILLE PUBLIC
SERVICE DISTRICT IN JACKSON COUNTY, WEST VIRGINIA

On this the 6th day of May, 1982, at a regular session of the Jackson County Commission it having been determined that:

WHEREAS, Chapter 16, Article 13A of the Code of West Virginia, as amended, authorizes the County Commission to enlarge a public service district, as therein defined, and

WHEREAS, this Commission, by resolution duly adopted, heretofore proposed a certain enlargement of the Cottageville Public Service District; set dates for public hearings thereon; caused notice of public hearings to issue; and did this day of May 6, 1982, conduct said hearings, all in accordance with West Virginia Code Chapter 16, Article 13A, Section 2, and

WHEREAS, after due deliberation, it is the opinion of this Commission that areas adjacent to the Cottageville Public Service District are experiencing growth; that said areas at present have an inadequate means of water supply and that no facilities, equipment, services or materials have been extended into the area; that the extension of Cottageville Public Service District will be able to adequately serve the said area and will be conducive to the preservation of public health, comfort and convenience of the residents of said area; and that it is necessary, feasible and proper to enlarge the Cottageville Public Service District.

It is hereby ORDERED that the boundaries of the Cottageville Public Service District are extended and enlarged to include that area indicated in the attached description (Exhibit One) and map (Exhibit Two), both said exhibits dated April 8, 1982, and that the enlarged Cottageville Public Service District shall henceforth include within its boundaries all the territory as particularly described in Exhibit Three and shown on Exhibit Four both dated May 6, 1982, attached hereto.

So ORDERED this the 6th day of May, 1982.

THE JACKSON COUNTY COMMISSION


Charles E. Harvey, President


H. Stan Rawlings, Commissioner


Roger B. Fisher, Commissioner

COTTAGEVILLE PUBLIC SERVICE DISTRICT

ENLARGEMENT BOUNDARY

BEGINNING at a point in the Ohio River, said point being in the Ohio and West Virginia Boundary, said point also being the most northwest corner of the present Cottageville Public Service District Boundary; thence, in a northern and eastern direction with the Ohio and West Virginia Boundary in the Ohio River to a point therein; thence, East to a point in the intersection of State Route 2 and Secondary Route 11; thence, in a southerly direction with said Route 11 to a point near Hemlock and in the intersection of said Route 11 and Secondary Route 12; thence, in a southerly direction with Secondary Route 12 to a point in the intersection of said Route 12 and Secondary Route 12/6; thence, in a southerly and then easternly direction with said Route 12/6 to a point in the intersection of said Route 12/6 and Secondary Route 87/9; thence in a southerly direction with Route 87/9 to a point in the intersection of said Route 87/9 and Secondary Route 87/8; thence in a northwesternly direction with said Route 87/8 to a point in the intersection of said Route 87/8 and the present Cottageville Public Service District Boundary; said point also being the most eastern and southern corner of the said present Boundary; thence in a western and southern direction with the said present Boundary to the place of beginning at a point in the Ohio River, all within Union and Ravenswood Magisterial Districts, Jackson County, West Virginia.

Exhibit One

April 8, 1982

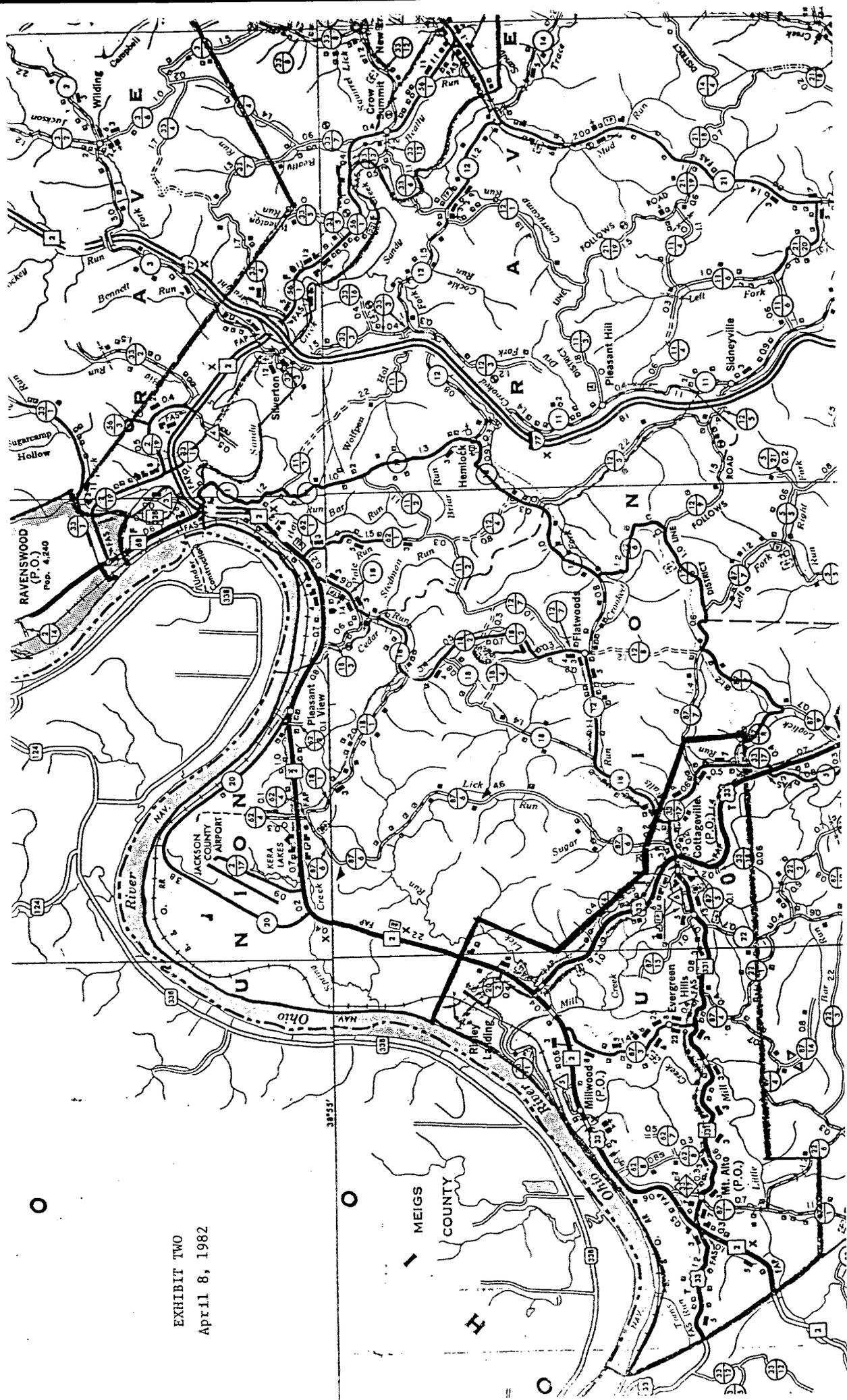


EXHIBIT TWO
April 8, 1982

COTTAGEVILLE PUBLIC SERVICE DISTRICT
JACKSON AND MASON COUNTIES, WEST VIRGINIA
ENLARGED BOUNDARY

BEGINNING at a point in West Virginia Route 22/6, said point having a latitude of N 38° 51' 00" and a longitude of W 81° 51' 27";

Thence, West 2.12 miles, crossing Routes 87/1 and 2 to a point in Route 33/12, said point having a latitude of N 38° 51' 00" and a longitude of W 81° 54' 48";

thence, North, 2.10 miles, crossing Routes 33/15 and 33 to a point in the Ohio River, said point also being in the Ohio and West Virginia Boundary;

thence, in a eastern direction 4.25 miles with the Ohio and West Virginia Boundary in the Ohio River to a point, being the most northwest corner in the original Cottageville Public Service District Boundary;

thence, in a northern and eastern direction with the Ohio and West Virginia Boundary in the Ohio River to a point therein; thence, East to a point in the intersection of State Route 2 and Secondary Route 11;

thence, in a southerly direction with said Route 11 to a point near Hemlock and in the intersection of said Route 11 and Secondary Route 12;

thence, in a southerly direction with Secondary Route 12 to a point in the intersection of said Route 12 and Secondary Route 12/6;

thence, in a southerly and then easternly direction with said Route 12/6 to a point in the intersection of said Route 12/6 and Secondary Route 87/9;

thence, in a southerly direction with Route 87/9 to a point in the intersection of said Route 87/9 and Secondary Route 87/8;

thence, in a northwesternly direction with said Route 87/8 to a point in the intersection of said Route 87/8, being the most southeast corner in the original Cottageville Public Service District Boundary;

thence, West 4.20 miles, crossing Routes 33, 22 and 87/4 to a point;
thence, South, 0.47 mile to the point of beginning,

containing an area all of which is in the Union and Ravenswood
Magisterial Districts, Jackson County, West Virginia, and
Cologne and Cooper Magisterial Districts, Mason County,
West Virginia, as shown on a map dated May 6, 1982 and
revised by The Jackson County Commission, West Virginia,
and marked as Exhibit Four to the proceedings and order
enlarging Cottageville Public Service District, of record
in the office of the Clerk of the County Commission of
Jackson County, West Virginia.

EXHIBIT 3

May 6, 1982

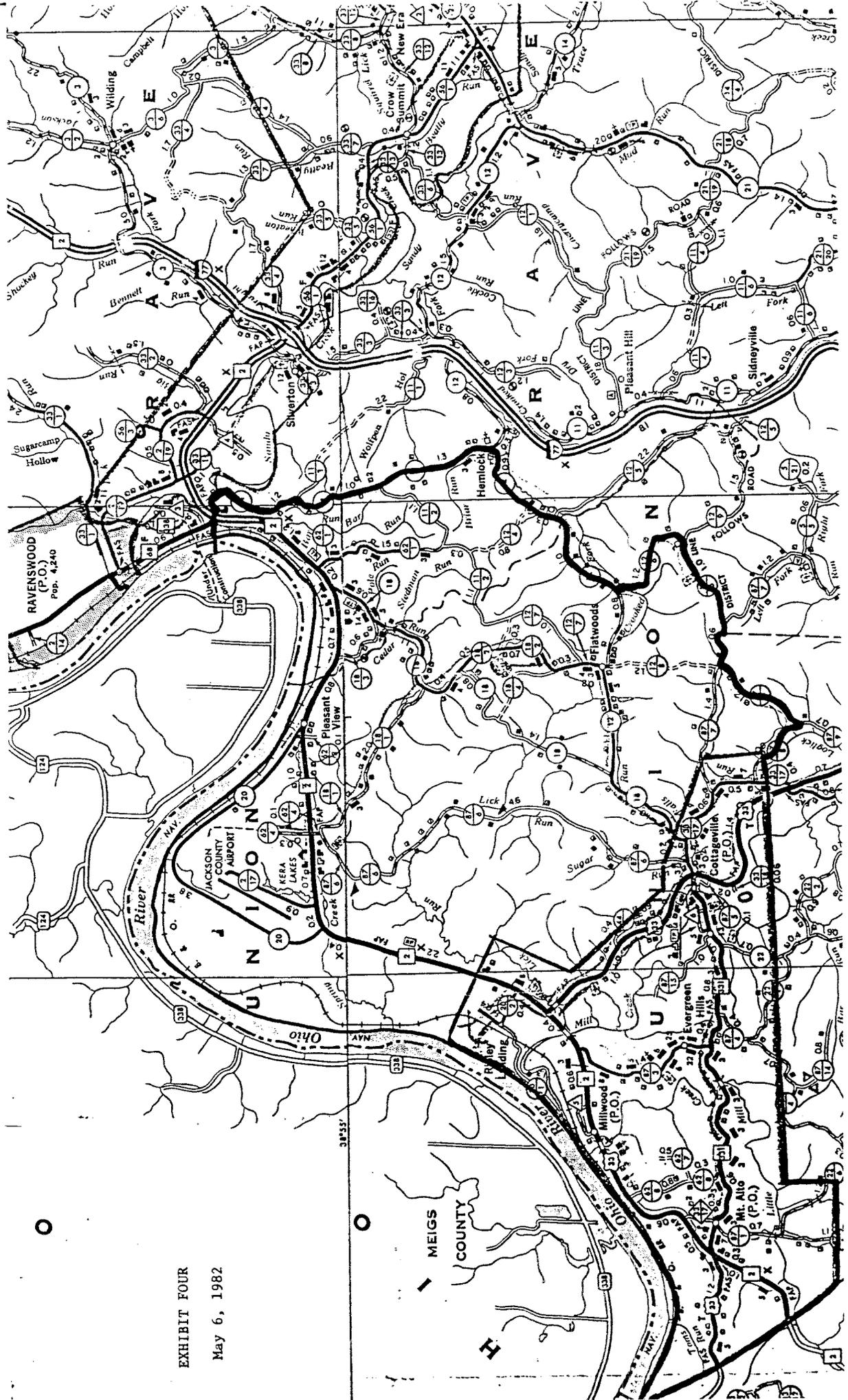


EXHIBIT FOUR
May 6, 1982

A RESOLUTION AND ORDER ENLARGING THE COTTAGEVILLE PUBLIC
SERVICE DISTRICT IN JACKSON COUNTY, WEST VIRGINIA

On this the 6th day of May, 1982, at a regular session of the Jackson County Commission it having been determined that:

WHEREAS, Chapter 16, Article 13A of the Code of West Virginia, as amended, authorizes the County Commission to enlarge a public service district, as therein defined, and

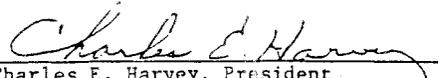
WHEREAS, this Commission, by resolution duly adopted, heretofore proposed a certain enlargement of the Cottageville Public Service District; set dates for public hearings thereon; caused notice of public hearings to issue; and did this day of May 6, 1982, conduct said hearings, all in accordance with West Virginia Code Chapter 16, Article 13A, Section 2, and

WHEREAS, after due deliberation, it is the opinion of this Commission that areas adjacent to the Cottageville Public Service District are experiencing growth; that said areas at present have an inadequate means of water supply and that no facilities, equipment, services or materials have been extended into the area; that the extension of Cottageville Public Service District will be able to adequately serve the said area and will be conducive to the preservation of public health, comfort and convenience of the residents of said area; and that it is necessary, feasible and proper to enlarge the Cottageville Public Service District.

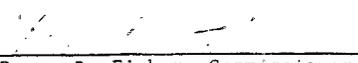
It is hereby ORDERED that the boundaries of the Cottageville Public Service District are extended and enlarged to include that area indicated in the attached description (Exhibit One) and map (Exhibit Two), both said exhibits dated April 8, 1982, and that the enlarged Cottageville Public Service District shall henceforth include within its boundaries all the territory as particularly described in Exhibit Three and shown on Exhibit Four both dated May 6, 1982, attached hereto.

So ORDERED this the 6th day of May, 1982.

THE JACKSON COUNTY COMMISSION


Charles E. Harvey, President


H. Stan Rawlings, Commissioner


Roger B. Fisher, Commissioner

COTTAGEVILLE PUBLIC SERVICE DISTRICT

ENLARGEMENT BOUNDARY

BEGINNING at a point in the Ohio River, said point being in the Ohio and West Virginia Boundary, said point also being the most northwest corner of the present Cottageville Public Service District Boundary; thence, in a northern and eastern direction with the Ohio and West Virginia Boundary in the Ohio River to a point therein; thence, East to a point in the intersection of State Route 2 and Secondary Route 11; thence, in a southerly direction with said Route 11 to a point near Hemlock and in the intersection of said Route 11 and Secondary Route 12; thence, in a southerly direction with Secondary Route 12 to a point in the intersection of said Route 12 and Secondary Route 12/6; thence, in a southerly and then easternly direction with said Route 12/6 to a point in the intersection of said Route 12/6 and Secondary Route 87/9; thence in a southerly direction with Route 87/9 to a point in the intersection of said Route 87/9 and Secondary Route 87/8; thence in a northwesternly direction with said Route 87/8 to a point in the intersection of said Route 87/8 and the present Cottageville Public Service District Boundary; said point also being the most eastern and southern corner of the said present Boundary; thence in a western and southern direction with the said present Boundary to the place of beginning at a point in the Ohio River, all within Union and Ravenswood Magisterial Districts, Jackson County, West Virginia.

Exhibit One

April 8, 1982

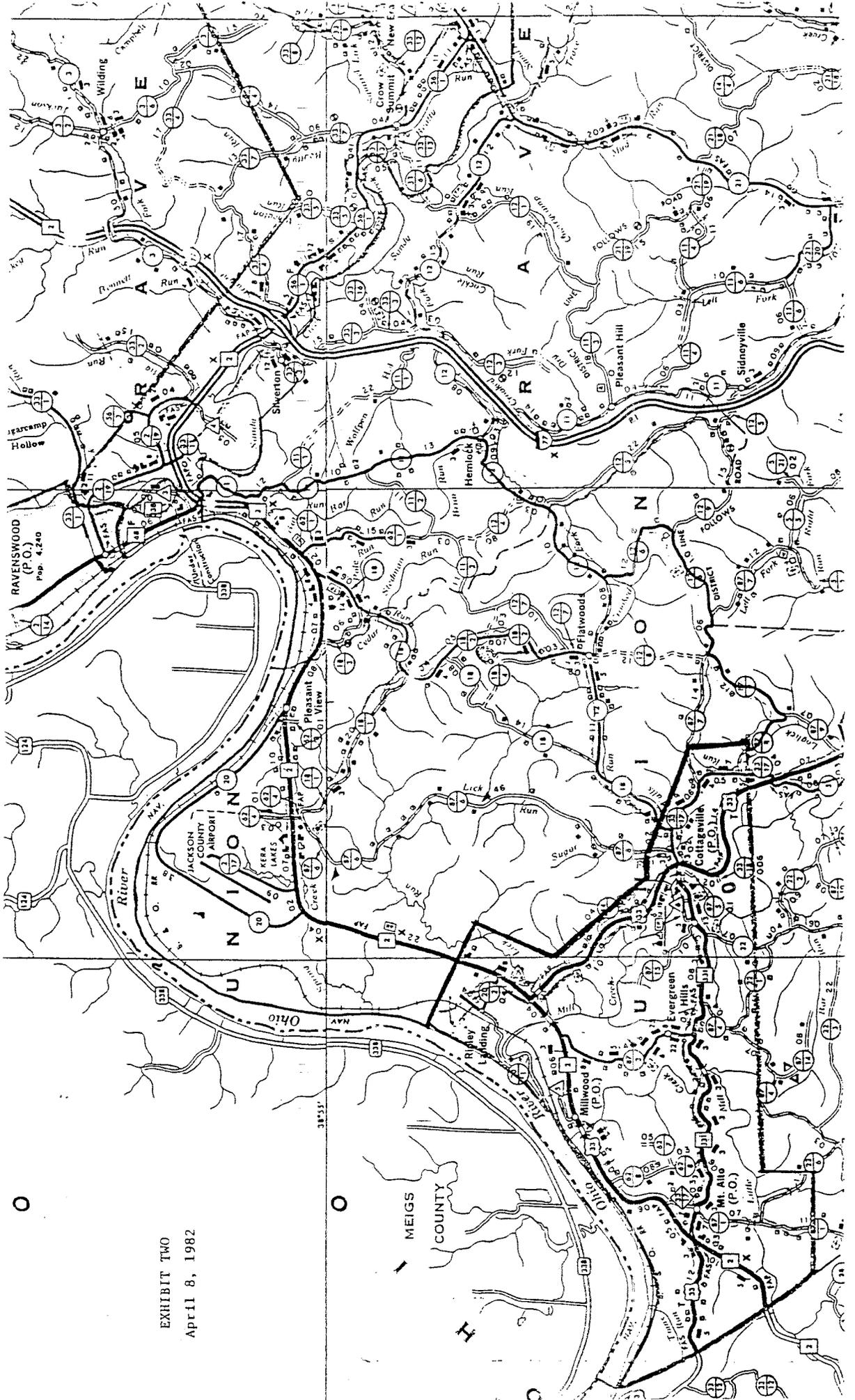


EXHIBIT TWO
April 8, 1982

COTTAGEVILLE PUBLIC SERVICE DISTRICT
JACKSON AND MASON COUNTIES, WEST VIRGINIA
ENLARGED BOUNDARY

BEGINNING at a point in West Virginia Route 22/6, said point having a latitude of N 38° 51' 00" and a longitude of W 81° 51' 27";

Thence, West 2.12 miles, crossing Routes 87/1 and 2 to a point in Route 33/12, said point having a latitude of N 38° 51' 00" and a longitude of W 81° 54' 48";

thence, North, 2.10 miles, crossing Routes 33/15 and 33 to a point in the Ohio River, said point also being in the Ohio and West Virginia Boundary;

thence, in a eastern direction 4.25 miles with the Ohio and West Virginia Boundary in the Ohio River to a point, being the most northwest corner in the original Cottageville Public Service District Boundary;

thence, in a northern and eastern direction with the Ohio and West Virginia Boundary in the Ohio River to a point therein; thence, East to a point in the intersection of State Route 2 and Secondary Route 11;

thence, in a southerly direction with said Route 11 to a point near Hemlock and in the intersection of said Route 11 and Secondary Route 12;

thence, in a southerly direction with Secondary Route 12 to a point in the intersection of said Route 12 and Secondary Route 12/6;

thence, in a southerly and then easternly direction with said Route 12/6 to a point in the intersection of said Route 12/6 and Secondary Route 87/9;

thence, in a southerly direction with Route 87/9 to a point in the intersection of said Route 87/9 and Secondary Route 87/8;

thence, in a northwesternly direction with said Route 87/8 to a point in the intersection of said Route 87/8, being the most southeast corner in the original Cottageville Public Service District Boundary;

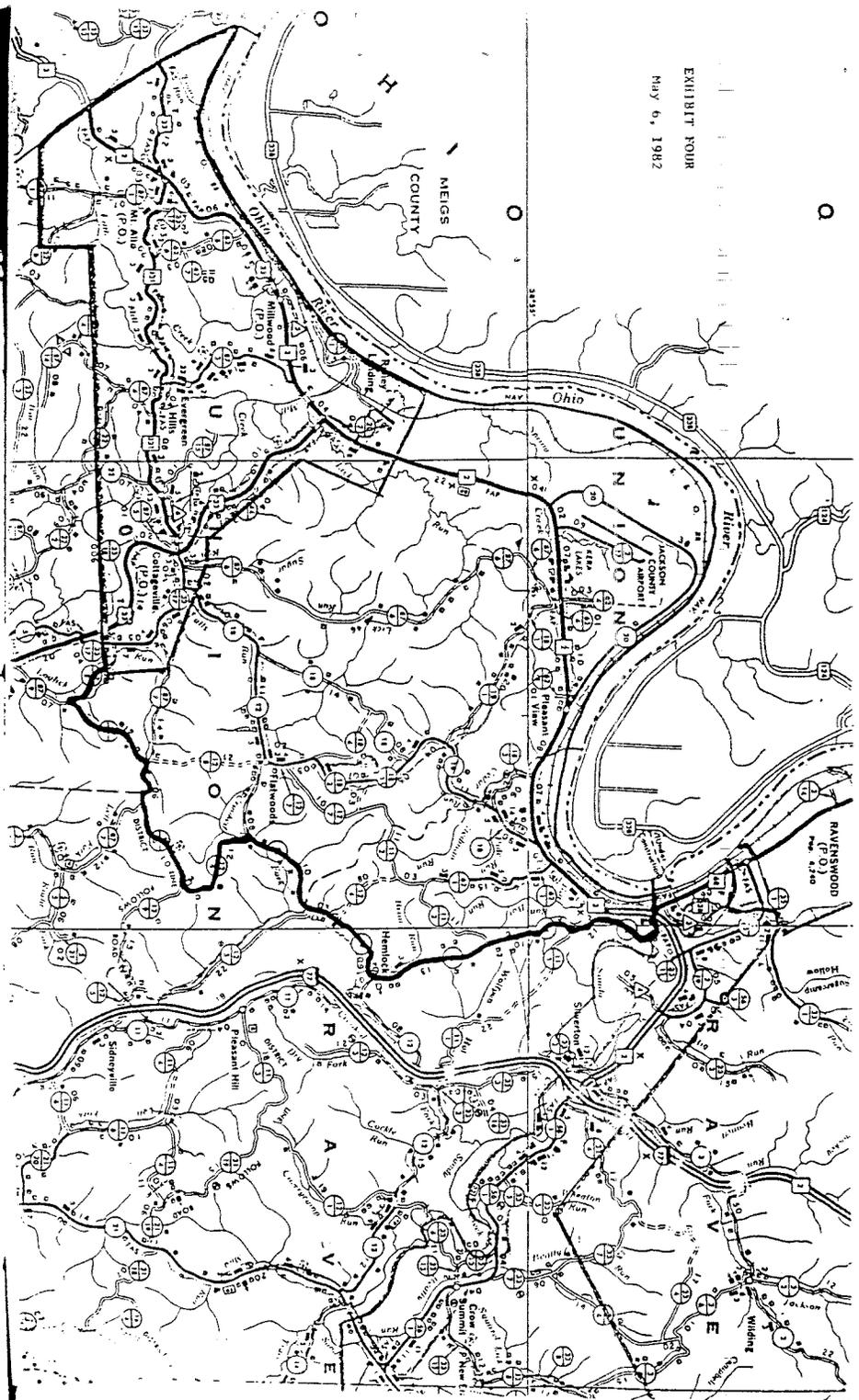
thence, West 4.20 miles, crossing Routes 33, 22 and 87/4 to a point;
thence, South, 0.47 mile to the point of beginning,

containing an area all of which is in the Union and Ravenswood
Magisterial Districts, Jackson County, West Virginia, and
Cologne and Cooper Magisterial Districts, Mason County,
West Virginia, as shown on a map dated May 6, 1982 and
revised by The Jackson County Commission, West Virginia,
and marked as Exhibit Four to the proceedings and order
enlarging Cottageville Public Service District, of record
in the office of the Clerk of the County Commission of
Jackson County, West Virginia.

EXHIBIT 3

May 6, 1982

EXHIBIT FOUR
MAY 6, 1982



The undersigned, Clerk of the County Commission of Jackson County, West Virginia, hereby certifies that the foregoing is a true and correct copy of what it purports to be as fully and completely as the same appears among the Records in my office.

Given under my hand, this *14th* day of *Sept*, 1982

Annabelle Taylor Clerk
County Commission of Jackson County,
West Virginia

(SEAL)

Karen Combs Deputy



Commissioner
Joe Pitts

The Jackson County Commission

Jackson County Courthouse
Ripley, West Virginia 25271
Phone (304) 373-2220
Fax (304) 373-0245

Commissioner
James L. Waybright

COPY



Commissioner
Donald Stephens

October 9, 2008

Ms. Joyce Creel 372-9259
Rt. 2
Cottageville, WV 25239

Dear Ms. Perry:

We are pleased to advise you that during our regular meeting of October 9, 2008, you were appointed by a unanimous vote to fill an unexpired term as a member of the Cottageville Public Service District. Your term will expire November 1, 2009, and you may stop by the office of the County Clerk at your convenience to sign your oath of office.

We would like to take this opportunity to thank you for your willingness to accept this appointment. We are sure you will be a valuable asset on this board.

Once again we would like to thank you, and if we may be of service to you in any way, please feel free to contact us.

Sincerely,

THE JACKSON COUNTY COMMISSION

Donald G. Stephens, President

Joe Pitts, Commissioner
Doris Waybright, Commissioner

JCC:sg

COPY



The Jackson County Commission

Jackson County Courthouse
Ripley, West Virginia 25271
Phone (304) 373-2200
Fax (304) 373-0245



Commissioner
Joe Pitts

Commissioner
James L. Waybright

Commissioner
Donald Stephens

October 9, 2008

Mr. Michael Perry 372-5980
Rt. 2, Box 250
Cottageville, WV 25239

Dear Mr. Perry:

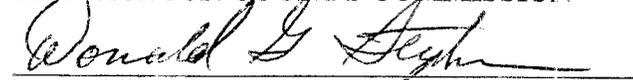
We are pleased to advise you that during our regular meeting of October 9, 2008, you were appointed by a unanimous vote to fill an unexpired term as a member of the Cottageville Public Service District. Your term will expire October 1, 2013, and you may stop by the office of the County Clerk at your convenience to sign your oath of office.

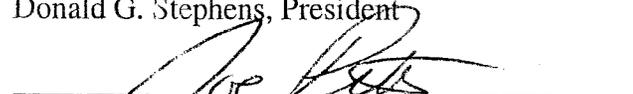
We would like to take this opportunity to thank you for your willingness to accept this appointment. We are sure you will be a valuable asset on this board.

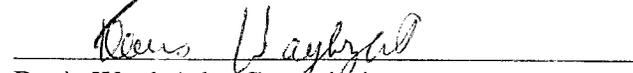
Once again we would like to thank you, and if we may be of service to you in any way, please feel free to contact us.

Sincerely,

THE JACKSON COUNTY COMMISSION


Donald G. Stephens, President


Joe Pitts, Commissioner


Doris Waybright, Commissioner

JCC:sg



The Jackson County Commission

Jackson County Courthouse
Ripley, West Virginia 25271
Phone (304) 373-2220
Fax (304) 373-0245



Commissioner
Joe Pitts

Commissioner
James L. Waybright

Commissioner
Donald Stephens

August 8, 2008

Mr. Ernest K. Fox
Rt. 2, Box 253
Cottageville, WV 25239

Dear Mr. Fox:

We are pleased to advise you that during our regular meeting of August 7, 2008, you were appointed by a unanimous vote to fill the unexpired term of Ron Ray as a member of the Cottageville Public Service District. Your term will expire September 1, 2012, and you may stop by the office of the County Clerk at your convenience to sign your oath of office.

We would like to take this opportunity to thank you for your willingness to accept this appointment. We are sure you will be a valuable asset on this board.

Once again we would like to thank you, and if we may be of service to you in any way, please feel free to contact us.

Sincerely,

THE JACKSON COUNTY COMMISSION

Donald G. Stephens, President

James L. Waybright, Commissioner

Joe Pitts, Commissioner

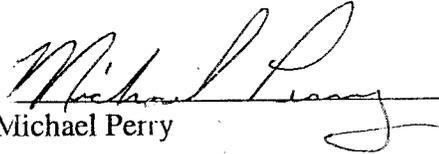
JCC:sg

OATH OF OFFICE

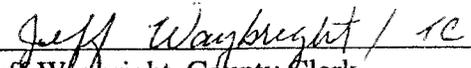
STATE OF WEST VIRGINIA

COUNTY OF JACKSON to-wit:

I, Michael Perry, do solemnly swear that I will support the Constitution of the United States, the Constitution of the State of West Virginia, and that I will faithfully and impartially discharge the duties as a member of the Cottageville Public Service District in and for Jackson County, West Virginia, to the best of my skill and judgment, during my continuance in the same. SO HELP ME GOD. Term to expire October 1, 2013


Michael Perry

Subscribed and sworn to before the County Commissioner of Jackson County,
West Virginia, this 15th day of October, 2008.

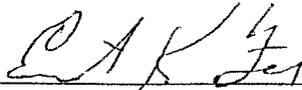

Jeff Waybright, County Clerk

OATH OF OFFICE

STATE OF WEST VIRGINIA

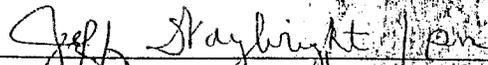
COUNTY OF JACKSON, to-wit:

I, Ernest K. Fox, do solemnly swear that I will support the Constitution of the United States, the Constitution of the State of West Virginia, and that I will faithfully and impartially discharge the duties as a member of the Cottageville Public Service District in and for Jackson County, West Virginia, to the best of my skill and judgment, during my continuance in the same. SO HELP ME GOD. Term to expire September 1, 2012



Ernest K. Fox

Subscribed and sworn to before the County Commissioner of Jackson County,
West Virginia, this 22 day of August, 2008.

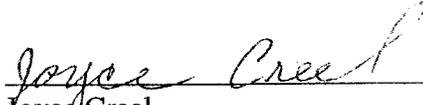

Jeff Waybright, County Clerk

OATH OF OFFICE

STATE OF WEST VIRGINIA

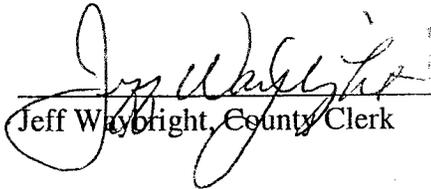
COUNTY OF JACKSON, to-wit:

I, Joyce Creel, do solemnly swear that I will support the Constitution of the United States, the Constitution of the State of West Virginia, and that I will faithfully and impartially discharge the duties as a member of the Cottageville Public Service District in and for Jackson County, West Virginia, to the best of my skill and judgment, during my continuance in the same. SO HELP ME GOD. Term to expire November 1, 2009.

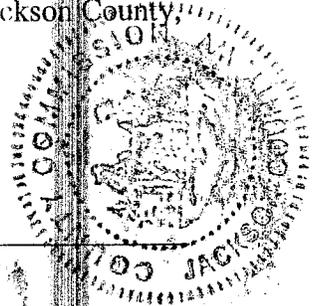


Joyce Creel

Subscribed and sworn to before the County Commissioner of Jackson County,
West Virginia, this 28th day of October, 2008.



Jeff Wright, County Clerk



JACKSON COUNTY
JEFF WRIGHT
BOOK 10

08 OCT 28 AM 11:31

CERTIFICATION

I, Joyce Creel, Secretary of the Public Service Board of the Cottageville Public Service District, hereby certify that the foregoing is a true and correct copy of the Rules of Procedure of said Public Service Board. I further certify that such Rules of Procedure remain in full force and effect and have not been amended or repealed.

WITNESS my signature as of the 3rd day of April, 2009.


Secretary

RULES OF PROCEDURE

COTTAGEVILLE

PUBLIC SERVICE DISTRICT

ARTICLE I

Name and Place of Business

Section 1. Name: COTTAGEVILLE PUBLIC SERVICE DISTRICT

Section 2. The principal office of this Public Service District will be located at Cottageville, West Virginia 25239

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

Section 4. The fiscal year of the District shall begin the 1st day of July in each year and shall end on the following June 30.

ARTICLE II

Purpose

This District is organized exclusively for the purposes set forth in Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended.

ARTICLE III

Membership

Section 1. The members of the Public Service Board of this District shall be those persons appointed by the County Commission of Jackson County, who shall serve for such terms as may be specified in the order of the County Commission.

Section 2. Should any member of the Public Service Board resign or otherwise become legally disqualified to serve as a member of the Public Service Board, the Secretary shall immediately notify the County

Commission and request the appointment of a qualified person to fill such vacancy. Prior to the end of the term of any member of the Public Service Board, the Secretary shall notify the County Commission of the pending termination and request the County Commission to enter an order of appointment or re-appointment to maintain a fully qualified membership of the Public Service Board.

ARTICLE IV

Meetings of the Public Service Board

Section 1. The members of the Public Service Board of this District shall hold regular monthly meetings on the third Thursday of each month at such place and hour as the members shall determine from time to time. If the day stated shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the Public Service Board may be called at any time by the Chairman or by a quorum of the Board.

Section 2. At any meeting of the Public Service Board of the District, two members shall constitute a quorum. Each member of the Public Service Board shall have one vote at any membership meeting and if a quorum is not present, those present may adjourn the meeting to a later date.

Section 3. Notice to members by letter or telephone shall be required for regular meetings. Notice in writing of each special meeting of the membership shall be given to all members by the Secretary by mailing the same to the last known post office addresses of the members at least three (3) days before the date fixed for such meeting. The notice of any special meeting shall state briefly the purposes of such meeting and the nature of the business to be transacted thereat, and no business other than that stated in the notice or incidental thereto shall be transacted at any such special meeting.

Public Notice of Meetings

Section 4. Pursuant to Section 3, Article 9A, Chapter 6 of the West Virginia Code of 1931, as amended, notice of the time and place of all regularly scheduled sessions of such public service board, and the time, place and purpose of all special sessions of such public service board shall be made available to the public and news media as follows:

A. A notice shall be posted by the Secretary of the public service board of such Public Service District at the front door of the Jackson County Courthouse of the time and place fixed and entered of record by the public service board for the holding of regularly scheduled sessions. If a particular regularly scheduled session is cancelled or postponed, a notice of such cancellation or postponement shall be posted at the front door of the Courthouse as soon as feasible after such cancellation or postponement has been determined upon.

B. A notice shall be posted by the Secretary of the public service board at the front door of the Jackson County Courthouse at least twenty-four hours before a special session is to be held, stating the time, place and purpose for which such special session shall be held. If the special session is cancelled, a notice of such cancellation shall be posted at the front door of the Courthouse as soon as feasible after such cancellation has been determined upon.

C. The form of notice for posting as to a special session may be generally as follows:

COTTAGEVILLE

PUBLIC SERVICE DISTRICT

Notice of Special Session

The public service board of Cottageville Public Service District will meet in special session on _____, 19____, at _____ .m., E__T, at Cottageville, West Virginia, for the following purposes:

1. To consider and act upon a proposed Bond Authorizing Resolution providing for the issuance of a _____ Bond, Series _____, of _____ facilities of the District.

2.

Secretary

Date: _____

ARTICLE V

Officers

Section 1. The officers of the Public Service Board shall be a Chairman, Secretary and Treasurer. The Chairman shall be elected from the members of the Public-Service Board. The Secretary and Treasurer need not be members of the Public Service Board, and may be the same person.

Section 2. The officers of the Public Service Board shall be elected each year by the members at the first meeting held in the month of January of such year. The Officers so elected shall serve until the next

annual election by the membership and until their successors are duly elected and qualified. Any vacancy occurring among the officers shall be filled by the members of the Public Service Board at a regular or special meeting. Persons selected to fill vacancies shall serve until the following January meeting of the Board when their successors shall be elected as hereinabove provided.

ARTICLE VI

Duties of Officers

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

Section 2. If the Chairman is absent from any meeting, the remaining members of the Board shall select a temporary chairman.

Section 3. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. He shall, together with the Chairman, sign the minutes of the meetings at which he is present. The Secretary shall have charge of the minute book, be the custodian of deeds and other writings and papers of the Board. He shall also perform such other duties as he may have under law by virtue of his office or as may be conferred upon him from time to time by the members of the Board.

Section 4. The Treasurer shall be the lawful custodian of all funds of the District and shall pay same out on orders authorized or approved by the Board. The Treasurer shall keep or cause to be kept proper and accurate books of accounts and proper receipts and vouchers for all disbursements made by or through him and shall prepare and submit such reports and statements of the financial condition of the Board as the members may from time to time prescribe. He shall perform such other duties as may be required of him by law or as may be conferred upon him by the members of the Board.

ARTICLE VII

Amendments to Rules of Procedure

These Rules of Procedure may be altered, changed, amended or added to at any regular or special meeting of the Board by a majority vote of the entire Board, or at any regular or special meeting of the members

when a quorum is present in person and a majority of those present vote for the amendment; but no such change, alteration, amendment or addition shall be made at any special meeting unless notice of the intention to propose such change, alteration, amendment or addition and a clear statement of the substance thereof be included in the written notice calling such meeting.

REGULAR MEETING

DATE: January 19, 2009
TIME: 4:30 P.M.
PLACE: CPSD Office

ATTENDANCE: Eva Francis General Manager
 Ernest Fox Chairman
 Mike Perry Treasurer
 Joyce Creel Secretary

The CPSD Meeting was called to order by Ernest Fox Chairman. The Election of officers was held. Ernest made a motion to keep the same officers. Mike 2nd. Motion carried.

Eva gave us information about the security system in case we were ever called in if the alarm would go off. Ernest will be given a key. Eva asked to switch the internet provider from People PC to Community Antenna Service because of the high cost of the phone bill. Ernest made a motion to switch from People PC to Community Antenna Service. Joyce 2nd. Motion carried. Mike had to abstain from this discussion and vote because of conflict of interest.

We discussed the purchase of the sewer truck by the water department. Discussion was tabled until Eva checked out the legality of this purchase.

The purchase of uniforms for maintenance was discussed. Decision to be made at February meeting.

Eva asked to change the time clock purchase after checking to see which one would best fit our needs the clock would actually be cheaper. Ernest made a motion to change the purchase to EZ time clock at staples. Joyce 2nd. Motion carried.

Eva passed out an update on Personnel Policy.

Water and Sewer invoices for December were reviewed and current invoices for January were approved.

Eva informed us of an upcoming trip she would be taking. She would not be back to write checks for payroll, if checks had to include overtime. Discussion followed. Mike made a motion that Eva would have the checks ready to pay workers on their regular pay day. If there was any overtime while she was gone the pay would be adjusted and paid on the next regular pay day upon Eva's return. Ernest 2nd. Motion carried.

Eva passed out the sanitary survey that was conducted by a representative of the Saint Albans district office of the office of Environmental Health Services. These were looked at and discussed. Board set a date to observe some of the problems.

Ernest made a motion to approve the December minutes. Mike 2nd. Motion carried.
Meeting dismissed by Chairman Ernest Fox. Next meeting will be February 17, 2009 at 4:30 P.M.
17

Secretary

Joyce C. Cook

Approved

Michael R. Perry

Attested

Feb. 17, 2009

**PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON**

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 20th day of April 2009.

CASE NO. 08-0078-PWD-CN

COTTAGEVILLE PUBLIC SERVICE DISTRICT - (Petition to Reopen)
Application for a Certificate of Convenience and Necessity
to construct improvements to the District's existing water
line and related appurtenances.

COMMISSION ORDER

The Commission reopens this matter and approves the requested modification of the scope of the project.

BACKGROUND

On February 6, 2009, the Cottageville Public Service District ("District") filed a petition to reopen this matter for Commission approval of a change in scope of the previously approved project. According to the District, the modification is minor and the associated costs fall within the available project funding of \$410,000 and will have no impact upon the rates the District will charge its customers.

The originally approved project provided for certain improvements to a small portion of the water distribution system in the area known as Baier Ridge Road. This project was a consequence of the resolution of a previous complaint case (Case No. 99-0776-PWD-C), in which the District was ordered to seek funds to upgrade the water system serving this area.

The approved project provided for the construction of a relatively small quantity of pipelining replacement including approximately 8,260 feet of 6" main to replace an existing 2" line. The hydropneumatic booster feeding the system was also to be upgraded in order to maintain adequate pressure with the increase in the capacity of the line. These improvements were intended to help

serve additional customers in the future. The modification to the project will involve extending the new 6" main by approximately 851 additional feet. This modification of the project will allow the system to serve seven new customers without the need for the new customers to lay "long service lines." Staff notes in its February 23, 2009 Initial and Final Staff memorandum that the elimination of the long service lines "supports the orderly extension of service, and allows the District more easily to serve these customers, as well as, providing the opportunity for further, orderly expansion of this line should such be required in the future." Staff also noted that the cost of the modification to the scope of the project will fall within the current budget and will have no impact on the customer rates the District charges. No other changes in the scope of the project have been proposed.

DISCUSSION

Because the requested modification of the previously approved project will allow the District to serve a greater number of customers in the future with no impact on the cost of the project or rates charged to customers, the Commission believes it reasonable to approve the petition of the District.

FINDINGS OF FACT

1. On February 6, 2009, the District filed a petition to reopen this case for Commission approval of a change in the scope of the project previously approved by the Commission.
2. The modification to the project – the addition of approximately 851 additional feet of a 6" main and an upgraded hydro pneumatic pump – will fall within the current project budget and will not affect the rates the District must charge its customers.

CONCLUSION OF LAW

Because the change in the scope of the project previously approved by the Commission is minor and will not affect the budget of the project or the rates the District charges its customers, it is reasonable to approve the petition requesting the modification.

ORDER

IT IS THEREFORE ORDERED that this matter is reopened and the proposed change in project scope is approved.

IT IS FURTHER ORDERED that upon entry of this order, this case shall be closed and removed from the Commission docket of open cases.

IT IS FURTHER ORDERED that the Executive Secretary of the Commission 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, Testes.

Sandra Squire
Sandra Squire
Executive Secretary

RWC:tt
080078ca.wpd

West Virginia Infrastructure & Jobs Development Council

Public Members:

Mark Prince
Hurricane
Dwight Calhoun
Petersburg
C. R. "Rennie" Hill, III
Beckley
Tim Stranko
Morgantown

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

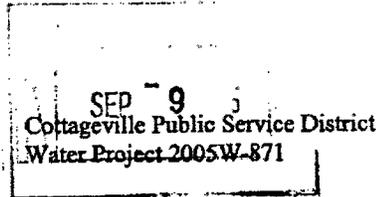
Katy Mallory, PE
Executive Secretary

Katy.Mallory@verizon.net

September 7, 2005

Lester Smith, Chairman
Cottageville Public Service District
P.O. Box 180
Cottageville, West Virginia 25239

Re:



Dear Mr. Smith:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") has reviewed the Cottageville Public Service District's (the "District") preliminary application to construct waterline, upgrade the existing pump station and upgrade miscellaneous appurtenances (the "Project").

Based on the findings of the Water 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 Water 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 preliminary application, the Infrastructure Council recommends that the District pursue a \$315,000 Rural Utilities Service loan to fund this project. Please contact the Rural Utilities Service office at 420-6666 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,

Mark Prince

Enclosure

cc: Pat Taylor, BPH (w/o enclosure)
Virginia McDonald, RUS
Region V Planning & Development Council
✓ B. Hildreth, P.E., Boyles and Hildreth



United States Department of Agriculture
Rural Development
West Virginia State Office

June 13, 2007

Lester R. Smith, Chairman
Cottageville Public Service District
P.O. Box 180
Cottageville, WV 25239

Dear Mr. Smith:

This letter, with Attachments 1 through 11 and enclosures, establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an RUS loan in the amount of \$410,000, for a total project cost of \$410,000.

The loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you. The interest rate will be the lower of the rate in effect at the time of loan approval or the time of loan closing.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. The enclosures and attachments listed below are attached to the copies as noted. Enclosed are the following:

- Attachment No. 1 - Project Construction Budget (All Copies)
- Attachment No. 2 - Water and Waste Processing Checklist (All Copies)
- Attachment No. 3 - RUS Instruction 1780, Subparts A and B (Applicant Copy)
- Attachment No. 4 - RUS Instruction 1780, Subpart C (Engineer Copy)
- Attachment No. 5 - RUS Instruction 1780, Subpart D (Attorney and Bond Counsel Copies)
- Attachment No. 6 - RUS Supplemental General Conditions (Engineer Copy)
- Attachment No. 7 - RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Project with RUS Financial Assistance"
- Attachment No. 8 - Government Auditing Standards (Revision 2003) (Accountant Copy)

Federal Building • 75 High Street • Suite 320 • Morgantown, WV 26705-7500
Phone: (304) 284-4860 OR 1-800-295-8228 • Fax: (304) 284-4893 • TDD: (304) 284-4836
Web: <http://www.rurdev.usda.gov/wv>

Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."
To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, DC 20250-9410 or call (800)795-3272 (voice) or (202) 720-6382 (TDD).

Attachment No. 9 - RUS Bulletin 1780-30, "Water Programs Audit Guide and Compliance Supplement"

Attachment No. 10 - RUS Bulletin 1780-31, "Water Programs Compliance Supplement for OMB Circular A-133 Audits"

Attachment No. 11 - Various other RD Forms as identified on Attachment No. 2

The conditions referred to above are as follows:

1. Loan Repayment - The loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. Payments for the remaining 456 months will be equal amortized monthly installments. For planning purposes use a 4.125% interest rate and a monthly amortization factor of 0.00435, which provides for a monthly payment of \$1,784. You have the option of participating in the PREAUTHORIZED DEBIT (PAD) payment process. It will allow for your payment to be electronically debited from your account on the day your payment is due. Your District must establish and fund monthly a debt service reserve account, which equals 10% of your monthly payment each month until you accumulate the equivalent of one annual installment on your loan.

You are reminded that your District may be required to refinance (graduate) the unpaid balance of its RUS loan, in whole or in part, upon the request of RUS if at any time it shall be determined the District is able to obtain a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time.

2. Security - The loan must be secured by a statutory lien of equal priority with the District's existing water revenue bonds, a pledge of the system's revenues and other agreements between you and RUS as set forth in the bond resolution which must be properly adopted and executed by the appropriate officials of your organization. Additional security requirements are contained in RUS Bulletin 1780-27 which is mentioned later.
3. Users - This conditional commitment is based upon you providing evidence that there will be at least 1,309 bona fide users on the proposed system when it has been completed and is placed in operation. This evidence will consist of a certification from you that identifies and attests to the number of users that are actually connected to the District's existing water system which is to be partially replaced by the new system, at the time you request authorization to advertise the project for construction bids.

Before RUS can agree to the project being advertised for construction bids, you must provide evidence that the total required number of bona fide users has been acquired and currently using the system.

4. Bond Counsel Services - The services of a recognized bond counsel are required. The bond counsel will prepare the form of resolution to be used, in accordance with Subpart D of RUS Instruction 1780. You should immediately provide your bond counsel with a copy of this letter of conditions, its attachments and enclosures.
5. Engineering Services - It will be necessary for you to obtain the services of an engineer. EJCDC No. E-510, "Standard Form of Agreement between Owner and Engineer for

Professional Services” (Funding Agency Edition) should be used to obtain the services of an engineer. The EJCDC document is issued under copyright and cannot be provided by RUS.

6. Legal Services – It will be necessary for you to obtain the services of a local attorney. For your convenience an RUS “Legal Services Agreement” is enclosed for your use.
7. Accounting Services – It will be necessary for you to obtain the services of a qualified accountant. The accountant must agree to develop and provide the following:
 - a. All necessary accounting material required by the Public Service Commission of West Virginia (Rule 42 Exhibit).
 - b. Prior to loan closing, your accountant must certify that the accounts and records as required by your bond resolution have been established and are operational.

The Accountant’s Agreement should be submitted to RUS for review. Compensation in the contract should include only those services identified above and not include payment for construction management services from the accountant unless RUS concurrence is obtained.

RUS regulations (Attachment No. 3) outline requirements for the submission of management reports and audits. Appropriate state statutes place certain audit requirements on your District. The attached booklets, “Government Auditing Standards (Revised 2003)” (Attachment No. 8), and RUS Bulletins 1780-30 and 1780-31 (Attachment Nos. 9 and 10) outline audit requirements.

You are reminded that certain provisions of the Office of Management and Budget Circular A-133 are applicable to any public body or nonprofit association that expends \$500,000 or more in federal funds in any one fiscal year. You must enter into an agreement annually with an accountant (or the State Tax Department) to perform the audit. The agreement must be in accordance with the requirements of the State Tax Commissioner of West Virginia. Compensation for preparation of the A-133 audit or your annual audit are not included in project funds and should be paid from the operational revenues generated from your system operation.

8. Facility Control - Prior to advertisement for construction bids, you must furnish satisfactory evidence that you have or can obtain adequate continuous and valid control over the lands and rights needed for the project. Such evidence must be in the following form:
 - a. A right-of-way map showing clearly the location of all lands and rights needed for the project. The map must designate public and private lands and rights and the appropriate legal ownership thereof.
 - b. A copy of deeds, contracts or options for any lands needed other than rights-of-way, along with a preliminary title opinion covering such lands. Form RD 1927-9, “Preliminary Title Opinion” may be used. In the case of your existing system or where the District already acquired real property (land or facilities), a preliminary title opinion(s) concerning all such property(s) will be provided.

- c. Position Fidelity Bond(s) - All positions occupied by persons entrusted with the receipt and/or disbursement of funds must be bonded. As a good business practice you will probably wish to have each position bonded in an amount equal to the maximum amount of funds to be under the control of that position at any one time

The minimum coverage acceptable to RUS once your project is in operation will be for each position to be bonded for an amount at least equal to one annual installment on your loan(s).

- d. Real Property Insurance - Prior to the acceptance of the facility from the contractor(s), you must obtain real property insurance (fire and extended coverage) on all above-ground structures, to include machinery and equipment housed therein. This does not apply to water reservoirs, standpipes, elevated tanks or noncombustible materials used in treatment plants, clearwells, filters and the like.

12. Contract Documents, Final Plans and Specifications -

- a. The contract documents should consist of the following:

- (1) EJCDC Document No. C-521, 2002 Edition, "Standard Form of Agreement between Owner and Contractor on the Basis of Stipulated Price" and EJCDC Document No. C-710, "Standard General Conditions of the Construction Contract - Funding Agency Edition," 2002 Edition, and Attachments. The EJCDC document is issued under copyright and cannot be provided by RUS.
- (2) "RUS Supplemental General Conditions."

RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Projects with RUS Financial Assistance," is enclosed for use by your engineer in the preparation of the contract documents (Attachment No. 7).

- b. The contract documents must provide, as a minimum, the following insurance:

- (1) Liability Insurance - Personal Liability - \$500,000; Property Damage - \$200,000 - \$200,000. This coverage must include indemnification of the District and its engineer. RUS Bulletin 1780-13, Attachment 9, suggests certain limits of liability for insurance coverage. Those limits should be considered as minimum requirements only. It is recommended you consider increasing the given limits of liability after analyzing your specific needs.
- (2) Builder's Risk Insurance - On all structures and mechanical and electrical equipment in place or stored on the site to the full insurable value thereof.
- (3) Workers' Compensation - In accordance with applicable State laws.

- c. The contract documents and final plans and specifications must be submitted to RUS for approval.

d. The project must be designed in compliance with Section 504 of the Rehabilitation Act of 1973.

13. State Prevailing Wage Law - You should ensure that all requirements of Article 5A of the West Virginia State Prevailing Wage Law, "Wages for Construction of Public Improvements" are met during construction of the project.
14. Disbursement of Funds - The RUS funds will be advanced as they are needed in the amount(s) necessary to cover the RUS proportionate share of any disbursements required of your District, over 30 day periods. Any grant funds not disbursed immediately upon receipt must be deposited in an interest bearing account.

The District will establish a separate fund, to be known and hereafter referred to as the Construction Account, with a lending institution insured by the Federal Deposit Corporation. The account shall be used solely for the purpose of paying the costs of the project as outlined in the construction budget. All funds in the account will be secured by a collateral pledge equaling at least 100% of the highest amount of funds expected to be deposited in the Construction Account. All deposits in excess of \$100,000 will be secured by a collateral pledge in accordance with Treasury Circular Number 176.

The District must assure that all project funds are expended only for the eligible items included in the final project budget or as may be later approved by RUS.

15. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided:

Form RD 1940-1 - "Request for Obligation of Funds"
RUS Bulletin 1780-27 - "Loan Resolution (Public Bodies)"
Form RD 400-1 - "Equal Opportunity Agreement"
Form RD 400-4 - "Assurance Agreement"
Form AD 1047 - "Certification Regarding Debarment - Primary"
Form RD 1910-11 - "Applicant Certification, Federal Collection Policies"
FmHA Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans"
Certification of Compliance
Form RD 1942-46, "Letter of Intent to Meet Conditions"

16. The enclosed Water and Waste Processing Checklist (Attachment No. 2) outlines the items needed to complete the loan docket. All the items listed must be included in the loan docket when it is forwarded to the USDA - Rural Development State Office with a request for loan closing instructions to be issued.
17. Upon receipt of the loan docket, which contains all the items required above, RUS may authorize you to advertise the project for construction bids. Such advertisement must be in accordance with appropriate State statutes. Immediately after bid opening you must provide RUS with (a) a bid tabulation, (b) recommendations from you and your engineer as to the acceptability of the bids received, and (c) your recommendations for contract awards. If all parties then agree the construction bids received are acceptable, it is determined that adequate

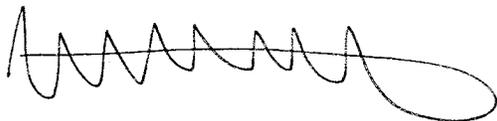
funds are available to cover the total facility costs, and that all the administrative conditions of loan approval have been satisfied, loan closing instructions will be issued. The closing instructions, a copy of which will be forwarded to you, will set forth any further requirements that must be met before the loan can be closed. When all parties agree that the closing requirements can be met, a mutually acceptable date for the loan closing will be scheduled.

Any applicant contribution shall be considered as the first funds expended. After providing for all authorized costs, any remaining RUS project funds will be considered to be RUS loan funds and would be applied as an extra payment toward the loan balance.

If the conditions set forth in this letter are not met within twelve (12) months from the date hereof, RUS reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the twelve-month period and it is determined the authority still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If during that review, it is determined the budget is no longer current and/or adequate, RUS reserves the right to require that it be revised or replaced.

We believe the information herein clearly sets forth the actions which must be taken; however, if you have any questions, please do not hesitate to contact me.

Sincerely yours,



ROBERT M. STEPTOE III
State Director

Enclosures

cc: Area Director, Parkersburg
ATTN: Rural Development Specialist (RUS)

Gary K. Bennett, Certified Public Accountant
Fairmont, WV

Goodwin and Goodwin, LLP
Charleston, WV

Boyles and Hildreth, Consulting Engineers
Spencer, WV

Project Construction Budget

<u>PROJECT COST</u>	<u>RUS LOAN</u>	<u>TOTAL</u>
CONSTRUCTION	\$ 265,650	\$ 265,650
CONST. CONTINGENCY	\$ 27,450	\$ 27,450
LEGAL FEES	\$ 6,000	\$ 6,000
BOND COUNSEL	\$ 15,000	\$ 15,000
ACCOUNTING	\$ 4,500	\$ 4,500
ENGINEERING FEES	\$ 67,700	\$ 67,700
Basic - \$35,800		
Insp. - \$29,400		
Special - \$2,500		
INTEREST	\$ 17,000	\$ 17,000
PROJECT CONTG.	\$ 6,700	\$ 6,700
TOTAL	\$ 410,000	\$ 410,000

Rates - Tariff No. 1

Available for general domestic, commercial, and industrial service.

First	3,000	gallons @	\$	4.78	per M gallons
Next	3,000	gallons @	\$	4.39	per M gallons
Next	4,000	gallons @	\$	3.93	per M gallons
Over	10,000	gallons @	\$	3.11	per M gallons

Minimum Charge

No bill shall be rendered for less than the following amounts according to the size of meter installed.

5/8" x 3/4"	meter	\$	14.34	per month
3/4"	meter	\$	21.51	per month
1"	meter	\$	35.85	per month
1 1/2"	meter	\$	71.70	per month
2"	meter	\$	114.72	per month
3"	meter	\$	215.10	per month
4"	meter	\$	358.50	per month
6"	meter	\$	717.00	per month
8"	meter	\$	1,147.20	per month

Minimum Monthly Bill \$ 14.34 for 3,000 gallons

COTTAGEVILLE PUBLIC SERVICE DISTRICT
OPERATING BUDGET

OPERATING INCOME

Metered Sales	\$ 398,345	
Public Fire Protection	\$ 3,760	
Forfeited Discounts	\$ 7,588	
Miscellaneous Service Revenues	\$ 1,632	
Other Water Revenues	\$ 15,719	
TOTAL OPERATING INCOME		<u>\$ 427,044</u>

NON OPERATING INCOME

Interest income	\$ 6,938	
TOTAL NON OPERATING INCOME		<u>\$ 6,938</u>

TOTAL INCOME

\$ 433,982

EXPENSES

O & M	\$ 229,660	
Taxes	\$ 7,949	
Short-Lived Asset Replacement	\$ 21,600	
TOTAL EXPENSES		<u>\$ 259,209</u>

INCOME AVAILABLE FOR D/S

\$ 174,773

DEBT SERVICE

Existing Bond P & I	\$ 117,960	
Proposed Bond P & I	\$ 21,408	
TOTAL DEBT SERVICE		<u>\$ 139,368</u>

DEBT SERVICE RESERVE

Existing Debt Service Reserve	\$ 11,796	
Proposed Debt Service Reserve	\$ 2,141	
TOTAL DEBT SERVICE RESERVE		<u>\$ 13,937</u>

SURPLUS (DEFICIT)

\$ 21,468

DEBT COVERAGE

125%

COTTAGEVILLE PUBLIC SERVICE DISTRICT
 USE AND INCOME ANALYSIS
 EXISTING SYSTEM - BOOSTER LEVEL

Blocking Gallons	No. of Bills	Gal/ Mo.	Min. Bills 5/8" meter	Min. Bills 1" meter	First 3,000	Next 3,000	Next 4,000	Over 10,000	TOTAL REVENUE
0 - 3,000	3,452	5,697.60	3,417	35					
3,001 - 6,000	3,386	14,606.80			10,158.00	4,448.80			
6,001 - 10,000	1,282	9,621.20			3,846.00	3,846.00	1,929.20		
Over 10,000	505	8,141.00			1,515.00	1,515.00	2,020.00	3,091.00	
Monthly Total	8,625	38,066.60	3,417.00	35.00	15,519.00	9,809.80	3,949.20	3,091.00	
Rate Tariff No. 2			\$ 17.79	\$ 44.48	\$ 5.93	\$ 5.48	\$ 4.85	\$ 4.53	
Monthly Revenues			\$ 60,788.43	\$ 1,556.80	\$ 92,027.67	\$ 53,757.70	\$ 19,153.62	\$ 14,002.23	\$ 241,286.45

Correction Factor 0.981867
Annual Operating Revenue \$ 236,911.21

**UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE
Water and Waste Processing Checklist**

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
SF 424.2	Application for Federal Assistance	3	1780.31(b)	Applicant		Have	3
	DUNS Number	1		Applicant			3
	CAIVRS Number	1		RUS			CPAP Form
	Public Notice of Intent to File App./ Env. Notice	3	1780.19(a) 1794	Applicant			3
Bulletin 1780-22	Applicant Eligibility Certification/ Other Credit Certification	1	1780.33(d)	Applicant		Have	3
	Audit for last year of operation	1	1780.33(e)	Applicant/ Accountant		Have	1
	Staff Review Financial Statements	1	S.I. 1780.2	RUS		Have	1
EJCDC No. 1910-1-FA	Agreement between Owner & Engineer	3	1780.39(b)	Applicant/ Engineer		Have	6
Bulletin 1780-7 or other approved	Legal Services Agreement with Local Attorney	3	1780.39 (b)(2)	Applicant/ Attorney		Have	5
	Site Visit		S.I. 1780-2	RUS		Have	3
	Processing Conference	1	1780.39(a)	RUS		Have	3

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	Environmental Report	2	1794	Applicant		Have	3
	Environmental Assessment	2	1794	RUS/ Engineer		Have	3
	FONSI/ Evidence of Publication	1	Exhibit 1 RUS 1794 News Ad	RUS/ Applicant			3
Bulletins 1780-2 1780-3	Preliminary Engineering Report	2	1780.33(c)	Engineer		Have	6
	Staff Engineer PER Review	1	1780.33(c)	RUS			3
	Bill Analysis for existing system(s)	2	1780.33(c)	Applicant/ Engineer		Have	8
	Rate Tariff	2	1780.33	Applicant		Have	8
	Applicant's IRS Tax Number(TIN)	1	1780.33(g)	Applicant		Have	3
	Agency Det- ermination on the Availability of "Other Credit" with Docu- mentation	1	1780.7(d)	RUS		Have	3
	Documentation on Service Area	1	1780.11	RUS		Have	3
Bulletin 1780-1	Project Selection Criteria	2	1780.17	RUS		Have	1
	Letter of Conditions	7	1780.41 (a)(5)	RUS			3
Exhibit A / A-1	Certifications Regarding Lobbying	2	1780.33(h)	Applicant			2
CPAP Form	Project Information	3	1780.41(a)	RUS			1

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
CPAP Form	Underwriting Information	3	1780.33(h)	Applicant			3
RD 1940-1	Request for Obligation of Funds	4	1780.41(a)	RUS/ Applicant			2
RD 1942-46	Letter of Intent to Meet Conditions	2	1780.41 (a)(6)	Applicant			3
AD 1047	Certification Regarding Debarment (Primary)	1	1780.33(h)	Applicant			5
	Relationships/ Associations with Agency Employees	1	1780.1(f)	RUS			3
RD 1910-11	Applicant Certification, Federal Collection Policies	1	1780.33(h)	Applicant			3
Bulletin 1780-27	Loan Resolution	1	1780.45 (a)(2)	Applicant			5
RD 400-1	Equal Opportunity Agreement	1	1901-E	Applicant			6
RD 400-4	Assurance Agreement	1	1901-E	Applicant			3
	Legal Services Agreement with Bond Counsel	1	1780.39 (b)(3)	Applicant/ Bond Counsel			5
	Agreement for Accounting Services	1	1780.39 (b)(2)	Applicant/ Accountant		Have	5
	Certification Relative to Existing Users	1	LOC	Applicant			5
	Verification of Users	1	1780.44(b)	RUS			3

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
	Accountant's Certification	1	LOC	Applicant/ Accountant			3
	RUS Review of Accounting Records	1	S.I. 1780-4 (1)(ii)	RUS			3
	Copy of PSC Rule 42 Exhibit	1	State	Attorney/ Accountant			3
	DOH Permit	1	1780.15(d)	Applicant			6
	Dept. of Health Approval	1	1780.15(d)	Engineer			6
	Contract Documents, Plans & Specifications	2	1780.61(a)	Engineer			Separate File
	Agency Determination on Procurement	1	1780.70(d)	RUS			6
	Preliminary Bond Transcript Documents w/o Defeasance Provisions	2	1780.83	Bond Counsel			5
	Right-of-Way Map	1	1780.44(g)	Engineer			Separate File
	Deeds and/or Options		1780.44.(g)	Applicant/ Attorney			5
RD 1927-9	Preliminary Title Opinion	1	1780.44 (g)(2)	Applicant/ Attorney			5
	Narrative Opinion from Attorney	1	1780.44(g)	Attorney			5
RD 442-22	Opinion of Counsel Relative to R/Ways		1780.44 (g)(1)	Attorney			5
	Review of Outstanding Judgment	1	1780.7(g)	RUS/ Attorney			3

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
SF 3881	Electronic Funds Transfer Payment Enrollment Form	1	31 CFR 208	Applicant/ Financial Institution			2
	PSC Approval	1	1780.15(b)	Applicant/ Attorney			6
	Bid Tabulation	1	1780.61(b)	Engineer			6
	OGC Closing Instructions	1	1780.44(h)	RUS			5
	S/O Closing Instructions	1	1780.44(h)	RUS			5
RD 1927-10	Final Title Opinion	1	1780.44 (g)(2)	Applicant/ Attorney			5
	Bond Transcript Documents w/o Defeasance Provisions	3	1780.83	Bond Counsel			Separate File
RD 400-8	Compliance Review	1	1780.44(c)	RUS			5
	Liability Insurance	1	1780.39(g)	Applicant			7
	Workers' Compensation Certificate	1	1780.39(g)	Applicant			7
440-24	Fidelity Bond	1	1780.39(g)	Applicant			7
1924-16	Record of Pre-Construction Conference	1	1780.76(a)	RUS/ Engineer			6
AD 1048	Certification Regarding Debarment (Contractor)	1 each	1780.33(h)	All Appropriate Vendors			5
	OGC Final Opinion	1	1780.45(g)	RUS			5



United States Department of Agriculture
Rural Development
West Virginia State Office

\$410,000
COTTAGEVILLE PUBLIC SERVICE DISTRICT
WATER REVENUE BOND
SERIES 2009

CONSENT TO ISSUANCE OF PARITY BONDS

The undersigned duly authorized representative of the United States of America, acting through the United States Department of Agriculture, Rural Development, the registered owner of the Prior Bonds, hereinafter defined and described, hereby (i) consents to the issuance of the Water Revenue Bond, Series 2009, in the original aggregate principal amount of \$410,000 (the "Series 2009 Bond"), by Cottageville Public Service District (the "Issuer"), under the terms of the resolution authorizing the Series 2009 Bond (the "Resolution"), on a parity as to liens, pledge and source of and security for payment with the Issuer's Water Revenue Bond, Series 1979, Water Revenue Bond, Series 1980, Water Revenue Bond, Series 1983, Water System Taxable Revenue Bond, Series 1990 A, and Water System Taxable Revenue Bond, Series 1900 B (collectively, the "Prior Bonds"); (ii) waives any requirements imposed by the Prior Bonds or the resolutions authorizing the Prior Bonds (the "Prior Resolutions"), regarding the issuance of parity bonds that are not met by the Series 2009 Bond or the Resolution; and (iii) consents to any amendments made to the Prior Resolutions by the Resolution.

WITNESS my signature on this 26th day of March, 2009.

UNITED STATES OF AMERICA,
UNITED STATES DEPARTMENT OF
AGRICULTURE, RURAL DEVELOPMENT

By: Cheryl L. Wolfe
Acting State Director

75 High Street Federal Building • Suite 320 • Morgantown, WV 26505-7500
Phone: 304.284.4860 • 1.800.295.8228 • Fax: 304.284.4893 • TTY/TDD: 304.284.4836 • Web: <http://www.rurdev.usda.gov/wv>

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To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W.,
Washington, DC 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD).

**COTTAGEVILLE PUBLIC SERVICE DISTRICT
WATER REVENUE BOND
SERIES 2009**

BOND RESOLUTION

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COTTAGEVILLE PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATER FACILITIES OF THE COTTAGEVILLE PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$410,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BOND, SERIES 2009; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNER OF SUCH BOND; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BOND; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BOND AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF COTTAGEVILLE 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 of the Code of West Virginia, 1931, as amended (the "Act"), and other applicable provisions of law.

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

A. Cottageville Public Service District (the "Issuer") is a public service district, public corporation and political subdivision of the State of West Virginia in Jackson and Mason Counties of said State.

B. The Issuer presently owns and operates a public water system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed approximately 8,000 linear feet of 6-inch waterline, hydropneumatic booster station modifications, any necessary appurtenances and such further waterline extensions of sizes to be determined or other improvements to the District's public water system, as approved by the Issuer's funding source (collectively, the "Project"), which constitute public service properties for the diversion, development, pumping, impounding, treatment, storage, distribution or furnishing of water to or for the public for industrial, public,

private or other uses (the existing public water facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The Issuer intends to permanently finance the costs of acquisition and construction of the Project through the issuance of its revenue bond to be purchased by the United States of America, United States Department of Agriculture, Rural Utilities Service (the "Government") pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Water Revenue Bonds in the total aggregate principal amount of not more than \$410,000 in one series, being the Water Revenue Bond, Series 2009, in the aggregate principal amount of not more than \$410,000 (the "Series 2009 Bond"), to permanently finance the costs of acquisition and construction of the Project. Such costs shall be deemed to include the cost of acquisition and construction of any public service properties and any improvements and extensions thereto, the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, on the Series 2009 Bond prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Reserve Account for the Series 2009 Bond (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2009 Bond 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 2009 Bond or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that the Series 2009 Bond be sold to the Government pursuant to the terms and provisions of the Letter of Conditions (as hereinafter defined).

G. The Issuer has outstanding the following revenue bond issues:

- (1) \$130,000 Water Revenue Bond, Series 1979, having a current outstanding principal balance of \$59,928.46;
- (2) \$190,000 Water Revenue Bond, Series 1980, having a current outstanding principal balance of \$90,591.77;

- (3) \$450,000 Water Revenue Bond, Series 1983, having a current outstanding principal balance of \$266,915.45;
- (4) \$974,000 Water System Taxable Revenue Bond, Series 1990 A, having a current outstanding principal balance of \$743,443.47; and
- (5) \$148,000 Water System Taxable Revenue Bond, Series 1990 B, having a current outstanding principal balance of \$111,338.96 (collectively, the "Prior Bonds").

The Series 2009 Bond shall be issued on parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 2009 Bond, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Registered Owner of the Prior Bond to the issuance of the Series 2009 Bond on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

H. The estimated revenues to be derived in each year following completion of the Project from the operation of the System will be sufficient to pay all Operating Expenses of the System, the principal of and interest, if any, on the Series 2009 Bond and the Prior Bonds and all funds and accounts and other payments provided for herein.

I. The Issuer has complied with all requirements of West Virginia law relating to authorization of the acquisition, construction and operation of the Project and the System, and the issuance of the Series 2009 Bond, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the approval of the Project by the Council, as defined below, and the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia (the "PSC") by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2009 Bond or such final order will not be subject to appeal or rehearing.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2009 Bond by those who shall be the Registered Owner of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owner, 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 Owner of any and all of such Series 2009 Bond, 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 of the Code of West Virginia, 1931, as amended and in effect on the date of adoption hereof.

“Authorized Officer” means the Chairman of the Governing Body of the Issuer or any temporary Acting Chairman duly elected by the Governing Body.

“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 Issuer, the bank or other entity to be designated as such in this Bond Resolution or a supplemental resolution and its successors and assigns.

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

“Bonds” means, collectively, the Series 2009 Bond, the Prior Bonds and any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

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

“Closing Date” means the date upon which there is an exchange of the Series 2009 Bond for all or a portion of the proceeds of the Series 2009 Bond.

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

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

“Consulting Engineers” means Boyles and Hildreth, Spencer, West Virginia, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System or portion thereof in accordance with Chapter 5G, Article 1 of the Code of West Virginia, 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 other agency of the State of West Virginia that succeeds to the functions of the Council.

“Depository Bank” means the bank or banks designated as such in the Bond Legislation and any successors and assigns, which shall be a member of FDIC.

“Depreciation Fund” means the Depreciation Fund created by the Prior Resolutions and continued by Section 5.01 hereof.

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

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

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

“Government” means the United States of America, United States Department of Agriculture, Rural Utilities Service, which is expected to be the original purchaser and Registered Owner of the Series 2009.

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

“Grants” means all moneys received by the Issuer on account of any Grant for the Project.

“Gross Revenues” means all rates, rents, fees, charges, or other income received by the Issuer, or accrued to the Issuer, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, from the operation of the System, and all parts thereof, all as calculated in accordance with sound accounting practices.

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

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

“Investment Property” means:

(A) any security (within the meaning of Section 165(g)(2)(A) or (B) of the Code),

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

(E) in the case of a bond other than a private activity bond, any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan.

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

"Issuer" means Cottageville Public Service District, a public service district, public corporation and political subdivision of the State of West Virginia in Jackson and Mason Counties, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Letter of Conditions" means, collectively, the Letter of Conditions of the Government dated June 13, 2007, and all amendments thereto.

"Net Proceeds" means the face amount of the Series 2009 Bond, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2009 Bond, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property as defined in Section 148(b) of the Code that is not a purpose investment.

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under

recognized accounting principles and retention of a sum not to exceed 1/6th of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital, provided that all monthly amortization payments upon the Bonds and into the Reserve Accounts and the Depreciation Fund have been made to the last monthly payment date prior to the date of such retention.

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

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

“Paying Agent” means the Commission or other entity designated as such for the Series 2009 Bond in the Bond Legislation.

“Prior Bonds” means the Issuer's water revenue bonds described in Section 1.02 G. above.

“Prior Resolutions” means the resolution of the Issuer adopted February 8, 1999, authorizing the Prior Bonds.

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

“Project” means the Project as described in Section 1.02B hereof.

“PSC” means the Public Service Commission of West Virginia and any successor to the functions thereof.

“PSC Order” means, collectively, the final order or orders of the PSC, granting the Issuer a certificate of convenience and necessity to construct the Project and approving the financing for the Project and the rates of the System.

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

- (a) Government Obligations;

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

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

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

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

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

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

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

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

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

“Registrar” means the Bond Registrar.

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

“Reserve Accounts” means, collectively, the respective reserve accounts of the Series 2009 Bond and the Prior Bonds.

“Reserve Requirement” means, collectively, the respective amounts required to be on deposit in the Reserve Accounts.

“Revenue Fund” means the Revenue Fund created by the Prior Resolutions and continued by Section 5.01 hereof.

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

“Series 2009 Bond Construction Trust Fund” means the Series 2009 Bond Construction Trust Fund created by Section 5.01 hereof.

“Series 2009 Bond” means the Water Revenue Bond, Series 2009, of the Issuer, authorized by this Resolution.

“Series 2009 Bond Reserve Account” means the Series 2009 Bond Reserve Account created by Section 5.02 hereof.

“Series 2009 Bond 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 2009 Bond in the then current or any succeeding year.

“Series 2009 Bond Sinking Fund” means the Series 2009 Bond Sinking Fund created by Section 5.02 hereof.

“Sinking Funds” means, collectively, the respective sinking funds of the Series 2009 Bond and the Prior Bonds.

“State” means the State of West Virginia.

“Supplemental Resolution” means any resolution or order of the Issuer supplementing or amending this Resolution.

“Surplus Revenues” means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds or any other obligations of the Issuer, including, without limitation, the Sinking Funds, the Reserve Accounts and the Depreciation Fund.

“System” means the complete public service properties of the Issuer for the diversion, development, pumping, impounding, treatment, storage, distribution or furnishing of water to or for the public for industrial, public, private or other uses as presently existing in its entirety or any integral part thereof, and shall include the Project and any additions, improvements and extensions thereto hereafter constructed or acquired for the System from any sources whatsoever.

“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. 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; and any requirement for execution or attestation of the Bonds or any certificate or other document by the Chairman or the Secretary shall mean that such Bonds, certificate or other document may be executed or attested by an Acting Chairman or Acting Secretary.

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 and ordered the acquisition and construction of the Project, at an estimated cost of \$410,000, 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 2009 Bond shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the Government.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BOND

Section 3.01. Authorization of Bond. For the purposes of funding the Reserve Account for the Series 2009 Bond, paying Costs of the Project not otherwise provided for, and paying certain costs of issuance of the Series 2009 Bond and related costs, or any or all of such purposes, as determined by the Bond Legislation, there shall be and hereby are authorized to be

issued a negotiable Series 2009 Bond of the Issuer. The Series 2009 Bond shall be issued in one series, as a single bond, designated as "Water Revenue Bond, Series 2009" in the principal amount of not more than \$410,000, and shall have such terms as set forth hereinafter and in any supplemental resolution. The proceeds of the Series 2009 Bond remaining after funding the Series 2009 Bond Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 2009 Bond, if any, shall be deposited in or credited to the Series 2009 Bond Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bond. The Series 2009 Bond shall be issued in such principal amount; shall bear interest at such rate, not exceeding the legal maximum rate, payable monthly on such date, shall mature on such date and in such amount; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in the Bond Legislation or as specifically provided in the Series 2009 Bond.

Subsequent series of bonds, if any, shall be issued in fully registered form and in denominations as determined by a supplemental resolution. Such bonds shall be dated and shall have such terms as set forth in a supplemental resolution.

Section 3.03. Execution of Bond. The Series 2009 Bond shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2009 Bond shall cease to be such officer of the Issuer before the Series 2009 Bond so signed and sealed have been actually sold and delivered, such Bond may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bond had not ceased to hold such office. Any Series 2009 Bond may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bond shall hold the proper office in the Issuer, although at the date of such Bond such person may not have held such office or may not have been so authorized.

Section 3.04. Bond Registrar; Authentication and Registration. The Issuer shall be the Bond Registrar for the Series 2009 Bond and will keep, or cause to be kept by its agent, at its office, books for the registration and transfer of the Series 2009 Bond and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2009 Bond initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Series 2009 Bond as hereinbefore provided.

The Bond Registrar shall accept the Series 2009 Bond for registration or transfer only if ownership thereof is to be registered in the name of the Government, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by

law. The Series 2009 Bond shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Series 2009 Bond shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be National Finance Office, 1520 Market Street, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2009 Bond 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 Registered Owner, in accepting the Series 2009 Bond shall be conclusively deemed to have agreed that such Bond 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 Registered Owner shall further be conclusively deemed to have agreed that such Bond shall be incontestable in the hands of a bona fide registered owner for value.

So long as the Series 2009 Bond remains outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Bond.

The registered Series 2009 Bond 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 2009 Bond or transferring the registered Series 2009 Bond is exercised, such Bond shall be delivered in accordance with the provisions of this Bond Legislation. Such Bond surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of such Bond, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on such Bonds or, in the case of any proposed redemption of such Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Series 2009 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 Bond 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 Registered Owner'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. The Bond so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If 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. Bond not to be Indebtedness of the Issuer. The Series 2009 Bond shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No Registered Owner of such Bond shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay such Bond or the interest, if any, thereon.

Section 3.08. Bond Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of the Series 2009 Bond shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues, on parity with the lien on the Net Revenues in favor of the Registered Owner of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2009 Bond and the Prior Bonds and to make all other payments provided for in the Bond Legislation and the Prior Resolutions, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bond. The Issuer shall execute and deliver the Series 2009 Bond to the Government as soon as the Government will accept such delivery.

Section 3.10. Form of Bond. The text of each series of the Series 2009 Bond 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 2009 BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COTTAGEVILLE PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2009

No. R-1

\$410,000

KNOW ALL MEN BY THESE PRESENTS: That COTTAGEVILLE PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Jackson and Mason 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 UNITED STATES OF AMERICA (the "Government"), at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, and in the manner provided below, the sum of FOUR HUNDRED TEN THOUSAND DOLLARS (\$410,000), or such lesser amount as is set forth on the Record of Advances attached hereto and incorporated herein by reference, plus interest on the unpaid principal balance at the rate of 4.125% per annum.

The principal of and interest on this Bond shall be paid in the following installments on the following dates: Monthly installments of interest only on the amounts advanced hereunder, commencing 30 days following the date of delivery of this Bond and continuing on the corresponding day of each month thereafter for the first 24 months after the date hereof, and thereafter, on the corresponding day of each month in installments of principal and interest in the aggregate amount of \$1,784.00, except that the final installment shall be paid at the end of 40 years from the date of this Bond in the sum of the unpaid principal and interest due on the date thereof and except that prepayments may be made as provided below. This consideration shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to the Issuer as requested by the Issuer 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 on any indebtedness evidenced by this Bond 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 the Issuer. Extra payments, as defined in the regulations of the Government, shall, after payment of interest, be applied to the installment last to come due under this Bond and shall not affect the obligation of the Issuer to pay the remaining installments as scheduled herein.

Any amount advanced or expended by the Government for the collection hereof, or to preserve or to protect any security therefor, 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 the Issuer to the Government without demand. The Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Government. The Issuer has granted to the Government a lien on the proceeds of this Bond until such proceeds are expended for authorized purposes.

This Bond is issued (i) to pay the costs of acquisition and construction of certain improvements and extensions to the existing public water facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. The existing public water facilities of the Issuer, the Project and any further improvements or extensions 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 of the Code of West Virginia, 1931, as amended (the "Act"), a Bond Resolution duly adopted by the Issuer on March 17, 2009 (the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BOND, SERIES 1979, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$130,000; (2) WATER REVENUE BOND, SERIES 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$190,000; (3) WATER REVENUE BOND, SERIES 1983, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$450,000; (4) WATER SYSTEM TAXABLE REVENUE BOND, SERIES 1990 A, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$974,000; AND (5) WATER SYSTEM TAXABLE REVENUE BOND, SERIES 1990 B, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$148,000.

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 Net Revenues in favor of the registered owners of the Parity Bond, and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2009 Bond Reserve Account") and unexpended proceeds of this Bond. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from

said special fund provided from the Net Revenues, the moneys in the Series 2009 Bond Reserve Account and unexpended proceeds of this Bond. 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 of principal of and interest, if any, on this Bond payable in any year and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Parity Bond; provided however, that so long as there exists in the Series 2009B Bond Reserve Account, an amount at least equal to the maximum amount of principal and interest, if any, which will become due on this Bond in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with this Bond, including the Parity Bond, 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 Owner (as defined in the Bond Legislation) of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owner of this Bond 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 payment of the costs of the Project and the costs of issuance hereof as 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.

The 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 private and cooperative rates and terms in or near its community for loans for such purposes and periods of time.

If at any time it so appears to the Government that the Issuer may be able to obtain a loan from a responsible cooperative or private creditor at reasonable rates and terms for loans for such purposes and period of time, the Issuer will at the Government's request apply for and accept such loan in sufficient amount to repay the Government.

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 produce an agricultural commodity.

This Bond is given as evidence of a loan to the Issuer made or insured by the Government pursuant to the Rural Development Act of 1972. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

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

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

IN WITNESS WHEREOF, COTTAGEVILLE 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 _____, 2009.

[SEAL]

Chairman

ATTEST:

Secretary

EXHIBIT A

RECORD OF ADVANCES

	<u>AMOUNT</u>	<u>DATE</u>		<u>AMOUNT</u>	<u>DATE</u>
(1)	\$50,000.00	4/3/09	(6)	\$	
(2)	\$		(7)	\$	
(3)	\$		(8)	\$	
(4)	\$		(9)	\$	
(5)	\$		(10)	\$	

TOTAL \$

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: _____, 200__.

In the presence of:

Section 3.11. Sale of Bond The Series 2009 Bond shall be sold to the Government, pursuant to the terms and conditions of the Letter of Conditions. The Letter of Conditions, including all attachments, is hereby approved and incorporated into this Bond Legislation.

Section 3.12. Filing of Amended Schedule. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Government, a schedule, the forms of which will be provided by the Government, 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 hereby created with (or continued if previously established by the Prior Resolutions) and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

- (1) Revenue Fund (established by the Prior Resolutions);
- (2) Depreciation Fund (established by the Prior Resolutions); and
- (3) Series 2009 Bond Construction Trust Fund.

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

- (1) Series 2009 Bond Reserve Account.

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

(1) The Issuer shall first, each month, pay from 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 (i) remit to the National Finance Office, the amount required by the Prior Resolutions for payment of the interest on the Prior Bonds; and (ii) remit to the National Finance Office for deposit in the Series 2009 Bond Sinking Fund hereby established at the National Finance Office, the amount of interest due as set forth in the Series 2009 Bond.

(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 Resolutions for payment of the principal of the Prior Bonds; and (ii) remit to the National Finance Office, commencing 24 months following the date of delivery of the Series 2009 Bond, for deposit in the Series 2009 Bond Sinking Fund, the amount of principal due as set forth in the Series 2009 Bond.

The deposits into the Series 2009 Bond Sinking Fund above constitute actual payments of principal of and interest on the Series 2009 Bond to the Government.

(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 for deposit in the Reserve Account for the Prior Bonds, the amounts required by the Prior Resolutions to be deposited therein; and (ii) remit to the Commission, commencing 24 months following the date of delivery of the Series 2009 Bond, if not fully funded upon the issuance of the Series 2009 Bond, for deposit in the Series 2009 Bond Reserve Account, an amount equal to 1/120th of the Series 2009 Bond Reserve Requirement, until the amount in the Series 2009 Bond Reserve Account equals the Series 2009 Bond Reserve Requirement; provided that, no further payments shall be made into the Series 2009 Bond 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 2009 Bond Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Depreciation Fund, (i) the amounts required by the Prior Resolutions to be deposited therein; and (ii) an amount equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account, so long as the Series 2009 Bond is outstanding. All funds in the Depreciation 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 Depreciation Fund for replacements, repairs, improvements or extensions to the System; provided that, any deficiencies in any Reserve Account, except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof, shall be promptly eliminated with moneys from the Depreciation Fund.

Money in the Series 2009 Bond Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2009 Bond, as the same shall become due. Money in the Series 2009 Bond Reserve Account shall be used only for the purposes of paying principal of and interest, if any, on the Series 2009 Bond, as the same shall come due, when other moneys in the Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2009 Bond Reserve Account (if fully funded) 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 2009 Bond 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 2009 Bond, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 2009 Bond Reserve Account that result in a reduction in the balance therein to below the Series 2009 Bond 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 2009 Bond 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 Sinking Fund or the Reserve Account for the Series 2009 Bond when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2009 Bond issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Interest, principal or reserve account payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2009 Bond and the Prior 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 2009 Bond Reserve Account created hereunder, and all amounts required for such account shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Government at any time, the Issuer shall make the necessary arrangements whereby required payments into such account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 2009 Bond Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Sinking Fund and the Reserve Account for the Series 2009 Bond shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2009 Bond 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 interest, principal and reserve account payments 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.

C. 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.

D. 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 respective parties 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 Government at any time, 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.

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

F. 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.

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

ARTICLE VI

APPLICATION OF BOND PROCEEDS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 2009 Bond, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2009 Bond, there shall first be deposited in the Series 2009 Bond Sinking Fund, the amount, if any, set forth in the Bond Legislation as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2009 Bond for the period commencing on the date of issuance of the Series 2009 Bond and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 2009 Bond, there shall be deposited in the Series 2009 Bond Reserve Account, the amount, if any, set forth in the Bond Legislation for funding the Series 2009 Bond Reserve Account.

C. As the Issuer receives advances of the remaining money derived from the sale of the Series 2009 Bond, such moneys shall be deposited with the Depository Bank in the Series 2009 Bond Construction Trust Fund and 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 2009 Bond.

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 2009 Bond shall be expended as directed by the Government.

Section 6.02. Disbursements From the Bond Construction Trust Fund.

The proceeds of the Series 2009 Bond in the Series 2009 Bond Construction Trust Fund shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Government.

Until completion of acquisition and construction of the Project, the Issuer will transfer sufficient proceeds of the Series 2009 Bond from the Series 2009 Bond Construction Trust Fund and pay to the Government on or before the due date, such sums as shall be required to make the monthly payments on the Series 2009 Bond, if there are not sufficient revenues to make such monthly payments.

Pending such application, moneys in the Series 2009 Bond Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of 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 Registered Owner of the Series 2009 Bond. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Registered Owner of the Series 2009 Bond as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as the Series 2009 Bond or the interest, if any, thereon are Outstanding and unpaid.

Section 7.02. Bond not to be Indebtedness of the Issuer. The Series 2009 Bond shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Registered Owner of the Series 2009 Bond shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2009 Bond or the interest, if any, thereon.

Section 7.03. Bond Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of the Series 2009 Bond shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues, on parity with the lien on the Net Revenues in favor of the Registered Owner of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2009 Bond and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation and the Prior Resolutions are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in and approved by the PSC Order and such rates are hereby adopted.

So long as the Series 2009 Bond is 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 this Bond

Legislation. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2009 Bond shall prove to be insufficient to produce the required sums set forth in this Bond Legislation, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation.

Section 7.05. Sale of the System. So long as the Prior Bonds are Outstanding, the System may not be sold, transferred, mortgaged, leased or otherwise disposed of, except in accordance with the terms of the Prior Resolutions. Additionally, so long as the Series 2009 Bond is Outstanding and except as otherwise required by law or with the written consent of the Government, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2009 Bond, be remitted to the Series 2009 Bond Sinking Fund and applied to the payment of principal of and interest, if any, on the Series 2009 Bond. Any balance remaining after the payment of the Series 2009 Bond and interest, if any, thereon shall be remitted to the Issuer 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 Depreciation Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$10,000 but not in excess of \$50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds of any such sale shall be deposited in the Depreciation Fund. The payment of such proceeds into the Depreciation Fund shall not reduce the amount 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 Registered Owners of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Registered Owners of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2009 Bond. All obligations issued by the Issuer after the issuance of the Series 2009 Bond and payable from the revenues of the System, except such additional parity bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2009 Bond; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2009 Bond, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2009 Bond and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

The Issuer shall give the Government 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. Additional Parity Bonds. So long as the Prior Bonds are Outstanding, the limitations on the issuance of parity obligations set forth in the 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 2009 Bond pursuant to this Bond Legislation, except with the prior written consent of the Government 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 2009 Bond.

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

So long as the Series 2009 Bond is Outstanding, no Parity Bonds shall be issued at any time, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements 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 foregoing limitation may be waived or modified by the written consent of the Registered Owner of the Series 2009 Bond, representing 75% of the then-outstanding principal indebtedness. In the event the foregoing limitation is waived or when the Series 2009 Bond is no longer Outstanding, the following parity requirement shall be met:

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

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

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

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the outstanding Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2009 Bond.

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

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Government, 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 Government such documents and information as they 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 State and federal grants or other sources of financing for the Project.

The Issuer shall permit the Government, or its 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 Registered Owner of the Series 2009 Bond 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 PSC. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Government, or any other original purchaser of the Series 2009 Bond, and shall mail in each year to any Registered Owner of the Series 2009 Bond, requesting the same, an annual report containing the following:

(A) A statement of Gross Revenues, Operating Expenses, Net Revenues and Surplus Revenues derived from and relating to the System.

(B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation, and the status of all said funds and accounts.

(C) The amount of any Bonds, notes or other obligations outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Registered Owner of the Series 2009 Bond, and shall submit said report to the Government, or any other original purchaser of the Series 2009 Bond. Such audit report submitted to the Government 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 revenues of the System are adequate to meet the Operating Expenses and debt service and reserve requirements.

Subject to the terms, conditions and provisions of 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 Government, or its 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 Government, or its 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 Government with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to the issuance of the Series 2009 Bond, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2009 Bond and all other obligations secured by a lien on or payable from such revenues on parity with the Series 2009 Bond, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit in the Series 2009 Bond Reserve Account and the reserve account for the Prior Bond, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2009 Bond and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2009 Bond, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Government within 30 days of adoption thereof. No expenditures for the

operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Government and to the Registered Owner of the Series 2009 Bond, within 30 days of adoption thereof, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Government and to any Registered Owner of the Series 2009 Bond, or anyone acting for and on behalf of such Registered Owner.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers certifying, 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 Government, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Government 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 Government 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 Government 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 to operate the System during the entire term of the Series 2009 Bond.

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 PSC 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 PSC, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the PSC, discontinue and shut off the services of the System to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

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

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

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Depreciation Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Depreciation 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 prime contractor and all subcontractors as their respective interests may appear, 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 Issuer, the contractors and subcontractors, as their interests may appear.

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

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with Chapter 38, Article 2, Section 39 of the Code of West Virginia, 1931, as amended.

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

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

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

B. The Issuer shall require all contractors engaged in the construction of the 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 worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project; provided that the amounts and terms of such coverage are satisfactory to the Government. Such insurance shall be made payable to the order of the Issuer, the prime contractor and all subcontractors, as their interests may appear. The Issuer shall verify such insurance prior to commencement of construction.

Section 7.16. Connections. To the extent permitted by the laws of the State and rules and regulations of the PSC, the Issuer shall require every owner, tenant or occupant of any house, dwelling or building intended to be served by the System to connect thereto.

Section 7.17. Completion and Operation of Project; Permits and Orders. The Issuer shall 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 PSC 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 2009 Bond required by State law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. [Reserved]

Section 7.19. Statutory Mortgage Lien. For the further protection of the Registered Owner of the Series 2009 Bond, 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 2009 Bond; provided however, that the statutory mortgage lien of the Series 2009 Bond shall be on a parity with the statutory mortgage lien of the Prior Bonds.

Section 7.20. Compliance with Letter of Conditions and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Letter of Conditions and the Act.

The Issuer shall also comply with all applicable laws, rules and regulations issued by the Government 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 7.21. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2009 Bond 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 Government for written approval. The Issuer shall obtain the written approval of the Government before expending any proceeds of the Series 2009 Bond held in "contingency" as set forth in the schedules attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Government before expending any proceeds of the Series 2009 Bond made available due to bid or construction or project underruns.

C. The Issuer shall list the funding provided by the Government 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.

ARTICLE VIII

INVESTMENT OF FUNDS

Section 8.01. Investment of Funds. 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 shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank, or such other bank or national banking association, as the case may be, may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as the Series 2009 Bond is Outstanding.

Section 8.02. Certificate 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 2009 Bond as a condition to issuance of the Series 2009 Bond. 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 2009 Bond as may be necessary in order to maintain the status of the Series 2009 Bond as governmental bonds; and (ii) to take such action, or refrain from taking such action, as shall be

deemed necessary by the Issuer 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.

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 2009 Bond:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on any series of the Series 2009 Bond; 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 2009 Bond set forth in this Bond Legislation, any supplemental resolution or in the Series 2009 Bond, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or a Registered Owner 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 default occurs under the Prior Bond or the Prior Resolution.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, the Registered Owner of the Series 2009 Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owner including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Series 2009 Bond, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owner of the Series 2009 Bond, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 2009 Bond, or the rights of such Registered Owner; provided that, all rights and remedies of the Registered Owner of the Series 2009 Bond shall be on a parity with those of the Registered Owner of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of the Series 2009 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 Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

The receiver so appointed shall forthwith, directly or by his or her or its agents and attorneys, enter into and upon and take possession of all facilities of the System and shall hold, operate and maintain, manage and control the System, 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 the System as the Issuer itself might exercise.

Whenever all that is due upon the Series 2009 Bond 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, the Registered Owner of the Series 2009 Bond shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owner of the Series 2009 Bond. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owner of the Series 2009 Bond and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BOND

Section 10.01. Payment of Series 2009 Bond. If the Issuer shall pay or there shall otherwise be paid to the Registered Owner of the Series 2009 Bond, 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 Owner of the Series 2009 Bond shall thereupon cease, terminate and become void and be discharged and satisfied. Except through such direct payment to the Holder of the Bond, the Issuer may not defease the Bond or otherwise provide for payment thereof by escrow or like manner.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2009 Bond, this Resolution may be amended or supplemented in any way by a supplemental resolution. Following issuance of the Series 2009 Bond, no material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owner of the Series 2009 Bond shall be made without the consent in writing of the Registered Owner of the Series 2009 Bond so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2009 Bond, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Registered Owner as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest, if any, on the Series 2009 Bond from gross income of the Registered Owner thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owner of the Series 2009 Bond, 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, a supplemental resolution, or the Series 2009 Bond.

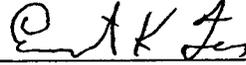
Section 11.04. Headings, Etc. The headings and catchlines of the articles, sections and subsections hereof are for convenience of reference only, and shall not affect in any way the meaning or interpretation of any provision hereof.

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

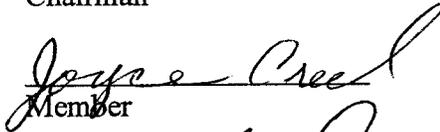
Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular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

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

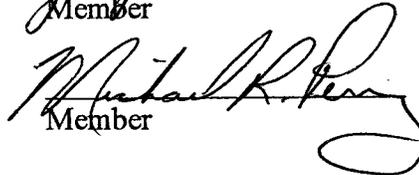
Adopted this 17th day of March, 2009.



Chairman



Member



Member

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of COTTAGEVILLE PUBLIC SERVICE DISTRICT on the 17th day of March, 2009.

Dated this 17th day of March, 2009.

[SEAL]



Secretary

COTTAGEVILLE PUBLIC SERVICE DISTRICT
WATER REVENUE BOND
SERIES 2009

MINUTES ON ADOPTION OF BOND RESOLUTION

I, Joyce Creel, Secretary of the Public Service Board of Cottageville Public Service District, hereby certify that the following is a true and correct excerpt of the minutes of a special meeting of said Public Service Board:

The Public Service Board of Cottageville Public Service District met in special session, pursuant to notice duly given, on the 17th day of March, 2009, at the District's office in Cottageville, West Virginia, at the hour of 4:30 P.M.

PRESENT:	Ernest K. Fox	Chairman and Member
	Joyce Creel	Secretary and Member
	Michael Perry	Treasurer and Member

ABSENT: None

Ernest K. Fox, Chairman, presided, and Joyce Creel acted as Secretary.

The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it. He stated that the proposed Bond Resolution would be subject to protests and suggestions from any interested person at this time in accordance with the publication of the Notice of Special Meeting, which publication has been duly made, and the Chairman called for protests and suggestions as to said Bond Resolution, and all persons desiring to protest the said Bond Resolution or to make any suggestions with reference thereto were heard.

There being no protests or suggestion made as to said Bond Resolution, the Chairman thereupon stated that it would be in order to consider the Bond Resolution for adoption, and the Chairman presented a proposed Bond Resolution in writing entitled:

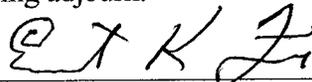
RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATER FACILITIES OF THE COTTAGEVILLE PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$410,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BOND, SERIES 2009; PROVIDING FOR THE RIGHTS AND

REMEDIES OF AND SECURITY FOR THE REGISTERED OWNER OF SUCH BOND; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BOND; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BOND AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, on motion of Mr. Perry and seconded by Mr. Fox, it was unanimously ordered that said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

The Chairman thereupon stated that it would be in order to consider a resolution approving the payment of costs associated with the design, acquisition and construction of the Project, costs associated with the issuance of the Bond, and all other documents and matters in connection with the financing and construction of the Project. The Chairman caused the same to be read and there was discussion. Thereupon, on motion of Mr. Perry and seconded by Mr. Fox, a resolution approving the payment of costs associated with the design, acquisition and construction of the Project, costs associated with the issuance of the Bond, and all other documents and matters in connection with the financing and construction of the Project was unanimously adopted.

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.



Chairman



Secretary

I further 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 as of this 3rd day of April, 2009.



Secretary

**NOTICE TO THE
RESIDENTS OF
COTTAGEVILLE
PUBLIC SERVICE
DISTRICT AND OTHER
PERSONS INTERESTED
IN RESOLUTION FOR
PROPOSED ISSUANCE OF
\$410,000 WATER REVENUE
BOND, SERIES 2009**

Pursuant to the provisions of West Virginia Code Chapter 6, Article 9A, Section 6, and in accordance with the provisions of West Virginia Code Chapter 16, Article 13A, as amended, you are hereby notified that a meeting of the Public Service Board (the "Board") of the Cottageville Public Service District (the "District") will be held on the 17th day of March, 2009, to consider for adoption a Resolution entitled "Resolution Authorizing the Acquisition and Construction of Certain Improvements and Extensions to the Existing Public Water Facilities of the Cottageville Public Service District and the Financing of the Cost Thereof, Not Otherwise Provided, Through the Issuance by the District of Not More Than \$410,000 in Aggregate Principal Amount of Water Revenue Bond, Series 2009; Providing for the Rights and Remedies of the Security for the Registered Owner of Such Bond; Authorizing Execution and Delivery of All Documents Relating to the Issuance of Such Bond; Authorizing the Sale and Providing for the Terms and Provisions of Such Bond and Adopting Other Provisions Relating thereto" (the "Resolution") to authorize the issuance of Water Revenue Bond, Series 2009 (the "Bond"), of the District in the amount of \$410,000. The Bond will provide a portion of the funds to finance the cost of the acquisition, construction and extension of betterments and improvements for the existing water system of the District including the construction of new lines and other improvements within the District.

The entire amount of the principal of and interest on the Bond will be paid solely and only from the revenues received from operation of the water system of the District, with interest to be paid over a period of 40 years and principal amortized and paid over a period of 38 years. The Resolution provides provisions with respect to the final interest rate which may be but cannot exceed 4.125% per annum which may be finally determined therein or by supplemental resolution.

A copy of the Resolution and a copy of the plans and specifications of the proposed project are available for examination by any interested person at the District's office during regular office hours of such office which are from 9:00 a.m. to 4:00 p.m., Monday through Friday.

The meeting will be held at the District's office on State Route 62 South, Cottageville, West Virginia, on the 17th day of March, 2009, at 4:30 p.m., and any person or persons interested may appear before the Board and be heard as to whether or not the Resolution shall be put into effect. All suggestions, protests and objections to the issuance of the Bond will be heard by the Board.

Dated this 20th day of February,
2009

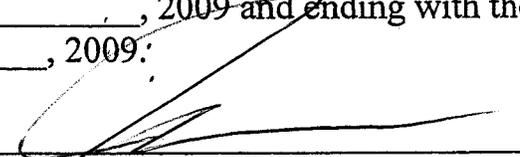
COTTAGEVILLE PUBLIC
SERVICE DISTRICT
Jackson County, West Virginia
Ernest Fox, Chairman
Joyce Creel, Secretary
3/3

AFFIDAVIT OF PUBLICATION

Cost of Publication 103.68

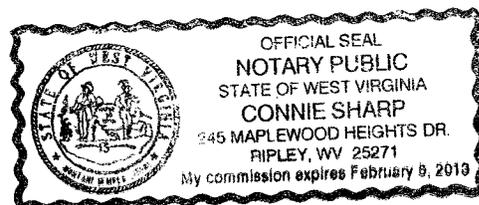
State of West Virginia,
County of Jackson, to wit:

I, James W. Freeland, being first sworn upon my oath, do depose and say that I am publisher of Jackson Newspapers, a newspaper that I have been duly authorized by the board of directors of such corporation to execute all affidavits of publication; that such newspaper has been published for more than one year prior to publication of the annexed notice described below: that such newspaper is regularly published once weekly for at least fifty weeks during the calendar year, in the municipality of Ripley, Jackson County, West Virginia; that such newspaper is a newspaper of "general circulation" as that term is defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended within the publication area or areas of the aforesaid municipality and 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 of consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, that the annexed notice of to the residents of Co Hageville PSD was duly published in said newspaper once a week for 1 successive weeks, commencing with the issue of the 3 day of March, 2009 and ending with the issue of the 3 day of March, 2009.


James W. Freeland, Publisher
Jackson Newspapers

Taken, subscribed and sworn to before me in my said county this 4 day of March, 2009.

Connie Sharp
Notary Public of Jackson County, West Virginia



COPY

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COTTAGEVILLE PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2009

No. R-1

\$410,000

KNOW ALL MEN BY THESE PRESENTS: That COTTAGEVILLE PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Jackson County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the UNITED STATES OF AMERICA (the "Government"), at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, and in the manner provided below, the sum of FOUR HUNDRED TEN THOUSAND DOLLARS (\$410,000), or such lesser amount as is set forth on the Record of Advances attached hereto and incorporated herein by reference, plus interest on the unpaid principal balance at the rate of 4.125% per annum.

The principal of and interest on this Bond shall be paid in the following installments on the following dates: Monthly installments of interest only on the amounts advanced hereunder, commencing 30 days following the date of delivery of this Bond and continuing on the corresponding day of each month thereafter for the first 24 months after the date hereof, and thereafter, on the corresponding day of each month in installments of principal and interest in the aggregate amount of \$1,784.00, except that the final installment shall be paid at the end of 40 years from the date of this Bond in the sum of the unpaid principal and interest due on the date thereof and except that prepayments may be made as provided below. This consideration shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to the Issuer as requested by the Issuer 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 on any indebtedness evidenced by this Bond 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 the Issuer. Extra payments, as defined in the regulations of the Government, shall, after payment of interest, be applied to the installment last to come due under this Bond and shall not affect the obligation of the Issuer to pay the remaining installments as scheduled herein.

Any amount advanced or expended by the Government for the collection hereof, or to preserve or to protect any security therefor, 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 the Issuer to the Government without demand. The Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Government. The Issuer has granted to the Government a lien on the proceeds of this Bond until such proceeds are expended for authorized purposes.

This Bond is issued (i) to pay the costs of acquisition and construction of certain improvements and extensions to the existing public water facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. The existing public water facilities of the Issuer, the Project and any further improvements or extensions 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 of the Code of West Virginia, 1931, as amended (the "Act"), a Bond Resolution duly adopted by the Issuer on March 17, 2009 (the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BOND, SERIES 1979, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$130,000; (2) WATER REVENUE BOND, SERIES 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$190,000; (3) WATER REVENUE BOND, SERIES 1983, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$450,000; (4) WATER SYSTEM TAXABLE REVENUE BOND, SERIES 1990 A, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$974,000; AND (5) WATER SYSTEM TAXABLE REVENUE BOND, SERIES 1990 B, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$148,000.

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 Net Revenues in favor of the registered owners of the Parity Bonds, and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2009 Bond Reserve Account") and unexpended proceeds of this Bond. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 2009 Bond Reserve Account and unexpended proceeds of this Bond. 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 of principal of and interest, if any, on this Bond payable in any year and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Parity Bonds; provided however, that so long as there exists in the Series 2009 Bond Reserve Account, an amount at least equal to the maximum amount of principal and interest, if any, which will become due on this Bond in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with this Bond, including the Parity 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 Owner (as defined in the Bond Legislation) of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owner of this Bond 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 payment of the costs of the Project and the costs of issuance hereof as 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.

The 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 private and cooperative rates and terms in or near its community for loans for such purposes and periods of time.

If at any time it so appears to the Government that the Issuer may be able to obtain a loan from a responsible cooperative or private creditor at reasonable rates and terms for loans for such purposes and period of time, the Issuer will at the Government's request apply for and accept such loan in sufficient amount to repay the Government.

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 produce an agricultural commodity.

This Bond is given as evidence of a loan to the Issuer made or insured by the Government pursuant to the Rural Development Act of 1972. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

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

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

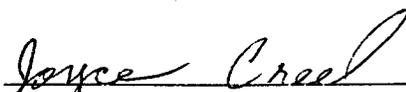
IN WITNESS WHEREOF, COTTAGEVILLE PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated April 3, 2009.

[SEAL]



Chairman

ATTEST:



Secretary

EXHIBIT A

RECORD OF ADVANCES

	<u>AMOUNT</u>	<u>DATE</u>		<u>AMOUNT</u>	<u>DATE</u>
(1)	\$50,000.00	4/3/09	(6)	\$	
(2)	\$		(7)	\$	
(3)	\$		(8)	\$	
(4)	\$		(9)	\$	
(5)	\$		(10)	\$	

TOTAL \$

BOND REGISTER

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COTTAGEVILLE PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2009

<u>Bond Number</u>	<u>Principal Amount</u>	<u>Date of Bond</u>
No. R-1	\$410,000	April 3, 2009

NO WRITING ON THIS BOND REGISTER EXCEPT BY THE REGISTRAR

Name of Registered Owner:

United States of America
National Finance Office
1520 Market Street
St. Louis, Missouri 63103

Signature of Registrar:

Cottageville Public Service District
By: Joyce Cree
Secretary

COTTAGEVILLE PUBLIC SERVICE DISTRICT

Water Revenue Bond, Series 1978

BOND RESOLUTION

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COTTAGEVILLE PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF \$130,000 WATER REVENUE BOND, SERIES 1978, OF COTTAGEVILLE PUBLIC SERVICE DISTRICT TO FINANCE CONSTRUCTION OF ADDITIONS TO ITS EXISTING WATERWORKS; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND 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 COTTAGEVILLE 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 Article 13A, Chapter 16 of the West Virginia Code and other applicable provisions of law. Cottageville Public Service District (herein called the "District") is a public service district created pursuant to said Article 13A by The County Commission of Jackson County.

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

- (A) The District now has a public waterworks system.
- (B) It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the District, and, accordingly, it is hereby ordered, that there be constructed additions, extensions and improvements to the waterworks system of the District consisting of additional transmission lines and storage facilities for residents of the Evergreen Hills Community and portions of Cologne and Cooper Districts of Mason County, with all necessary appurtenant facilities (herein called the "Project"), particularly described in and according to the plans and specifications

prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board of the District (herein called the "Board").

(C) It is necessary for the District to issue its revenue bond in the principal amount of \$130,000 to finance the cost of such construction in the manner hereinafter provided.

(D) The estimated maximum cost of the construction of the Project is \$702,000, of which \$130,000 will be obtained from the proceeds of sale of the Series 1978 Bond herein authorized, \$336,000 from a grant from the Government, \$186,000 from a grant from the United States Department of Housing and Urban Development, and \$50,000 from a grant from the Jackson County Commission.

(E) The cost of such construction shall be deemed to include, without being limited to, the construction or acquisition of the Project, the acquisition of any necessary property, real or personal, or interest therein; interest on the Series 1978 Bond prior to, during and for six months after completion of such construction to the extent that revenues of the System are not sufficient therefor; 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 by this resolution.

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

(G) There is outstanding the obligation of the District which will rank on a parity with the Series 1978 Bond as to lien and source of and security for payment, as follows:

The outstanding Water System Revenue Bond, Series 1971, of the District, dated February 17, 1971, in the principal amount of \$102,000 (the "Series 1971 Bond"), authorized by a resolution of the Board adopted on the 11th day of February, 1971 (the "1971 Resolution").

(H) The entire principal amount outstanding of the Series 1971 Bond is held or insured by the Government, which has heretofore consented to the issuance of the Series 1978 Bond as herein authorized and has seen and approved a copy of this Resolution prior to the adoption hereof. The Government is expected by the Board to purchase the entire principal amount of the Series 1978 Bond.

(I) The District has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Series 1978 Bond, or will have so complied prior to issuance of the Series 1978 Bond including, among other things, the consent and approval, pursuant to the Act, of the issuance of the Series 1978 Bond by the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired.

Section 1.03. Resolutions to Constitute Contract. In consideration of the acceptance of the Series 1978 Bond by the Government, this Resolution and the 1971 Resolution shall be deemed to be and shall constitute a contract between the District and such Bondholder, and the covenants and agreements set forth in such Resolutions to be performed by the District shall be for the benefit, protection and security of the Government as holder of all the Bonds.

Section 1.04. Definitions. The following terms shall have the following meanings in this resolution unless the text otherwise expressly requires:

"Act" means Article 13A, Chapter 16 of the West Virginia Code.

"Board" means the Public Service Board of the District, the governing body of the District under the Act.

"Bonds" means the \$130,000 Water Revenue Bond, Series 1978, originally authorized to be issued pursuant to this Resolution and shall also include the Series 1971 Bond.

"Bond Fund" means collectively the Sinking Fund established by the 1971 Resolution and the National Finance Office named in the Series 1978 Bond.

"Series 1971 Bond" means the Series 1971 Bond defined above.

"Series 1978 Bond" means the Bond hereby authorized to be issued.

"Chairman" means the Chairman of the Board.

"Consulting Engineer" means J. H. Milam, Inc., Dunbar, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the District as Consulting Engineer for the System.

"District" means Cottageville Public Service District, of Jackson County, West Virginia, and, where appropriate, also means the Public Service Board thereof.

"Established by 1971 Resolution" means also "and continued by this Resolution".

"Facilities" or "waterworks facilities" means all the tangible properties of the System and also any tangible properties which may hereafter be added to the System by any additions, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefor, hereafter at any time constructed or acquired.

"Fiscal Year" means each year beginning on July 1 and ending on the succeeding June 30.

"Government" means United States Department of Agriculture, Farmers Home Administration and any successor thereof.

"Herein" means in this Resolution.

"Holder of the Bond" or "Bondholder" or any similar term means any person who shall be the bearer or owner of any outstanding Bond registered to bearer or not registered, or the registered owner of any outstanding Bond which shall at the time be registered other than to the bearer.

"Net Revenues" means the balance of the gross revenues, as defined below, remaining after deduction only of operating expenses, as defined below.

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the District relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting practices, and retention of a sum not to exceed one-sixth of the budgeted operating expenses stated above for the current year as working capital, and language herein requiring payment of operating expenses means also retention of not to exceed such sum as working capital.

"Original Purchaser" means the purchaser, directly from the District, of the Series 1978 Bond or of any part of such series.

"Project" shall have the meaning stated in Section 1.02(B) above.

"Revenues" or "gross revenues" means all rates, rents, fees, charges or other income received by the District, or accrued to the District, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, from the operation of the System, and all parts thereof, all as calculated in accordance with sound accounting practices.

"Secretary" means the Secretary of the Board.

"System" means the complete waterworks system of the District as extended and improved by the Project, including all water facilities owned by the District and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the waterworks; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the waterworks after completion of the Project.

Words importing singular number shall include the plural number

in each case and vice versa, and words importing persons shall include firms and corporations.

Section 1.05. 1971 Resolution Applies. Except as otherwise herein provided, all provisions of the 1971 Resolution shall apply to the Series 1978 Bond, and this Resolution is supplemental and amendatory of the 1971 Resolution. This Resolution and the 1971 Resolution are to be read together.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION,
REGISTRATION AND ISSUE OF SERIES
1978 BOND

Section 2.01. Authorization of Series 1978 Bond. Subject and pursuant to the provisions of this Resolution, the Bond of the District, to be known as "Water Revenue Bond, Series 1978", is hereby authorized to be issued in the aggregate principal amount of not exceeding One Hundred Thirty Thousand Dollars (\$130,000) for the purpose of financing the cost of the construction and acquisition of the Project.

Section 2.02. Description of Series 1978 Bond. The Series 1978 Bond shall be issued in single form, No. 1, and shall be dated on the date of delivery. The Series 1978 Bond shall bear interest from date, payable monthly at the rate of five per centum (5%) per annum, and shall be sold for the par value thereof.

The Series 1978 Bond shall be subject to prepayment of scheduled installments, or any portion thereof, at the option of the District, and shall be payable as provided in the bond form hereinafter set forth.

Section 2.03. Execution of Series 1978 Bond. The Series 1978 Bond shall be executed in the name of the District by the Chairman and its corporate seal shall be affixed thereto and attested by the ^{Chairman} ~~Secretary~~. The Series 1978 Bond may be signed and sealed on behalf of the District by such person as at the actual time of the execution of such Series 1978 Bond shall hold the proper office on the Board, although at the date of such Series 1978 Bond such person may not have held such office or may not have been so authorized. gll

Section 2.04. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Series 1978 Bond shall become mutilated or be destroyed, stolen or lost, the District may in its discretion issue and deliver a new Series 1978 Bond of like tenor as the Series 1978 Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Series 1978

Bond or in lieu of and substitution for the Series 1978 Bond destroyed, stolen or lost, and upon the holder's furnishing the District proof of his ownership thereof and complying with such other reasonable regulations and conditions as the District may require. The Series 1978 Bond so surrendered shall be canceled and held for the account of the District. If the Series 1978 Bond shall have matured or be about to mature, instead of issuing a substitute Series 1978 Bond the District may pay the same, and, if such Series 1978 Bond be destroyed, stolen or lost, without surrender thereof.

Section 2.05: Bond Secured by Pledge of Revenues. The payment of the debt service of the Series 1978 Bond shall be secured forthwith equally and ratably, and on a parity in all respects with the Series 1971 Bond, by a first lien on the net revenues derived from the System in addition to the statutory mortgage lien on the System hereinafter provided for. 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 into the Bond Fund and otherwise as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Series 1978 Bond as the same become due and on a parity with payments of principal of and interest on the Series 1971 Bond.

Section 2.06. Form of Series 1978 Bond. Subject to the provisions of this Resolution, the text of the Series 1978 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 by this Resolution or any subsequent resolution adopted prior to the issuance thereof:

(Form of Bond)

WATER REVENUE BOND, SERIES 1978

COTTAGEVILLE PUBLIC SERVICE DISTRICT

\$130,000

No. 1

Date: _____

FOR VALUE RECEIVED, COTTAGEVILLE PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (herein called the "Government"), 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 One Hundred Thirty Thousand Dollars (\$130,000), plus interest on the unpaid principal balance at the rate of five per cent (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Installments of interest only on the first day of each month for the first twenty-four months after the date hereof and \$639, covering principal and interest, thereafter on the first day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this 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 of the loan is not advanced at the time of loan closing, the loan 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 reverse hereof.

Every payment made on any indebtedness evidenced by this Bond 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 Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower 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 Borrower, 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 Borrower, 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 Borrower to the

Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower 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 private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of construction and acquisition of additions, extensions and improvements to the waterworks of the Borrower, is payable solely from the revenues to be derived from the operation of such waterworks after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the waterworks. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

This Bond is on a parity with the Water System Revenue Bond, Series 1971, of the Borrower issued in the principal amount of \$102,000 on the 17th day of February 1971 (the "Series 1971 Bond") pursuant to a resolution of the Borrower duly adopted. Consent of the holder of the Series 1971 Bond has been given for the issuance of this Bond on a parity with the Series 1971 Bond.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Article 13A of Chapter 16 of the West Virginia Code (herein called the "Act").

If at any time it shall appear to the Government that Borrower 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, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the ^{Consolidated Farmers Home} Rural Development Act. This

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.

[CORPORATE SEAL]

COTTAGEVILLE PUBLIC SERVICE DISTRICT
(Name of Borrower)

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

ATTEST:

Box 222
(Post Office Box No. or Street Address)

Cottageville, West Virginia 25239
(City, State and Zip Code)

(Signature of Attesting Official)

(Title of Attesting Official)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$		(6) \$	
(2) \$		(7) \$	
(3) \$		(8) \$	
(4) \$		(9) \$	
(5) \$		(10) \$	

TOTAL \$ _____

ASSIGNMENT

Pay to the Order of _____

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By _____

(Title)

ARTICLE III

SERIES 1978 BOND PROCEEDS; REVENUES
AND APPLICATION THEREOF

Section 3.01. Series 1978 Bond Proceeds; Project Construction Account. All moneys received from the sale of the Series 1978 Bond shall be deposited on receipt by the District in First National Bank of Ripley, Ripley, West Virginia, a member of Federal Deposit Insurance Corporation (herein called "FDIC"), in a special account heretofore created and designated as "Cottageville Public Service District Construction Account" (herein called the "Project Construction Account"). The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by such 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 Project Construction Account shall be expended by the District solely for the purposes provided in this Resolution.

Until completion of construction of the Project, the District will transfer from the Project Construction Account and deposit in the Bond Fund, not later than fifteen days prior to the next interest payment date, such sums as shall be from time to time required to pay the interest becoming due on the Series 1978 Bond on such interest payment date if moneys in the Bond Fund are insufficient for such purpose.

If the District shall determine at any time that all funds on deposit in the Project Construction Account exceed the estimated disbursements on account of the Project for the ensuing 90 days, the District may invest such excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America, which shall mature not later than eighteen months after the date of such investment. All such investments and the income therefrom shall be carried to the credit of the Project Construction Account.

When construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made,

any balance remaining in the Project Construction Account shall be disposed of in accordance with the regulations of the Government.

Section 3.02. Covenants of the District as to Revenues and Funds.

So long as any of the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Account established by the 1971 Resolution a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of all the Bonds remaining unpaid, together with interest accrued and to accrue thereon, the District further covenants with the holder of the 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 District in a special fund in a bank or trust company in the State of West Virginia which is a member of FDIC, which Fund, known as the "Revenue Fund" was established by the 1971 Resolution. The Revenue Fund is with said Bank. The Revenue Fund shall constitute a trust fund for the purposes provided in this Resolution and shall be kept separate and distinct from all other funds of the District and used only for the purposes and in the manner provided in this Resolution.

(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 District shall first each month pay from the moneys in the Revenue Fund all current Operating Expenses.

(2) The District 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 1978 Bond and into the Sinking Fund established by the 1971 Resolution the amounts required to pay the interest on the Series 1978 and the Series 1971 Bond, respectively, and to amortize the principal of the Series 1978 and the Series 1971 Bond over the respective lives of the Bond issues.

(3) The District shall next, by the fifteenth day of each month, transfer from the Revenue Fund and remit to the State Sinking Fund Commis-

sion for deposit in the Reserve Account heretofore by the 1971 Resolution established with said State Sinking Fund Commission, 1/12 of 1/10 of the maximum amount of principal and interest becoming due on the Series 1978 Bond in any year, in addition to the deposits into the Reserve Account required by the 1971 Resolution, until the aggregate amount in the Reserve Account equals the sum of \$⁷⁶⁶⁸20,000, such sum being herein called the "Minimum Reserve". After the Minimum Reserve has been accumulated in the Reserve Account, the District shall monthly deposit into the 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 payments of operating expenses of the System, as shall be required to maintain the Minimum Reserve in the Reserve Account. Moneys in the Reserve Account shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Series 1971 and Series 1978 Bonds into the Sinking Fund and to said National Finance Office, respectively, as the same shall become due on an equal pro rata basis and on a parity with each other or for prepayment of installments, pro rata on the Bonds, or for mandatory redemption of the Bonds as hereinafter provided, and for no other purpose.

(4) The District shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit in the Depreciation Reserve hereby established with said Bank, the moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in the Depreciation Reserve the aggregate sum of \$20,000 and thereafter, such sums as shall be required to maintain such amount therein. Moneys in the Depreciation Reserve shall be used first to make up any deficiencies for monthly payments of principal of and interest on the Bonds as the same become due, and next to restore to the Reserve Account any sum or sums transferred therefrom. Thereafter, and provided that payments into the Reserve Account are current and in accordance with the foregoing provisions, moneys in the Depreciation Reserve may be withdrawn by the District and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part thereof.

Moneys now on deposit in the Depreciation Reserve established by the 1971 Resolution shall be at once transferred to the Depreciation Reserve hereby established with said Bank, and no further payments shall be made into the Depreciation Reserve established by the 1971 Resolution.

(5) 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 outstanding, pro rata, or for any lawful purpose.

Whenever the moneys in the Reserve Account shall be sufficient to prepay the Bonds outstanding, it shall be the mandatory duty of the District, anything to the contrary in this Resolution notwithstanding, to direct the said Bank to prepay the Bonds at the earliest practical date and in accordance with applicable provisions hereof.

The aforesaid Bank (and any successor appointed by the District) is hereby designated as the Fiscal Agent for the administration of the Depreciation Reserve as herein provided, and all amounts required therefor and for the Reserve Account will be deposited by the District 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 Account.

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 Government shall have a lien thereon for further securing payment of the Bonds and the interest thereon, but the aforesaid Bank shall not be a trustee as to such funds. 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 for the Depreciation Reserve shall keep the moneys in the Depreciation Reserve 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, the United States of America and having maturities not exceeding two years. Earnings upon moneys in the Reserve Account, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually in January into the Revenue Fund by the State Sinking Fund Commission.

(C) Change of Fiscal Agent. The District may designate another bank insured by FDIC as Fiscal Agent if the aforesaid Bank should cease for any reason to serve or if the Board determines by resolution that said 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 Government.

(D) Additional User Contracts. The District shall, prior to delivery of the Series 1978 Bond obtain user agreements from not less than 104 bona fide new users not heretofore served by any public water system for the exclusive supplying of all water to be used by such subscribers, and shall collect and deposit in the Project Construction Account not less than ^{5,200}~~10,400~~, based on a tap fee of ⁵⁰~~100~~.

ARTICLE IV

GENERAL COVENANTS

Section 4.01. General Statement. So long as the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Account a sum sufficient to prepay the entire principal of the 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 District and the Government.

Section 4.02. Rates. The District will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide revenues in each fiscal year sufficient to produce net revenues equal to not less than 110% of the annual debt service on the Bonds and to make the payments required herein into the Reserve Account and the Depreciation Reserve and all the necessary expenses of operating and maintaining the System during such fiscal year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate revenues for such purposes.

Section 4.03. Sale of the System. The System will not be sold without the prior written consent of the Government so long as the Bonds are outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 4.04. Issuance of Additional Parity Bonds. No additional parity Bonds payable out of the revenues of the System shall be issued after the issuance of the Series 1978 Bond pursuant to this Resolution except with the prior written consent of the Government.

Section 4.05. Insurance and Bonds. The District hereby covenants and agrees that, so long as 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 District will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The District will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the District 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 or more persons injured or killed in one accident to protect the District 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 District'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 District owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the District is operated for the benefit of the District, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the District 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) Workmen's Compensation Coverage for all Employees of the District 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 Commission 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 member of the Board and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the District in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount of \$10,000 upon the treasurer, 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 Bonds are outstanding, the District will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the District, 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 4.06. Statutory Mortgage. For the further protection of the holder of the Series 1978 Bond, 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 the Series 1978 Bond and shall be on a parity with such lien in favor of the Series 1971 Bond.

Section 4.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

(A) Failure to make payment of any monthly amortization installment into the Bond Fund at the date specified for payment thereof;

(B) Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the District contained in the Series 1978 Bond or in this resolution, or violation of or failure to observe any provision of any pertinent law, provided any such failure or violation, excluding that covered in (A) above in this Section, shall continue for a period of thirty days after written notice shall have been given to the District by the Government specifying such failure or violation and requiring the same to be remedied.

Section 4.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Government may proceed to protect and enforce its rights 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 the Government, such court may, upon proof of such default, appoint a receiver for the affairs of the District and the System. The receiver so appointed shall administer the System on behalf of the District, shall exercise all the rights and powers of the District 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 4.09. Fiscal Year; Budget. While the 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 District 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.

If for any reason the District 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 District. Each such Budget of Current Expenses shall be mailed immediately to the Government.

Section 4.10. Compensation of Board Members. The District 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 Revenues 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 4.11. Covenant to Proceed and Complete. The District hereby covenants to proceed as promptly as possible with the construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Secretary of the Board on the date of adoption of this resolution, subject to permitted changes.

Section 4.12. Books and Records. The District will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the District, in which complete and correct entries shall be made of all transactions relating to the System, and the

Government shall have the right at all reasonable times to inspect the System and all records, accounts and data of the District relating thereto.

The District 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 and shall mail a copy of such audit report to the Government.

Section 4.13. Maintenance of System. The District covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bond is outstanding.

Section 4.14. No Competition. The District 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 District or within the territory served by the System.

Section 4.15. Concerning Arbitrage.

The proceeds of sale of the Series 1978 Bond will not be invested in such a way as to violate the operating rules in the regulations of the Internal Revenue Service or of the Treasury Department of the United States of America in connection with the arbitrage provisions of Section 103(c) of the Internal Revenue Code of 1954, as amended.

ARTICLE V

RATES, ETC.

Section 5.01. Initial Schedule of Rates and Charges: Rules.

A. The schedule of rates and charges for the services and facilities of the System shall be as follows, subject to change consonant with the provisions of this Resolution:

AVAILABILITY OF SERVICE

Available for all domestic, commercial, institutional and industrial consumers within the District's service area.

RATES FOR WATER USED PER MONTH

First	3,000 gallons	\$ 3.667 per 1,000 gallons
Next	3,000 gallons	3.40 per 1,000 gallons
Next	4,000 gallons	3.00 per 1,000 gallons
All over	10,000 gallons	2.80 per 1,000 gallons

MINIMUM CHARGE

No monthly bill shall be rendered for less than the following amounts based on size of meter:

5/8 x 3/4" meter or smaller	\$ 11.00
3/4" meter	13.68
1" meter	24.32
1 1/2" meter	54.72
2" meter	97.28
3" meter	218.88
4" meter	389.12
6" meter	875.52

TAP FEES FOR NEW SERVICE

Prior to award of construction contract for the Project \$ 50.00
After award of the construction contract \$ 150.00 or actual cost of installation, including materials and labor, whichever is greater.

DELAYED PAYMENT PENALTY

The above rates are net. On all accounts not paid in full within 20 days after date of billing, a penalty of ten per cent will be added to the net amount of the bill.

If any bill is not paid within 60 days of the date thereof, the bill will be considered delinquent and subject to disconnection. However, water service shall not be disconnected to any customer for nonpayment of the bill without first having diligently tried to induce the customer to pay the same and until after at least twenty-four (24) hours' written notice to the customer. Service shall not be restored until all amounts in arrears, including accrued penalties, plus a reconnection fee of \$10.00 have been paid.

MULTIPLE OCCUPANCY

On apartment buildings, or other multiple occupancy buildings, each family or business unit shall be required to pay not less than \$8.55 monthly. Motels and hotels shall pay according to the size of meter installed.

TRAILER COURTS

When a master meter(s) is used for trailer courts no bill shall be rendered for less than \$11.00 multiplied by the number of units situated on the court site at the time the meter is read or the actual charge for the size meter installed, whichever is greater. House trailer (as used hereinabove) shall include both mobile and immobile units.

House trailers, either mobile or immobile, located on sites other than a park or court, shall be billed in the same manner as any other family or business unit.

B. There shall not be any discrimination or differential in rates between customers in similar circumstances.

C. All delinquent fees, rates and charges for services or facilities of the System shall be liens on the premises served of equal degree, rank and priority with the lien on such premises of state, county, school and municipal taxes, as provided in the Act. When such fees, rates and charges have been delinquent for thirty days, the District shall have power forthwith to foreclose the lien on the premises served in the same manner provided by the laws of the State of West Virginia for the foreclosure of mortgages on real property.

D. The District will not render or cause to be rendered any free services of any nature by the System nor any of the facilities; and in the event that the District or any department, agency, officer or employee thereof should avail itself or themselves of the services or facilities of the System, the same fees, rates and charges applicable to other customers receiving like services under similar circumstances shall be charged, such charges shall be paid as they accrue, and revenues so received shall be deposited and accounted for in the same manner as other revenues of the System.

E. The District may require any applicant for any service by the System to deposit a reasonable and equitable amount to insure payment

of all charges for the services rendered by the System, which deposit shall be handled and disposed of under the applicable rules and regulations of the Public Service Commission of West Virginia.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Filing Under Uniform Commercial Code. Contemporaneously with the delivery of the Bond, the District shall execute Financing Statements meeting the requirements of the Uniform Commercial Code of West Virginia and promptly thereafter shall file such a Financing Statement in the offices of the Secretary of State of the State of West Virginia and of the Clerk of the County Commission of said County.

Section 6.02. Delivery of Bond No. 1. The Chairman, Secretary and Treasurer of the Board are hereby authorized and directed to cause Bond No. 1, hereby awarded to the Government pursuant to agreement, to be delivered to the Government as soon as the Government will accept such delivery.

Section 6.03. Severability of Invalid Provision. If any one or more of the covenants, agreements or provisions of this Resolution 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, and shall in no way affect the validity of all the other provisions of this Resolution or the Bond.

Section 6.04. Conflicting Provisions Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution, are, to the extent of such conflicts, hereby repealed, including expressly the 1971 Resolution to the extent of any such conflicts, but expressly excluding the Series 1971 Bond as issued.

Section 6.05. 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.

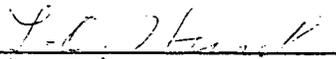
Section 6.06. Effective Time. This Resolution shall take effect immediately upon its adoption.

Adopted June 12, 1979.



Chairman of Public Service Board

Member



Member

COTTAGEVILLE PUBLIC SERVICE DISTRICT

Water Revenue Bond, Series 1980

BOND RESOLUTION

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Executed Copy Sent to
Municipal Bond Commission
_____, 1980

10/20/80

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COTTAGEVILLE PUBLIC SERVICE DISTRICT

Water Revenue Bond, Series 1980

RESOLUTION AUTHORIZING THE ISSUANCE OF \$190,000 WATER REVENUE BOND, SERIES 1980, OF COTTAGEVILLE PUBLIC SERVICE DISTRICT TO FINANCE CONSTRUCTION OF IMPROVEMENTS TO THE EXISTING WATER SYSTEM; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDERS OF THE BOND; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF COTTAGEVILLE 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 Article 13A, Chapter 16 of the West Virginia Code (the "Act") and other applicable provisions of law. Cottageville Public Service District (the "Issuer") is a public service district created pursuant to the Act by the County Commission of Jackson County.

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

(A) The Issuer now has a public water system, but such system must be extended to serve additional customers in the Evergreen Hills area of the Issuer for which some provision was made in the 1978 Resolution but additional funds are required therefor.

(B) It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer and, accordingly, it is hereby ordered, that there be acquired and constructed additions, extensions and improvements to the existing water system of the Issuer consisting of improvements and extension of water service lines for the existing water system to serve said additional customers, with all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The construction and acquisition 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 \$190,000 to finance a portion of the cost of such construction in the manner hereinafter provided.

(D) The estimated maximum cost of the construction of the Project is \$264,000, of which \$190,000 is to be obtained from the proceeds of sale of the Bond herein authorized and \$74,000 is to be obtained from a grant by the Purchaser.

(E) The cost of such construction shall be deemed to include, without being limited to, the construction or acquisition of the Project, the acquisition of any necessary property, real or personal, or interest therein; interest on the Bond prior to, during and for six months after completion of such construction to the extent that revenues of the System are not sufficient therefor; 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 outstanding obligations of the Issuer which will rank on a parity with the Bond as to lien and source of and security for payment as follows:

The Water System Revenue Bond, Series 1971, of the Issuer, dated February 17, 1971, issued in the principal amount of \$102,000 (the "1971 Bond"), authorized by a resolution of the Governing Body adopted on the 11th day of February, 1971 (the "1971 Resolution") and held by the Purchaser; and

The Water Revenue Bond, Series 1978, of the Issuer, dated June 12, 1979 (the "1978 Bond") issued in the principal amount of \$130,000, and authorized by a resolution of the Governing Body adopted on the 12th day of June, 1979 (the "1978 Resolution"), also held by the Purchaser.

(H) The Purchaser is expected by the Issuer to purchase the entire principal amount of the Bond.

(I) 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 Bond, or will have so complied prior to issuance of the Bond including, among other things, the consent and approval, pursuant to the Act, of the issuance of the Bond by the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which shall have expired.

Section 1.03. Resolution to Constitute Contract. In consideration of the acceptance of the Bond by the Purchaser, this Resolution (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Bondholder, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Purchaser as holder of the Bond.

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

"Act" means Article 13A, Chapter 16 of the West Virginia Code.

"Bond" means the \$190,000 Water Revenue Bond, Series 1980, authorized hereby.

"1971 Bond" shall have the meaning defined in Section 1.02(G) herein.

"1978 Bond" shall have the meaning defined in Section 1.02(G) herein.

"Bonds" means the Bond, the 1971 Bond and the 1978 Bond.

"Bond Legislation" means this Resolution and all resolutions supplemental hereto.

"Chairman" means the Chairman of the Governing Body.

"Consulting Engineer" means Milam/BCM Engineering, Inc., Dunbar, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

"Facilities" or "water facilities" means all the tangible properties of the System and also any tangible properties which may hereafter be added to the System by additions, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefor, hereafter at any time constructed or acquired.

"Fiscal Year" means each year beginning on July 1 and ending on the succeeding June 30.

"Governing Body" means the Public Service Board of the Issuer.

"Herein" means in this Bond Legislation.

"Holder of the Bond" or "Bondholder" or any similar term means any person who shall be the bearer or owner of the Bond.

"Issuer" means Cottageville Public Service District of Jackson and Mason Counties, West Virginia, and includes the Governing Body.

"Net Revenues" means the balance of the gross revenues, as defined below, remaining after deduction only of operating expenses, as defined below.

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System,

the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed one-sixth of the budgeted operating expenses stated above for the current year as working capital, and language herein requiring payment of operating expenses means also retention of not to exceed such sum as working capital.

"Project" shall have the meaning stated in Section 1.02(B) above.

"Purchaser" means United States Department of Agriculture, Farmers Home Administration and any successor thereof.

"1971 Resolution" means the resolution of the Issuer adopted February 11, 1971, authorizing the 1978 Bond.

"1978 Resolution" means the resolution of the Issuer adopted June 12, 1979, authorizing the 1978 Bond.

"Resolutions" means this Bond Legislation, the 1971 Resolution and the 1978 Resolution.

"Revenues" or "gross revenues" means all rates, rents, fees, charges or other income received by the Issuer, or accrued to the Issuer, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, from the operation of the System, and all parts thereof, all as calculated in accordance with sound accounting practices.

"Secretary" means the Secretary of the Governing Body.

"System" means the complete waterworks of the Issuer as expanded in the Project, and includes the complete water system of the Issuer and all water facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the water system; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the water system after completion of the Project.

Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION,
REGISTRATION AND ISSUE OF BOND

Section 2.01. Authorization of Bond. Subject and pursuant to the provisions of the Bond Legislation, the Bond of the Issuer, to be known as "Water Revenue Bond, Series 1980," is hereby authorized to be issued in the aggregate principal amount of not exceeding One Hundred Ninety Thousand Dollars (\$190,000) for the purpose of financing the cost of construction and acquisition of the Project.

Section 2.02. Description of Bond. The Bond shall be issued in single form, No. 1, and shall be dated on the date of delivery. The Bond shall bear interest from date, payable monthly at the rate of five per centum (5%) per annum, and shall be sold for the par value thereof.

The 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. Execution of Bond. The Bond 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 2.04. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated or be 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's 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 2.05. Bond Secured by Pledge of Revenues. The payment of the debt service of the Bond shall be secured forthwith by a first lien on the net revenues derived from the System in addition to the statutory mortgage lien on the System hereinafter provided for, on a parity as to lien, pledge and all other respects with the 1971 and 1978 Bonds. The net revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bond and the 1971 and 1978 Bonds and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bond and the 1971 and 1978 Bonds as the same become due.

Section 2.06. Form of Bond. Subject to the provisions hereof, the text of the 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 any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(Form of Bond)

WATER REVENUE BOND, SERIES 1980

COTTAGEVILLE PUBLIC SERVICE DISTRICT

\$190,000

No. 1

Date: _____

FOR VALUE RECEIVED, COTTAGEVILLE PUBLIC SERVICE DISTRICT (herein called "Borrower") 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"), 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 One Hundred Ninety Thousand Dollars (\$190,000) plus interest on the unpaid principal balance at the rate of five per cent (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Installments of interest only on the first day of each month for the first twenty-four months after the date hereof and \$933, covering principal and interest, thereafter on the first day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this 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 of the loan is not advanced at the time of loan closing, the loan 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 reverse hereof.

Every payment made on any indebtedness evidenced by this Bond 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 Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower 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 Borrower, 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 Borrower 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 Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower 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 private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of construction and acquisition of additions, extensions and improvements to the existing water system (the "System") of the Borrower, 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 Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Article 13A of Chapter 16 of the West Virginia Code (herein called the "Act"), and a Resolution of the Public Service Board of the Borrower.

If at any time it shall appear to the Government that Borrower 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, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This 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.

This Bond is on a parity in all respects with the 1971 and 1978 Bonds described in said Resolution.

COTTAGEVILLE PUBLIC SERVICE DISTRICT
(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

Box 222
(Post Office Box No. or Street Address)

Cottageville, West Virginia 25239
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Attesting Official)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$		(6) \$	
(2) \$		(7) \$	
(3) \$		(8) \$	
(4) \$		(9) \$	
(5) \$		(10) \$	
		TOTAL	\$ _____

ASSIGNMENT

Pay to the Order of _____

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By _____

(Title)

ARTICLE III

BOND PROCEEDS; REVENUES
AND APPLICATION THEREOF

Section 3.01. Bond Proceeds; Project Construction Account. The proceeds of sale of the Bond shall be deposited on receipt by the Issuer in First National Bank of Ripley, Ripley, West Virginia, a member of Federal Deposit Insurance Corporation (the "FDIC"), in a special account hereby created and designated as "Cottageville Public Service District Construction Account" (herein called the "Project Construction Account"). The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by such 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 Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Until completion of construction of the Project, the Issuer will transfer from the Project Construction Account and pay to the Purchaser on or before the fifteenth day of each month, such sums as shall be from time to time required to make the monthly installments on the Bonds if there are not sufficient Net Revenues to make such monthly payment.

If the Issuer shall determine at any time that all funds on deposit in the Project Construction Account exceed the estimated disbursements on account of the Project for the ensuing 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 States of America, which shall mature not later than eighteen months after the date of such investment. All such investments and the income therefrom shall be carried to the credit of the Project Construction Account.

When construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Project Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

Section 3.02. Covenants of the Issuer as to Revenues and Funds. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund hereinafter established, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the holder of the Bond 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, known as the "Revenue Fund" was established by the 1971 Resolution. The Revenue Fund is now on deposit with the said Bank. The Revenue Fund shall constitute a

trust fund for the purposes provided in the Resolutions 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 Bonds or otherwise the amount required to pay the interest on the Bonds, and to amortize the principal of the Bonds over the respective life of each Bond issue. The Sinking Fund established by the 1971 Resolution is hereby terminated and all monies therein shall be paid to the Issuer which shall pay such moneys to the Purchaser.

(3) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit with the said Bank in the Reserve Fund established by the 1971 Resolution with said Bank, 1/12th of 1/10th of the amount of principal and interest becoming due on the Bonds in any year until the amount in the Reserve Fund equals the sum of \$25,000, such sum being herein called the "Minimum Reserve." After the Minimum Reserve has been accumulated in the Reserve Fund, the Issuer shall monthly deposit into the Reserve Fund 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 Minimum Reserve in the Reserve Fund. Moneys in the Reserve Fund shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Bonds to said National Finance Office as the same shall become due or for prepayment of installments on the Bonds, or for mandatory prepayment of the Bonds as hereinafter provided, and for no other purpose.

The Reserve Account established by the 1971 Resolution with the West Virginia Municipal Bond Commission is hereby terminated and all monies therein shall be paid to the Issuer for immediate deposit into the Reserve Fund in said Bank.

(4) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit in the Depreciation Reserve, established as the Repair and Replacement Fund by the 1971 Resolution with said Bank, and hereby redesignated the "Depreciation Reserve," the moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in the Depreciation Reserve the aggregate sum of \$33,000, and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Depreciation Reserve shall be used first to make up any deficiencies for monthly payments of principal of and interest on the Bonds as the same become due, and next to restore to the Reserve Fund any sum or sums transferred therefrom. Thereafter, and provided that payments into the Reserve Fund are current and in accordance with the foregoing provisions, moneys in the Depreciation Reserve 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.

(5) 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 Reserve Fund 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 aforesaid Bank (and any successor appointed by the Issuer) is hereby designated as the Fiscal Agent for the administration of the Reserve Fund and the Depreciation Reserve as herein provided, and all amounts required therefor will be deposited therein 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, but the aforesaid Bank shall not be a trustee as to such funds. 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 Reserve Fund and the Depreciation Reserve 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, the United States of America and having maturities not exceeding two years. Earnings upon moneys in the Reserve Fund, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually in January into the Revenue Fund by the Fiscal Agent.

(C) Change of Fiscal Agent. The Issuer may designate another bank insured by FDIC as Fiscal Agent if the aforesaid Bank should cease for any reason to serve or if the Governing Body determines by resolution that said Bank or its successor should no longer serve as Fiscal Agent. Upon any such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the Purchaser.

ARTICLE IV

GENERAL COVENANTS

Section 4.01. General Statement. So long as the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund a sum sufficient to prepay the entire principal of the 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 Purchaser.

Section 4.02. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide revenues in each fiscal year sufficient to produce net revenues equal to not less than 110% of the maximum annual debt service on the Bonds and to make the payments required herein into the Reserve Fund and the Depreciation Reserve and all the necessary expenses of operating and maintaining the System during such fiscal year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate revenues for such purposes.

Section 4.03. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Bonds are outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 4.04. Issuance of Additional Parity Bonds. No additional parity bonds payable out of the revenues of the System shall be issued after the issuance of the Bond pursuant hereto except with the prior written consent of the Purchaser.

Section 4.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Bonds remain outstanding, 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, and immediately upon any portion of the System now in use, 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 or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or

death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Bond.

(c) Vehicle 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 at any time or times for the benefit of the Issuer, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer 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 for the Issuer.

(d) Workmen's Compensation Coverage for all Employees of the District 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 Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39.

(e) Fidelity Bonds will be provided as to every member of the Governing Body and as to every officer and employee thereof 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, and initially in the amount of \$10,000 upon the treasurer, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned so long as checks thereon require the signature of a representative of the Purchaser.

(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 Bonds are outstanding, the Issuer will 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 Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

Section 4.06. Statutory Mortgage. For the further protection of the holder of the Bond, 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 the Bond and shall be for the equal benefit of the Bonds.

Section 4.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

(A) Failure to make payment of any monthly amortization installment on any of the Bonds at the date specified for payment thereof;

(B) 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 Resolutions or violation of or failure to observe any provision of any pertinent law.

Section 4.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights 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 the Purchaser, 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 the System, shall proceed under the direction of the court to obtain authorization to increase rates and charges of the 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 4.09. Fiscal Year; Budget. While the 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 Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each fiscal year.

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 next year 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 to the Purchaser.

Section 4.10. Compensation of Members of Governing Body. The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues 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 hereof.

Section 4.11. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Secretary on the date of adoption hereof, subject to changes authorized by the Issuer and the Purchaser.

Section 4.12. 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 the Purchaser 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 and shall mail a copy of such audit report to the Purchaser.

Section 4.13. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bonds are outstanding.

Section 4.14. 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 4.15. Concerning Arbitrage. The proceeds of sale of the Bond shall not be invested in such a way as to violate the regulations of the Internal Revenue Service or of the Treasury Department of the United States of America in connection with the arbitrage provisions of Section 103(c) of the Internal Revenue Code of 1954, as amended.

Section 4.16. Users. Prior to delivery of the Bond, the Issuer shall provide evidence that at least 111 additional bona fide users have subscribed for services of the System in the Evergreen Hills area service extension, and have paid in tap fees amounting to \$5,550 at \$50 each, which shall be deposited in the Project Construction Account.

ARTICLE V

RATES, ETC.

Section 5.01. Initial Schedule of Rates and Charges;
Rules. A. The schedule of rates and charges for the services and facilities of the System shall be as follows, subject to change consonant with the provisions hereof:

AVAILABILITY OF SERVICE

Available for all general, domestic, commercial, fire and industrial consumers within the District's service area.

RATES FOR WATER USED PER MONTH

First	3,000 gallons	\$3.667 per 1,000 gallons
Next	3,000 gallons	3.40 per 1,000 gallons
Next	4,000 gallons	3.00 per 1,000 gallons
All over	10,000 gallons	2.80 per 1,000 gallons

MINIMUM CHARGE

No monthly bill shall be rendered for less than the following amounts based on size of meter:

5/8 x 3/4" meter or smaller	\$ 11.00
3/4" meter	15.85
1" meter	28.15
1 1/2" meter	63.55
2" meter	112.65
3" meter	253.45
4" meter	450.55
6" meter	1,013.73

TAP FEES FOR NEW SERVICE

Prior to award of construction contract
for the Project \$50.00

After award of the construction
contract 150.00

DELAYED PAYMENT PENALTY

The above rates are net. On all accounts not paid in full within 20 days after date of billing, a penalty of ten per cent will be added to the net amount of the bill. This delayed payment penalty is not interest and is to be collected once for each bill where appropriate.

If any bill is not paid within 60 days of the date thereof, the bill will be considered delinquent and subject to disconnection. However, water service shall not be disconnected to any customer for nonpayment of the bill without first having diligently tried to induce the customer to pay the same and until after at least twenty-four (24) hours' written notice to the customer. Service shall not be restored until all amounts in arrears,

including accrued penalties, plus a reconnection fee of \$10 have been paid.

B. There shall not be any discrimination or differential in rates between customers in similar circumstances.

C. All delinquent fees, rates and charges for services or facilities of the System shall be liens on the premises served of equal degree, rank and priority with the lien on such premises of state, county, school and municipal taxes, as provided in the Act. When such fees, rates and charges have been delinquent for thirty days, the Issuer shall have power forthwith to foreclose the lien on the premises served in the same manner provided by the laws of the State of West Virginia for the foreclosure of mortgages on real property.

D. The Issuer will not render or cause to be rendered any free services of any nature by the System nor any of the Facilities; and in the event that the Issuer or any department, agency, officer or employee thereof should avail itself or themselves of the services or facilities of the System, the same fees, rates and charges applicable to other customers receiving like services under similar circumstances shall be charged, such charges shall be paid as they accrue, and revenues so received shall be deposited and accounted for in the same manner as other revenues of the System.

E. The Issuer may require any applicant for any service by the System to deposit a reasonable and equitable amount to insure payment of all charges for the services rendered by the System, which deposit shall be handled and disposed of under the applicable rules and regulations of the Public Service Commission of West Virginia.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Delivery of Bond No. 1. The Chairman, Secretary and Treasurer of the Governing Body are hereby authorized and directed to cause Bond No. 1, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 6.02. 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 Bond.

Section 6.03. 1971 and 1978 Resolutions. The 1971 and 1978 Resolutions and all parts thereof not expressly hereby changed shall continue in full force and effect and this Resolution shall be supplemental to the 1971 and 1978 Resolutions. All provisions of the 1971 and 1978 Resolutions changed hereby shall be null and void.

Section 6.04. 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 6.05. Effective Time. This Resolution shall take effect immediately upon its adoption.

Adopted October 21, 1980.

Walter Brown
Chairman of Public Service Board

Ray J. Wheeler
Member

F. C. Hank
Member

COTTAGEVILLE PUBLIC SERVICE DISTRICT

Water Revenue Bond, Series 1983

BOND RESOLUTION

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09/22/83
COTTAG-B

COTTAGEVILLE PUBLIC SERVICE DISTRICT

Water Revenue Bond, Series 1983

RESOLUTION AUTHORIZING THE ISSUANCE OF \$450,000 WATER REVENUE BOND, SERIES 1983, OF COTTAGEVILLE PUBLIC SERVICE DISTRICT, ON A PARITY WITH THE 1971, 1978 AND 1980 BONDS OF THE DISTRICT, TO FINANCE CONSTRUCTION OF IMPROVEMENTS TO THE EXISTING WATER SYSTEM OF THE DISTRICT; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDERS OF THE BOND; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF COTTAGEVILLE 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 Article 13A, Chapter 16 of the West Virginia Code (the "Act") and other applicable provisions of law. Cottageville Public Service District (the "Issuer") is a public service district created pursuant to the Act by the County Commission of Jackson County.

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

A. The Issuer now has a public water system, but such system must be improved to serve customers of the Issuer.

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer and, accordingly, it is hereby ordered, that there be acquired and constructed additions, extensions and improvements to the existing water system of the Issuer consisting of improvements and extension of water service lines for the existing water system to serve said customers, with all necessary appurtenant facilities (the "Project"), particularly described in and according

to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The construction and acquisition 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 \$450,000 to finance the cost of such construction in the manner hereinafter provided.

D. The estimated maximum cost of the construction of the Project is \$450,000, all of which is to be obtained from the proceeds of the sale of the Bond herein authorized.

E. The cost of such construction shall be deemed to include, without being limited to, the construction or acquisition of the Project, the acquisition of any necessary property, real or personal, or interest therein; interest on the Bond prior to, during and for six months after completion of such construction to the extent that revenues of the System (herein defined) are not sufficient therefor; 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 outstanding obligations of the Issuer, all held by the Purchaser, which will rank on a parity with the Bond as to lien and source of and security for payment as follows:

The Water System Revenue Bonds, Series 1971, of the Issuer, dated February 17, 1971 (the "1971 Bond"), issued in the principal amount of \$102,000, authorized by a resolution of the Governing Body adopted on the 11th day of February, 1971 (the "1971 Resolution");

The Water Revenue Bond, Series 1978, of the Issuer, dated June 12, 1979 (the "1978 Bond"), issued in the principal amount of \$130,000, authorized by a resolution of the Governing Body adopted on the 12th day of June, 1979 (the "1978 Resolution"); and

The Water Revenue Bond, Series 1980, of the Issuer, dated October 21, 1980 (the "1980 Bond"), issued in the principal amount of \$190,000, authorized by a resolution of the Governing Body adopted on the 21st day of October, 1980 (the "1980 Resolution").

H. The Purchaser is expected by the Issuer to purchase the entire principal amount of the Bond.

I. 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 Bond, or will have so complied prior to issuance of the Bond including, among other things, the consent and approval, pursuant to the Act, of the issuance of the Bond by the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which shall have expired.

Section 1.03. Resolution to Constitute Contract. In consideration of the acceptance of the Bond by the Purchaser, this Resolution (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Purchaser, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Purchaser as holder of the Bond.

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

"Act" means Article 13A, Chapter 16 of the West Virginia Code.

"Bond" means the \$450,000 Water Revenue Bond, Series 1983, authorized hereby.

"1971 Bond" shall have the meaning defined in Section 1.02(G) herein.

"1978 Bond" shall have the meaning defined in Section 1.02(G) herein.

"1980 Bond" shall have the meaning defined in Section 1.02(G) herein.

"Bonds" means the Bond, the 1971 Bond, the 1978 Bond and the 1980 Bond.

"Bond Legislation" means this Resolution and all resolutions supplemental hereto and amendatory hereof.

"Chairman" means the Chairman of the Governing Body.

"Consulting Engineer" means Boyles and Hildreth Consulting Engineers, Spencer, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

"Facilities" or "water facilities" means all the tangible properties of the System and also any tangible properties which may hereafter be added to the System by additions, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefor, hereafter at any time constructed or acquired.

"Fiscal Year" means each year beginning on July 1 and ending on the succeeding June 30.

"Governing Body" means the Public Service Board of the Issuer.

"Herein" means in this Bond Legislation.

"Holder of the Bond" or "Bondholder" or any similar term means any person who shall be the registered owner of the Bond.

"Issuer" means Cottageville Public Service District of Jackson and Mason Counties, West Virginia, and includes the Governing Body.

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

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed one-sixth of the budgeted operating expenses stated above for the current year as working capital, and language herein requiring payment of operating expenses means also retention of not to exceed such sum as working capital, provided

that all monthly amortization payments upon the Bond and into the Reserve Fund and the Depreciation Reserve have been made to the last monthly payment date prior to the date of such retention.

"Project" shall have the meaning stated in Section 1.02(B) above.

"Purchaser" means United States Department of Agriculture, Farmers Home Administration and any successor thereof.

"Registrar" means the Issuer, which shall usually so act by its Secretary.

"1971 Resolution" means the resolution of the Issuer adopted February 11, 1971, authorizing the 1971 Bond.

"1978 Resolution" means the resolution of the Issuer adopted June 12, 1979, authorizing the 1978 Bond.

"1980 Resolution" means the resolution of the Issuer adopted October 21, 1980, authorizing the 1980 Bond.

"Resolutions" means the Bond Legislation, the 1971 Resolution, the 1978 Resolution and the 1980 Resolution.

"Revenues" or "Gross Revenues" means all rates, rents, fees, charges or other income received by the Issuer, or accrued to the Issuer, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, from the operation of the System, and all parts thereof, all as calculated in accordance with sound accounting practices.

"Secretary" means the Secretary of the Governing Body.

"System" means the complete waterworks of the Issuer as expanded in the Project, and includes the complete water system of the Issuer and all water facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the water system; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the water system after completion of the Project.

Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND

Section 2.01. Authorization of Bond. Subject and pursuant to the provisions of the Bond Legislation, the Bond of the Issuer, to be known as "Water Revenue Bond, Series 1983," is hereby authorized to be issued in the aggregate principal amount of not exceeding Four Hundred Fifty Thousand Dollars (\$450,000) for the purpose of financing the cost of construction and acquisition of the Project.

Section 2.02. Description of Bond. The Bond shall be issued in single form, No. R-1, only as a fully registered Bond, and shall be dated on the date of delivery. The Bond shall bear interest from date, payable monthly at the rate of five per centum (5%) per annum, and shall be sold for the par value thereof.

The 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 Bond 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 Bond 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 the Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Registrar.

Whenever the Bond shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond 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 the Bond shall be permitted to be made after the 15th day next preceding any installment payment date on the Bond.

Section 2.04. Registrar. The Registrar will keep or cause to be kept at its office, sufficient books for the registration and transfer of the Bond, and, upon presentation for such purpose, the Registrar shall, under such reasonable regulations as it may prescribe, register the Bond initially issued pursuant hereto and register the transfer, or cause to be registered, on such books, the transfer of the Bond as hereinbefore provided.

The Registrar shall accept the Bond for registration or transfer only if ownership thereof is to be registered in the name of an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust, and the federal employer identification number and date of each trust and the name of the trustee of each trust.

Section 2.05. Execution of Bond. The Bond 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. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated or be 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's 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. Bond Secured by Pledge of Net Revenues. The payment of the debt service of the Bond shall be secured forthwith by a first lien on the Net Revenues derived from the System in addition to the statutory mortgage lien on the System hereinafter provided for, on a parity as to lien, pledge and all other respects with the 1971, 1978 and 1980 Bonds. 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, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 2.08. Form of Bond. Subject to the provisions hereof, the text of the 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 any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(Form of Bond)

WATER REVENUE BOND, SERIES 1983

COTTAGEVILLE PUBLIC SERVICE DISTRICT

\$450,000

No. R-1

Date: _____

FOR VALUE RECEIVED, COTTAGEVILLE PUBLIC SERVICE DISTRICT (herein called "Borrower") 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 FOUR HUNDRED FIFTY THOUSAND DOLLARS (\$450,000) plus interest on the unpaid principal balance at the rate of five percent (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing on the 30th day following delivery of the Bond and continuing on the corresponding day of each month for the first twenty-four months after the date hereof, and \$2,210, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond in the sum of the unpaid principal and interest due on the date thereof, 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 of the loan is not advanced at the time of loan closing, the loan 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 reverse hereof.

Every payment made on any indebtedness evidenced by this Bond 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 Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments

last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower 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 Borrower, 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 Borrower 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 Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower 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 private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of construction and acquisition of additions, extensions and improvements to the existing water system (the "System") of the Borrower, 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 Bond does not in

any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this 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 Registrar as defined in the Resolution hereinafter described, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in said Resolution, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This 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 Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Article 13A of Chapter 16 of the West Virginia Code (herein called the "Act") and a Resolution of the Public Service Board of the Borrower.

If at any time it shall appear to the Government that Borrower 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, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This 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.

This Bond is on a parity in all respects with the 1971, 1978 and 1980 Bonds described in said Resolution.

COTTAGEVILLE PUBLIC SERVICE DISTRICT
(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

Box 222
(P. O. Box No. or Street Address)

Cottageville, West Virginia 25239
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Attesting Official)

(Form of)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$		(6) \$	
(2) \$		(7) \$	
(3) \$		(8) \$	
(4) \$		(9) \$	
(5) \$		(10) \$	
		TOTAL	\$ _____

(Form of)

ASSIGNMENT

Pay to the Order of _____

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By _____

(Title)

(No writing on this Bond except by the Issuer as Registrar)

Date of Registration	In Whose Name Registered	Signature of Secretary of Registrar
_____	_____	_____
_____	_____	_____
_____	_____	_____

ARTICLE III

BOND PROCEEDS; REVENUES
AND APPLICATION THEREOF

Section 3.01. Bond Proceeds; Project Construction Account. The proceeds of sale of the Bond shall be deposited on receipt by the Issuer in First National Bank of Ripley, Ripley, West Virginia, a member of Federal Deposit Insurance Corporation (the "FDIC"), in a special account hereby created and designated as "Cottageville Public Service District Construction Account" (herein called the "Project Construction Account"). The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by such 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 Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Until completion of construction of the Project, the Issuer will transfer from the Project Construction Account and pay to the Purchaser on or before the fifteenth day of each month, such sums as shall be from time to time required to make the monthly installments 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 construction of the Project upon vouchers and other documentation approved by Purchaser.

If the Issuer shall determine at any time that all funds on deposit in the Project Construction Account exceed the estimated disbursements on account of the Project for the ensuing 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 States of America ("Governmental Obligations"), which shall mature not later than eighteen months after the date of such investment, or investments secured by a pledge of Government Obligations. All such investments and the income therefrom shall be carried to the credit of the Project Construction Account.

When construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Project Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

Section 3.02. Covenants of the Issuer as to Revenues and Funds. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund herein-after 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 Holder of the 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, known as the "Revenue Fund" was established by the 1971 Resolution and is hereby continued. The Revenue Fund is now on deposit with the Bank named in Section 3.01. The Revenue Fund shall constitute a trust fund for the purposes provided in the Resolutions 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, on or before the due date of each installment on the Bonds, transfer from the Revenue Fund and pay to the National Finance Office designated in the Bonds or otherwise the amount required to pay the interest on the Bonds, and to amortize the principal of the Bonds over the respective life of each Bond issue.

(3) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit with the said Bank in the Reserve Fund established by the 1971 Resolution and hereby continued, 1/12th of 1/10th of the amount of principal and interest becoming due on the Bonds in any year until the amount in the Reserve Fund equals the sum of \$52,000, such sum being herein called the "Minimum Reserve." After the Minimum Reserve has been accumulated in the Reserve Fund, the Issuer shall monthly deposit into the Reserve Fund 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 Minimum Reserve in the Reserve Fund. Moneys in the Reserve Fund shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Bonds to said National Finance Office as the same shall become due or for prepayment of installments on the Bonds, or for mandatory prepayment of the Bonds as hereinafter provided, and for no other purpose; provided, however, that when the Minimum Reserve has been accumulated in the Reserve Fund all earnings of investments of moneys therein shall at least annually be transferred to and deposited in the Revenue Fund and used for ratable prepayment of principal of the Bonds.

(4) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit in the Depreciation Reserve, established by the 1980 Resolution with said Bank and hereby continued the moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in the Depreciation Reserve the aggregate sum of \$55,500, and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Depreciation Reserve shall be used first to make up any deficiencies for monthly payments of principal of and interest on the Bonds as the same become due, and next to restore to the Reserve Fund any sum or sums transferred therefrom. Thereafter, and provided that payments into the Reserve Fund are current and in accordance with the foregoing provisions, moneys in the Depreciation Reserve 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.

(5) 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 principal amounts of the Bonds ratably or for any lawful purpose.

Whenever the moneys in the Reserve Fund 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 aforesaid Bank (and any successor appointed by the Issuer) is hereby designated as the Fiscal Agent for the administration of the Reserve Fund and the Depreciation Reserve as herein

provided, and all amounts required therefor will be deposited therein 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, but the aforesaid Bank shall not be a trustee as to such funds. 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 Reserve Fund and the Depreciation Reserve 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, the United States of America and having maturities not exceeding two years. Earnings upon moneys in the Reserve Fund, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually in January into the Revenue Fund by the Fiscal Agent.

C. CHANGE OF FISCAL AGENT. The Issuer may designate another bank insured by FDIC as Fiscal Agent if the aforesaid Bank should cease for any reason to serve or if the Governing Body determines by resolution that said Bank or its successor should no longer serve as Fiscal Agent. Upon any such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the Purchaser.

D. USER CONTRACTS. The Issuer shall have 553 bona fide users on the proposed System when it has been completed and placed in operation in full compliance with the requirements and conditions of the Purchaser.

ARTICLE IV

GENERAL COVENANTS

Section 4.01. General Statement. So long as the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund a sum sufficient to prepay the entire principal of the Bond 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 Purchaser.

Section 4.02. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide Revenues in each fiscal year sufficient to produce Net Revenues equal to not less than 110% of the annual debt service on the Bonds and sufficient to make the payments required herein into the Reserve Fund and the Depreciation Reserve and all the necessary expenses of operating and maintaining the System during such fiscal year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate Revenues for such purposes.

Section 4.03. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Bonds are outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 4.04. Issuance of Additional Parity Bonds. No additional parity bonds payable out of the Revenues of the System shall be issued after the issuance of the Bond pursuant hereto except with the prior written consent of the Purchaser.

Section 4.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Bonds remain outstanding, 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, and immediately upon any portion of the System now in use, on all above-ground structures of the System and mechanical and electrical equipment in place or stored on

the site in an amount equal to the full insurable value 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 or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Bond.

(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 at any time or times for the benefit of the Issuer, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer 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 for the Issuer.

(D) Workmen's Compensation Coverage for All Employees of the District 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 Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39.

(E) Fidelity Bonds will be provided as to every member of the Governing Body and as to every officer and employee thereof 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, and initially in the amount of \$10,000 upon the treasurer, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned so long as checks thereon require the signature of a representative of the Purchaser.

(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 Bonds are outstanding, the Issuer will 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 Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

Section 4.06. Statutory Mortgage. For the further protection of the Holder of the Bond, 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 the Bond and shall be for the equal benefit of the Bonds.

Section 4.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

(A) Failure to make payment of any monthly amortization installment on any of the Bonds at the date specified for payment thereof;

(B) 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 Resolutions or violation of or failure to observe any provision of any pertinent law.

Section 4.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights 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 the Purchaser, 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 the System, shall proceed under the direction of the court to obtain authorization to increase rates and charges of the 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 4.09. Fiscal Year; Budget. While the 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 Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each fiscal year.

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 next year 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 to the Purchaser.

Section 4.10. Compensation of Members of Governing Body. The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues 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 hereof.

Section 4.11. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Secretary on the date of adoption hereof, subject to changes authorized by the Issuer and the Purchaser.

Section 4.12. Books and Records, Audits. 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 the Purchaser 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 and shall mail a copy of such audit report to the Purchaser.

Section 4.13. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bonds are outstanding.

Section 4.14. 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 4.15. Concerning Arbitrage. The proceeds of sale of the Bond shall not be invested in such a way as to violate the regulations of the Internal Revenue Service or of the Treasury Department of the United States of America in connection with the arbitrage provisions of Section 103(c) of the Internal Revenue Code of 1954, as amended.

ARTICLE V

RATES, ETC.

Section 5.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Final Order of the Public Service Commission of West Virginia, entered April 28, 1983, Case No. 82-496-W-CN, which Final Order is incorporated herein by reference as a part hereof.

B. There shall not be any discrimination or differential in rates between customers in similar circumstances.

C. All delinquent fees, rates and charges for services or facilities of the System shall be liens on the premises served of equal degree, rank and priority with the lien on such premises of state, county, school and municipal taxes, as provided in the Act. When such fees, rates and charges have been delinquent for thirty days, the Issuer shall have power forthwith to foreclose the lien on the premises served in the same manner provided by the laws of the State of West Virginia for the foreclosure of mortgages on real property.

D. The Issuer will not render or cause to be rendered any free services of any nature by the System nor any of the Facilities; and in the event that the Issuer or any department, agency, officer or employee thereof should avail itself or themselves of the services or facilities of the System, the same fees, rates and charges applicable to other customers receiving like services under similar circumstances shall be charged, such charges shall be paid as they accrue, and revenues so received shall be deposited and accounted for in the same manner as other revenues of the System.

E. The Issuer may require any applicant for any service by the System to deposit a reasonable and equitable amount to insure payment of all charges for the services rendered by the System, which deposit shall be handled and disposed of under the applicable rules and regulations of the Public Service Commission of West Virginia.

F. The Issuer, to the extent permitted by law, will not accept payment of any water bill from a customer served with water and sewer services by the Issuer without payment at the same time of a sewer bill owed by such customer for the same premises.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Modification or Amendment. The Bond Legislation may not be modified or amended after final passage without the prior written consent of the Purchaser.

Section 6.02. Delivery of Bond No. R-1. The Chairman, Secretary and Treasurer of the Governing Body are hereby authorized and directed to cause Bond No. R-1, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 6.03. 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 Bond.

Section 6.04. 1971, 1978 and 1980 Resolutions. The 1971, 1978 and 1980 Resolutions and all parts thereof not expressly hereby changed shall continue in full force and effect and this Bond Legislation shall be supplemental to the 1971, 1978 and 1980 Resolutions. All provisions of the 1971, 1978 and 1980 Resolutions changed hereby shall be null and void.

All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this section shall not be applicable to the Loan Resolution (Form FmHA 442-47).

Section 6.05. 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 6.06. Effective Time. This Resolution shall take effect immediately upon its adoption.

Adopted Oct 15, 1983.

Walter Brown
Chairman of Public Service Board

Roy J. Wheeler
Member

Member

10/20/83
COTTAG-A

15.36

RESOLUTION OF
COTTAGEVILLE PUBLIC SERVICE DISTRICT
AUTHORIZING THE ISSUANCE OF
WATER SYSTEM TAXABLE REVENUE BONDS
SERIES 1990 A & B

SERIES 1990 A \$974,000
SERIES 1990 B \$148,000

COTTAGEVILLE PUBLIC SERVICE DISTRICT

Water System Taxable Revenue Bonds
Series 1990 A & B

SERIES A \$974,000
SERIES B \$148,000

BOND RESOLUTION

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COTTAGEVILLE PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF WATER SYSTEM TAXABLE REVENUE BONDS, SERIES 1990 A & B OF COTTAGEVILLE PUBLIC SERVICE DISTRICT, SERIES A IN THE AMOUNT OF \$974,000 AND SERIES B IN THE AMOUNT OF \$148,000 TO FINANCE THE ACQUISITION AND CONSTRUCTION OF ADDITIONS TO A PUBLIC WATER SYSTEM; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITY OF THE HOLDERS OF THE BONDS ESTABLISHING AND IMPLEMENTING WATER RATES; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF COTTAGEVILLE 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 Article 13A, Chapter 16 of the West Virginia Code (the "Act") and other applicable provisions of law. Cottageville Public Service District (the "Issuer") is a public service district created pursuant to the Act by The County Commission of Jackson County.

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

A. The Issuer now has a public water system but such system must be improved to serve existing and additional customers.

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer and, accordingly, it is hereby ordered, that there be acquired and constructed additions, extensions and improvements to the existing public water system of the Issuer consisting of improvements and extensions of water service lines and construction of water storage tank for the existing water system to serve said customers, with all necessary appurtenant facilities particularly described in general as additions to the water system which consist of approximately 35,200 feet of eight-inch waterline, 30,000 feet of six-inch waterline, 18,000 feet of two-inch waterline, booster station, 100,000 gallon storage tank, acquisition of land and necessary appurtenances and according to the plans and specifications prepared by the Consulting Engineer (the "Project") and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The construction and acquisition 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 taxable revenue bonds in the total aggregate principal amount of \$1,122,000 to finance a

portion of the cost of such construction in the manner hereinafter provided.

D. The estimated maximum cost of the construction of the Project is \$1,725,000 of which \$974,000 will be obtained from the proceeds of sale of the Series 1990 A Bond and \$148,000 from the Series B Bond herein authorized, \$99,000 from a grant from Farmers Home Administration the sum of \$498,000 from a grant from the Housing and Urban Development and \$6,000 from the County Commission of Jackson County.

E. The cost of such construction shall be deemed to include, without being limited to, the construction or acquisition of the Project, the acquisition of any necessary property, real or personal, or interest therein; interest on the Bonds prior to, during and for six months after completion of such construction to the extent that revenues of the System are not sufficient therefor; 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 outstanding obligations of the Issuer, all held by the Purchaser, which will rank on a parity with the Bonds as to lien and source of and security for payment as follows:

The Water System Revenue Bond, Series 1971, of the Issuer, dated February 17, 1971 (the "1971 Bond"), issued in the principal amount of \$102,000, authorized by a resolution of the Governing Body adopted by a resolution of the Governing Body adopted on the 11th day of February, 1971 (the "1971 Resolution");

The Water Revenue Bond, Series 1978, of the Issuer, dated June 12, 1979 (the "1979 Bond"), issued in the principal amount of \$130,000, authorized by a resolution of the Governing Body adopted on the 12th day of June, 1979 (the "1979 Resolution"); and

The Water Revenue Bond, Series 1980, of the Issuer, dated October 21, 1980 (the "1980 Bond"), issued in the principal amount of \$190,000, authorized by a resolution of the Governing Body adopted on the 21st day of October, 1980 (the "1980 Resolution").

The Water Revenue Bond, Series 1983, of the Issuer, dated October 25, 1983 (the "1983 Bond"), issued in the principal amount of \$450,000, authorized by a resolution of the Governing Body adopted on the 25th day of October, 1983 (the "1983 Resolution").

H. The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and

operation of the Project and issuance of the Bonds, or will have so complied prior to issuance of the Bonds including, among other things, the consent and approval, pursuant to the Act, of the issuance of the Bonds by the Public Service Commission of West Virginia by final order.

I. That the new water rates will be as set forth in this resolution.

Section 1.03. Resolution to Constitute Contract. In consideration of the acceptance of the Bonds by the Purchaser, this Resolution (the "Resolution") shall be deemed to be and shall constitute a contract between the Issuer and the Purchaser, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Purchaser as holder of the Bonds.

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

"Act" means Article 13A, Chapter 16 of the West Virginia Code.

"Bonds" mean the total aggregate \$1,122,000 Water System Taxable Revenue Bonds, Series 1990 A & B, authorized hereby to be issued.

"1971 Bond" shall have the meaning defined in Section 1.02(G) herein.

"1978 Bond" shall have the meaning defined in Section 1.02(G) herein.

"1980 Bond" shall have the meaning defined in Section 1.02(G) herein.

"1983 Bond" shall have the meaning defined in Section 1.02(G) herein.

"Existing Bonds" means the Bond, the 1971 Bond, the 1978 Bond, the 1980 Bond and the 1983 Bond.

"1990 Series A Bond" means the \$974,000 bond.

"1990 Series B Bond" means the \$148,000 bond.

"Chairman" means the Chairman of the Governing Body.

"Consulting Engineer" means initially Boyles and Hildreth Consulting Engineers, Spencer, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

"Facilities" or "water facilities" means all the tangible properties of the System and also any tangible properties which may hereafter be added to the water system by addition, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefor, hereafter at any time constructed or acquired.

"Fiscal Year" means each year beginning on July 1 and ending on the succeeding June 30.

"Governing Body" means the Public Service Board of the Issuer.

"Herein" means in this Resolution.

"Holder of the Bonds" or any similar term means any person who shall be the registered owner of the Bonds.

"Issuer" means Cottageville Public Service District, of Jackson County, West Virginia, and, where appropriate, also means the Governing Body.

"Net Revenues" means the balance of the gross revenues, as defined below, remaining after deduction only of Operating Expenses, as defined below.

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting practices, and retention of a sum not to exceed one-sixth of the budgeted operating expenses stated above for the current year as working capital, and language herein requiring payment of operating expenses means also retention of not to exceed such sum as working capital, provided that all monthly amortization payments upon the Bonds and into the Reserve Fund and the Depreciation Reserve have been made to the last monthly payment date prior to the date of such retention.

"Project" shall have the meaning stated in Section 1.02(B) above.

"Purchaser" means United States Department of Agriculture, Farmers Home Administration and any successor thereof.

"Registrar" means the Issuer, which shall usually so act by its Secretary.

"Resolution" means this Resolution and all resolutions supplemental hereto.

"Revenues" or "gross revenues" means all rates, rents, fees, charges or other income received by the Issuer, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, from the operation of the System, and all parts thereof, all as calculated in accordance with generally accepted accounting principles.

"Secretary" means the Secretary of the Governing Body.

"System" means the Project initially, and includes the complete water system of the Issuer and all water facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the water system; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the water system after completion of the Project.

Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND

Section 2.01. Authorization of Bonds. Subject and pursuant to the provisions hereof, the Bonds of the Issuer to be known as "Water System Taxable Revenue Bonds, Series 1990 A & B" in the total principal amounts of One Million One Hundred Twenty Two Thousand Dollars (\$1,122,000) is for the purpose of financing a portion of the cost of the construction and acquisition of the Project. The Series A Bond is in the amount of \$974,000 and the Series B Bond is in the amount of \$148,000.

Section 2.02. Description of Bonds. Each series of the Bonds shall be issued in single form, No. R-1 and No. R-2, and shall be dated on the date of delivery. The Series 1990 A and B Bond shall each bear interest from date, payable monthly at the rate of five per centum (5%) per annum, or such lower rates that FmHA will make available at or before closing for either or both bonds, and shall be sold for the par value thereof.

The Bonds 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 Bonds form hereinafter set forth.

Section 2.03. 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, and the Chairman and the Secretary are hereby authorized to execute the Bonds and such other documents as are necessary to finalize this transaction.

Section 2.04. Negotiability, Registration, Transfer and Exchange of Bonds. The Bonds shall be and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, but the Bonds may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 2.05 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Bonds for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Registrar.

Whenever the Bonds shall be surrendered for registration of transfer, the Issuer shall execute and deliver new Bonds in authorized

denominations, for a like aggregate principal amount. The Registrar shall require the payment by the Bondholder 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 the Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Bond.

Section 2.05. Registrar. The Issuer will keep or cause to be kept at its office, sufficient books for the registration and transfer of the Bonds, and upon presentation for such purpose, the Registrar shall, under such reasonable regulations as it may prescribe, register the Bonds initially issued pursuant hereto and register the transfer, or cause to be registered, on such books, the transfer of the Bonds as hereinbefore provided.

The Registrar shall accept the Bonds for registration or transfer only if ownership thereof is to be registered in the name of an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or social security numbers of the settlor and beneficiaries of each trust and the name of the trustee of each trust.

Section 2.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver new Bonds of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bonds or in lieu of and substitution for the Bonds destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Bonds so surrendered shall be cancelled and held for the account of the Issuer. If the Bonds shall have matured or be about to mature, instead of issuing a substitute Bonds the Issuer may pay the same, and if such Bonds be destroyed, stolen or lost, without surrender thereof.

Section 2.07. Bonds Secured by Pledge of Revenues. The payment of the debt service of the Bonds shall be secured forthwith by a first lien on the net revenues derived from the System in addition to the statutory mortgage lien on the System hereinafter provided for on a parity as to lien, pledge and all other respects with each other and the 1971, 1978, 1980 and 1983 Bonds. 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, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 2.08. Form of Bonds. Subject to the provisions hereof, including a reduction in the interest rate and payments if FmHA makes a lower rate available, the text of the Bonds 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 any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

FORM OF BOND

WATER SYSTEM TAXABLE REVENUE BOND, SERIES 1990 A

COTTAGEVILLE PUBLIC SERVICE DISTRICT
\$974,000

No. R-1

Date: March __, 1990

FOR VALUE RECEIVED, COTTAGEVILLE PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, Farmers Home Administration, (the "Government"), 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 Nine Hundred Seventy Four Thousand Dollars (\$974,000) plus interest on the unpaid principal balance at the rate of five per cent (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing on the 30th day following delivery of the Bond and continuing on the corresponding day of each month for the first twenty-four (24) months after the date hereof, and \$4783.00 covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this 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 of the loan is not advanced at the time of loan closing, the loan 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 reverse hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to the principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower 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 Borrower, 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 Borrower, 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 Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower 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 private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of construction and acquisition of a water system (the "System") of the Borrower, 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 Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Articles 13A of Chapter 16 of the West Virginia Code (herein called the "Act").

If at any time it shall appear to the Government that Borrower 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, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This 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.

THIS BOND IS ON A PARITY IN ALL RESPECTS WITH THE 1971, 1978, 1980, 1983 AND THE 1990 SERIES B BONDS DESCRIBED IN THE BOND RESOLUTION.

COTTAGEVILLE PUBLIC SERVICE DISTRICT

(SEAL)

By _____
(Signature of Executive Officer)

Its _____
(Title of Executive Officer)

Box 180
Cottageville, WV 25239

ATTEST:

By _____
(Signature of Attesting Official)

Its Secretary, Public Service Board

RECORD OF ADVANCES

	<u>AMOUNT</u>	<u>DATE</u>		<u>AMOUNT</u>	<u>DATE</u>
(1)	\$ _____	_____	(6)	\$ _____	_____
(2)	\$ _____	_____	(7)	\$ _____	_____
(3)	\$ _____	_____	(8)	\$ _____	_____
(4)	\$ _____	_____	(9)	\$ _____	_____
(5)	\$ _____	_____	(10)	\$ _____	_____

TOTAL \$ _____

ASSIGNMENT

Pay to the Order of _____

UNITED STATES OF AMERICA FARMERS HOME
ADMINISTRATION

By _____

Its _____
(Title)

(No writing on this Bond except by the Issuer as Registrar)

<u>Date of Registration</u>	<u>In Whose Name Registered</u>	<u>Signature of Secretary of Registrar</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

WATER SYSTEM TAXABLE REVENUE BOND, SERIES 1990 BCOTTAGEVILLE PUBLIC SERVICE DISTRICT
\$148,000

No. R-2

Date: March __, 1990

FOR VALUE RECEIVED, COTTAGEVILLE PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, Farmers Home Administration, (the "Government"), 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 One Hundred Forty Eight Thousand Dollars (\$148,000) plus interest on the unpaid principal balance at the rate of five per cent (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing on the 30th day following delivery of the Bond and continuing on the corresponding day of each month for the first twenty-four (24) months after the date hereof, and \$727.00 covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this 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 of the loan is not advanced at the time of loan closing, the loan 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 reverse hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to the principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower 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 Borrower, 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 Borrower, 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 Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower 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 private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of construction and acquisition of a water system (the "System") of the Borrower, 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 Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Articles 13A of Chapter 16 of the West Virginia Code (herein called the "Act").

If at any time it shall appear to the Government that Borrower 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, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This 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.

THIS BOND IS ON A PARITY IN ALL RESPECTS WITH THE 1971, 1978, 1980, 1983 AND THE 1990 SERIES A BONDS DESCRIBED IN THE BOND RESOLUTION.

COTTAGEVILLE PUBLIC SERVICE DISTRICT

(SEAL)

By _____
(Signature of Executive Officer)

Its _____
(Title of Executive Officer)

Box 180
Cottageville, WV 25239

ATTEST:

By _____
(Signature of Attesting Official)

Its Secretary, Public Service Board

RECORD OF ADVANCES

	<u>AMOUNT</u>	<u>DATE</u>		<u>AMOUNT</u>	<u>DATE</u>
(1)	\$ _____		(6)	\$ _____	
(2)	\$ _____		(7)	\$ _____	
(3)	\$ _____		(8)	\$ _____	
(4)	\$ _____		(9)	\$ _____	
(5)	\$ _____		(10)	\$ _____	
			TOTAL	\$ _____	

ASSIGNMENT

Pay to the Order of _____

UNITED STATES OF AMERICA FARMERS HOME
ADMINISTRATION

By _____

Its _____
(Title)

(No writing on this Bond except by the Issuer as Registrar)

Date of Registration	In Whose Name Registered	Signature of Secretary of Registrar
_____	_____	_____
_____	_____	_____
_____	_____	_____

ARTICLE III

REVENUES AND APPLICATION THEREOF

Section 3.01. Project Construction Account. All moneys received from the sale of any or all the Bonds shall be deposited on receipt by the Issuer in First National Bank of Ripley, Ripley, West Virginia, a member of Federal Deposit Insurance Corporation (FDIC), in a special account hereby now established and designated as "\$1,122,000 Cottageville Public Service District Water System Construction Account" (herein called the "Project Construction Account"). The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by such 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 Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Until completion of the construction of the Project, the Issuer will transfer from the Project Construction Account and pay to the Purchaser on or before the fifteenth day of each month, 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.

If the Issuer shall determine at any time that all funds on deposit in the Project Construction Account exceed the estimated disbursements on account of the Project for the ensuing 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 States of America, or agencies thereof, which shall mature not later than eighteen months after the date of such investment. All such investments and the income therefrom shall be carried to the credit of the Project Construction Account.

When construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Project Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

Section 3.02. Covenants of the Issuer as to Revenues and Funds. So long as either of the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Water Reserve Fund 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 holder of the Bonds as follows:

(A) Water 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, known as the "Water Revenue Fund" is hereby established initially by the 1971 Resolution and is hereby continued in The First National Bank of Ripley, Ripley, West Virginia. The Water 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 Water 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 Water Revenue Fund all current Operating Expenses.

(2) The Issuer shall next, by the fifteenth day of each month, transfer from the Water Revenue Fund and pay to the party designated in the Bonds the amount required to pay the interest on the Bonds, and to amortize the principal of the Bonds over the life of each Bond issue.

(3) The Issuer shall next, by the fifteenth day of each month, transfer from the Water Revenue Fund and deposit with the said Bank in the Water Reserve Fund hereby established by the 1971 Resolution and hereby continued, 1/12 of 1/10 of the amount of principal and interest becoming due on each of the Bonds in any year until the amount in the Water Reserve Fund equals the sum of \$110,000 such sum being herein called the "Minimum Reserve." After the Minimum Reserve has been accumulated in the Water Reserve Fund, the Issuer shall monthly deposit into the Water Reserve Fund such part of the moneys remaining in the Water Revenue Fund, after such provision for payment of monthly installments on the Bonds and Existing Bonds and for payment of operating expenses of the System, as shall be required to maintain the Minimum Reserve in the Water Reserve Fund. Moneys in the Water Reserve Fund shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Bonds to said National Finance Office as the same shall become due or for prepayment of installments on the Existing Bonds, or for mandatory prepayment of the Existing Bonds as hereinafter provided, and for no other purpose; provided, however, that when the Minimum Reserve has been accumulated in the Reserve Fund all earnings of investments of moneys therein shall at least annually be transferred to and deposited in the Depreciation Reserve Fund.

(4) The Issuer shall next, by the fifteenth day of each month, transfer from the Water Revenue Fund and deposit in the Water Depreciation Reserve Fund established by the 1980 Resolution with said Bank and hereby continued, an amount equal to that transferred to the Reserve Fund until there has been accumulated in the Water Depreciation Reserve the aggregate sum of \$90,000.00 and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Water Depreciation Reserve Fund shall be used first to make up any deficiencies for monthly payments of principal of and interest on the Bonds and Existing Bonds as the same become due, and next to restore to the Water Reserve Fund any sum or sums transferred therefrom. Thereafter, and provided that payments into the Water Reserve Fund are current and in accordance with the foregoing provisions, moneys in the Water Depreciation Reserve Fund may be withdrawn by the Issuer and used for capital improvements extraordinary repairs and replacements of equipment and improvements for the System, or any part thereof.

(5) After all the foregoing provisions for use of moneys in the Water 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 Existing Bonds or for any lawful purpose.

Whenever the moneys in the Water Reserve Fund shall be sufficient to prepay the Bonds or Existing Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Bonds and all other outstanding bonds at the earliest practical date and in accordance with applicable provisions hereof.

The aforesaid Bank (and any successor appointed by the Issuer) is hereby designated as the Fiscal Agent for the administration of the Water Reserve Fund and the Water Depreciation Reserve as herein provided, and all amounts required therefor will be deposited therein by the Issuer upon transfers of funds from the Water 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, but the aforesaid Bank shall not be a trustee as to such funds. 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 Water Reserve Fund and the Water Depreciation Reserve 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, the United States of America and having maturities not exceeding two years. Earnings upon moneys in the Water Reserve Fund and the Water Depreciation Reserve Fund, so long as these funds are fully funded and shall be paid annually in January into the Water Revenue Fund by the Fiscal Agent.

(C) Change of Fiscal Agent. The Issuer may designate another bank insured by FDIC as Fiscal Agent if the aforesaid Bank should cease for any reason to serve or if the Governing Body determines by resolution that said Bank or its successor should no longer serve as Fiscal Agent. Upon any such change, the Governing Body 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 Bonds, provide evidence that there will be 262 bona fide users initially

upon the System, and must obtain user agreements and a \$100.00 user contribution from 240 users and \$75.00 from 22 users.

ARTICLE IV

GENERAL COVENANTS

Section 4.01. General Statement. So long as the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Water Reserve Fund a sum sufficient to prepay the entire principal of the Bond 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 Purchaser.

Section 4.02. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide revenues in each fiscal year sufficient to produce net revenues equal to not less than 110% of the annual debt service on the Bonds and to make the payments required herein into the Water Reserve Fund and the Water Depreciation Reserve Fund and all the necessary expenses of operating and maintaining the System during such fiscal year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate revenues for such purposes.

Section 4.03. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Bond is outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 4.04. Issuance of Additional Parity Bonds. No additional parity bonds payable out of the revenues of the System shall be issued after the issuance of the Bonds pursuant hereto except with the prior written consent of the Purchaser.

Section 4.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Bonds remains outstanding, 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, and immediately upon any portion of the System now in use, 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 or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Bond.

(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 at any time or times for the benefit of the Issuer, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer 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 for the Issuer.

(d) Workmen's Compensation Coverage for all Employees of the District 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 Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39.

(e) Fidelity Bonds will be provided as to every member of the Board and as to every officer and employee thereof having custody of the Water Revenue Fund or of any revenues or other funds of the District in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount of \$10,000 upon the treasurer, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned so long as checks thereon require the signature of a representative of the Purchaser.

(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 Bonds are outstanding, the Issuer will 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 Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

Section 4.06. Statutory Mortgage. For the further protection of the holders of the Bond, 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 on a parity basis with the Bonds and the existing Bonds.

Section 4.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

(A) Failure to make payment of any monthly amortization installment at the date specified for payment thereof;

(B) 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 herein, or violation of or failure to observe any provision of any pertinent law.

Section 4.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights 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 the Purchaser, 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 the System, shall proceed under the direction of the Court to obtain authorization to increase rates and charges of the 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 4.09. Fiscal Year; Budget. While the 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 Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each fiscal year.

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 to the Purchaser.

Section 4.10. Compensation of Members of Governing Body. The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues 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 hereof.

Section 4.11. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Secretary-Treasurer on the date of adoption hereof, subject to permitted changes.

Section 4.12. 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 the Purchaser 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 and shall mail a copy of such audit report to the Purchaser.

Section 4.13. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bond is outstanding.

Section 4.14 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.

ARTICLE V

RATES, ETC.

Section 5.01. Initial Schedule of Rates and Charges; Rules.

A. The schedule of rates and charges for the services and facilities of the System shall be and the district does hereby approve the rates as set out below, consistent with the provisions set forth in the final Order of the Public Service Commission entered November 3, 1989, Case No. 88-688-W-CN which is incorporated herein by reference. The rates shall be effective per the order and go into effect upon the completion of construction and the district will file the appropriate tariff for the rates. This is a two tier rate schedule with different rates for two classes of customers. The rates are hereby established as follows:

SCHEDULE NO. 1

Applicable in Cottageville, Jackson County. (Low Level)

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

(A) RATE

First	3,000 gallons used per month	\$4.21 per 1,000 gallons
Next	3,000 gallons used per month	\$3.87 per 1,000 gallons
Next	4,000 gallons used per month	\$3.46 per 1,000 gallons
All over	10,000 gallons used per month	\$2.74 per 1,000 gallons

(A) MINIMUM CHARGE

No bill shall be rendered for less than the following amounts according to the meter installed, to wit:

5/8 inch meter	\$ 12.63 per month
3/4 inch meter	\$ 18.95 per month
1 inch meter	\$ 31.58 per month
1-1/2 inch meter	\$ 63.15 per month
2 inch meter	\$ 101.04 per month
3 inch meter	\$ 189.45 per month
4 inch meter	\$ 315.75 per month
6 inch meter	\$ 631.50 per month
8 inch meter	\$1,010.40 per month

DELAYED PAYMENT PENALTY

The above tariff is net. On all accounts not paid in full within twenty (20) days, ten percent (10%) will be added to the net amount shown. This delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

(A) CONNECTION CHARGE

\$300.00

(A) RECONNECTION CHARGE

\$15.00

(A) Indicates Advance

SCHEDULE NO. 2

Applicable in Jackson County and in Cologne and Cooper District in Mason County (Mt. Alto - Evergreen Hills - Booster Level, Millwood and Flatwoods).

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

(A) RATE

First	3,000 gallons used per month	\$5.23 per 1,000 gallons
Next	3,000 gallons used per month	\$4.83 per 1,000 gallons
Next	4,000 gallons used per month	\$4.27 per 1,000 gallons
All Over	10,000 gallons used per month	\$3.99 per 1,000 gallons

(A) MINIMUM CHARGE

No bill shall be rendered for less than the following amounts, according to the size of the meter installed, to-wit:

5/8-inch meter	\$ 15.69 per month
3/4-inch meter	\$ 23.54 per month
1 -inch meter	\$ 39.23 per month
1-1/2-inch meter	\$ 78.45 per month
2 -inch meter	\$ 125.52 per month
3 -inch meter	\$ 235.35 per month
4 -inch meter	\$ 392.25 per month
6 -inch meter	\$ 784.50 per month
8 -inch meter	\$1,255.20 per month

DELAYED PAYMENT PENALTY

The above tariff is net. On all accounts not paid in full within twenty (20) days of date of bill, ten percent (10%) will be added to the net amount shown. This delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

(A) CONNECTION FEE

\$300.00

(A) RECONNECTION CHARGE

\$15.00

(A) Indicates Advance

MISCELLANEOUS

Section 6.01. Filing Under Uniform Commercial Code. Contemporaneously with the delivery of the Bonds, the Issuer shall execute Financing Statements meeting the requirements of the Uniform Commercial Code of West Virginia and promptly thereafter shall file such a Financing Statement in the offices of the Secretary of State of West Virginia and of the Clerk of the County Commission of said County.

Section 6.02. Delivery of Bonds. The Chairman and Secretary of the Governing Body are hereby authorized and directed to cause the Series 1990 Bonds, numbered R-1 and R-2, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 6.03. 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 6.04. 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; provided that this Section shall not be applicable to the Loan Resolution.

Section 6.05. 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 6.06. Supplemental Resolution. The District may pass such supplemental resolution, if necessary, to effectuate the purposes and intent of this resolution.

Section 6.07. Effective Time. This Resolution shall take effect immediately upon its adoption.

Section 6.08. Modification or Amendment. This Bond Resolution may not be substantially modified or amended after final passage without the prior written consent of the Purchaser.

Section 6.09. 1971, 1978, 1980 and 1983 Resolutions. The 1971, 1978, 1980 and 1983 Resolutions and all parts thereof not expressly hereby changed shall continue in full force and effect and this Bond Legislation shall be supplemental to the 1971, 1978, 1980 and 1983 Resolutions. All provisions of the 1971, 1978, 1980 and 1983 Resolutions changed hereby shall be null and void.

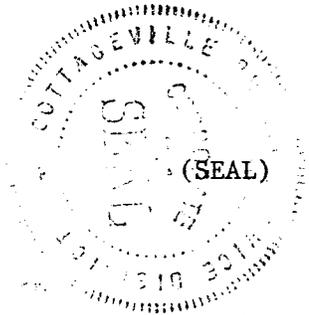
Adopted this the 15th day of March, 1990.

COTTAGEVILLE PUBLIC SERVICE DISTRICT

By: *John D. Summers*
Chairman of Public Service Board

By: *[Signature]*
Member

By: *[Signature]*
Member



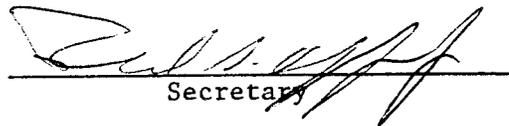
ATTEST:

[Signature]
Secretary

CERTIFICATION

I, Ronald S. Huffman, Jr., Secretary of the Public Service Board of the Cottageville Public Service District, hereby certify that the foregoing is a true and correct copy of the Resolution of a special meeting of said Public Service Board held on the 15th day of March, 1990. I further hereby certify that the action of said Public Service Board set forth therein remains in full force and effect and has not been amended or repealed.

WITNESS my signature on this 15th day of March, 1990.


Secretary

STATE OF WEST VIRGINIA,
JACKSON COUNTY COMMISSION CLERK'S OFFICE, Mar 15 19 90 11:31A M. FB No. 5016

The foregoing Instrument together with the certificate thereto annexed was this day admitted to record in said office.

Teste: Annabelle Taylor, Clerk

By: Shirley Hunt Deputy

COTTAGEVILLE PUBLIC SERVICE DISTRICT
WATER REVENUE BOND
SERIES 2009

GENERAL CERTIFICATE

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES AND DELIVERY
6. PUBLIC SERVICE COMMISSION ORDER
7. RATES
8. INCUMBENCY AND OFFICIAL NAME
9. LAND AND RIGHTS-OF-WAY
10. MEETINGS
11. INSURANCE
12. SPECIMEN BOND
13. BOND PROCEEDS
14. CONFLICTS OF INTEREST
15. VERIFICATION OF SCHEDULE
16. PROCUREMENT OF ENGINEERING SERVICES
17. USERS
18. WETLANDS COVENANT
19. COUNTERPARTS

As of the 3rd day of April, 2009, we, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Cottageville Public Service District (the "Issuer") and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the Issuer's Water Revenue Bond, Series 2009, dated the date hereof (the "Bond" or the "Series 2009 Bond"), as follows:

1. **TERMS:** All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning set forth in the Bond Resolution duly adopted by the Issuer on March 17, 2009 (the "Resolution"), and the letter of conditions dated June 13, 2007, from the United States of America, United States Department of Agriculture, Rural Utilities Service (the "Government") to the Issuer (the "Letter of Conditions").

2. **NO LITIGATION:** No controversy or litigation of any nature is now pending or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any manner the authorization, issuance, sale and delivery of the Bond, the acquisition and construction of the Project, the operation of the System, the collection or use of the revenues of the System, or the pledge and security of the Net Revenues for the Bond; nor affecting the validity of the Bond or any provisions made or authorized for the payment thereof; nor questioning the existence of the Issuer or

the title of the members or officers of the Issuer or the Board thereof to their respective offices; nor questioning any proceedings of the Issuer taken with respect to the authorization, issuance, sale or delivery of the Bond, the acquisition and construction of the Project, the operation of the System, the collection or use of the revenues of the System, or the pledge and security of the Net Revenues for the Bond.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals, permits, exemptions, consents, authorizations, registrations, licenses, orders 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, the imposition of rates and charges and the issuance of the Bond have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project have been solicited by the Issuer in accordance with Chapter 5, Article 22, Section 1 of the Code of West Virginia, 1931, as amended, which bids remain in full force and effect.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has not been any adverse change in the financial condition of the Issuer since the issuance of the Letter of Conditions. The Issuer has met all conditions set forth in the Letter of Conditions and will provide the financial, institutional, legal and managerial capabilities necessary to complete and operate the Project.

The Series 2009 Bond shall be issued on a parity with each other and with the Issuer's Water Revenue Bond, Series 1979, Water Revenue Bond, Series 1980, Water Revenue Bond, Series 1983, Water System Taxable Revenue Bond, Series 1990 A, and Water System Taxable Revenue Bond, Series 1990 B (collectively, the "Prior Bonds"), with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has met the parity and coverage requirements of the Prior Bonds and the Prior Resolutions and has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature. The Issuer has obtained (i) a certificate of an Independent Certified Public Accountant stating that the parity and coverage tests of the Prior Bonds have been met; and (ii) the written consent of the Registered Owner of the Prior Bonds to the issuance of the Series 2009 Bond on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

5. SIGNATURES AND DELIVERY: The undersigned Chairman and Secretary are the duly elected or appointed, qualified and acting officers of the Issuer as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Bond for the Issuer. The seal impressed upon the Bond and this Certificate is the duly authorized, proper and only seal of the Issuer. On the date hereof, the undersigned Chairman did officially sign the Bond, consisting upon original issuance of a single bond, dated the date hereof, by his manual signature; the undersigned Secretary did officially cause the seal of the Issuer to be affixed upon the Bond and to be attested by her manual signature.

6. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia (the "PSC") entered on August 11, 2008, in Case No. 08-0078-PWD-CN, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the rates for the System and the financing for the Project. The time for appeal of the August 11, 2008 Recommended Decision has expired prior to the date hereof, and the Recommended Decision remains in full force and effect.

7. RATES: The rates for the System, as approved by the PSC Order entered on June 23, 2005, in Case No. 04-1647-PWD-19A, and effective for service rendered on or after June 23, 2005. The time for appeal for such Order has expired prior to the date hereof and such Order remains in full force and effect.

8. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Cottageville Public Service District." The Issuer is a public service district and public corporation duly created by The County Commission of Jackson County and presently existing under the laws of, and a political subdivision of, the State of West Virginia in Jackson County of said State. The governing body of the Issuer is its Public Service Board, consisting of three duly appointed, qualified and acting members, whose names and dates of commencement and termination of their current terms are as follows:

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Ernest K. Fox	August 7, 2009	September 1, 2012
Joyce Creel	October 9, 2008	November 1, 2009
Michael Perry	October 9, 2008	October 1, 2013

The duly elected or appointed officers of the Board for 2009 are as follows:

Ernest K. Fox	-	Chairman
Joyce Creel	-	Secretary
Michael Perry	-	Treasurer

The duly appointed and acting attorney for the Issuer is Goodwin & Goodwin, LLP, of Charleston, West Virginia.

9. LAND AND RIGHTS-OF-WAY: All land, 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 that would adversely affect or interfere in any

way with the use thereof for such purposes. The costs thereof, including costs of any properties that may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bond.

10. MEETINGS: All actions, resolutions, orders and agreements taken, adopted and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bond and the acquisition, construction, operation and financing of the Project or the System were authorized or adopted at meetings of the Board duly and regularly or specifically called and held pursuant to all applicable statutes and the rules of procedure of the Board, and a quorum of duly appointed, qualified and acting members of the Board was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

11. INSURANCE: The Issuer will maintain or, as appropriate, will require all contractors to maintain worker's compensation, public liability insurance, property damage insurance, standard hazard insurance, builder's risk insurance, flood insurance and business interruption insurance, where applicable, in accordance with the Resolution. All insurance for the System required by the Resolution are in full force and effect.

12. SPECIMEN BOND: Attached hereto as Exhibit A is a specimen of the Bond which, except as to execution and authentication, is identical in all respects with the Bond this day delivered to the Government and being substantially in the form prescribed in the Resolution.

13. BOND PROCEEDS: On the date hereof, the Issuer received (a) \$50,000 from the Government, being a portion of the principal amount of the Series 2009 Bond. The balance of the principal amount of the Bond will be advanced to the Issuer from time to time as acquisition and construction of the Project progresses.

14. CONFLICTS OF INTEREST: No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or the sale of any land, materials, supplies or services to the Issuer, or to any contractor supplying the Issuer, relating to the Bond, 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.

15. VERIFICATION OF SCHEDULE: The final amended Schedule B attached to the Certificate of Consulting Engineer, with the signature of the Chairman and the Consulting Engineer, accurately represents the estimated costs of the Project, the sources of funds available to pay the costs of the Project and the costs of financing of the Bond.

16. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has complied with all the requirements of Chapter 5G, Article 1 of the Code of West Virginia, 1931, as

amended, in the procurement of the engineering services of the Consulting Engineer.

17. **USERS:** The Issuer will serve at least 1,309 bona fide users upon the completion of the Project, in full compliance with the Letter of Conditions.

18. **WETLANDS COVENANT:** The Issuer hereby certifies that it will not use any proceeds of the Bond for a purpose that will contribute to excessive erosion of highly erodible lands or to the conversion of wetlands to produce an agricultural commodity.

20. **COUNTERPARTS:** This Certificate may be executed in counterparts and all counterparts shall be deemed to be the Certificate.

WITNESS our signatures and the official corporate seal of Cottageville Public Service District as of the date first written above.

[SEAL]

Signature

Official Title

 E. K. Z.

Chairman

 Joyce Creel

Secretary

 [Signature]

Attorney

EXHIBIT A

See Specimen Bond (Tab No. 15)

COTTAGEVILLE PUBLIC SERVICE DISTRICT
WATER REVENUE BOND
SERIES 2009

CERTIFICATE OF SECRETARY
AS TO TRUTH AND ACCURACY OF DOCUMENTS DELIVERED

On this 1st day of April, 2009, the undersigned duly appointed Secretary of Cottageville Public Service District (the "Issuer") hereby certifies that the copies of the following documents being delivered in connection with the closing of the sale of the Cottageville Public Service District Water Revenue Bond, Series 2009, are, as of the date hereof, true and accurate copies of the originals of those documents maintained on file with the Issuer and delivered in the transcript of proceedings, that said documents have been duly adopted or approved by the Public Service Board (the "Board") of the Issuer and that said documents are still in full force and effect as of the date hereof and have not been repealed, rescinded, superseded, amended or modified in any way unless the document effecting such repeal, rescission, supersedence, amendment or modification is also listed below:

1. Orders of The County Commissions of Jackson and Mason Counties Creating and Enlarging the Issuer.
2. Orders of The County Commissions of Jackson and Mason Counties Appointing the Members of the Board.
3. Oaths of Office of the Board Members.
4. Rules of Procedure.
5. Minutes of Current Year Organizational Meeting.
6. Public Service Commission Order.
7. Infrastructure Council Approval Letter.
8. USDA Letter of Conditions, Closing Letter and Loan Resolution.
9. Bond Resolution.
10. Supplemental Resolution.
11. Minutes of Board Meeting regarding Adoption of Bond Resolution and Supplemental Resolution.

12. Affidavits of Publication regarding Notice of Borrowing and Notice of Meeting to Adopt Bond Resolution and Supplemental Resolution.
13. 1971, 1979, 1980, 1983 and 1990 Bond Resolutions.
14. Environmental Health Services Permit.
15. Evidence of Insurance.

WITNESS my signature and the official seal of the Issuer as of the date first written above.

COTTAGEVILLE PUBLIC SERVICE DISTRICT

By: Joyce Creel
Secretary

[SEAL]

COTTAGEVILLE PUBLIC SERVICE DISTRICT
WATER REVENUE BOND
SERIES 2009

CERTIFICATE OF CONSULTING ENGINEER

On this 3rd day of April, 2009, I, Jim Hildreth, Registered Professional Engineer, West Virginia License No. 7719, of Boyles & Hildreth, Consulting Engineers, Spencer, West Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain improvements and extensions (the "Project") to the existing public water facilities (the "System") of Cottageville Public Service District (the "Issuer"), to be constructed in Jackson County, West Virginia, which acquisition and construction are being permanently financed by the above-captioned bond (the "Bond") of the Issuer. All capitalized words used herein and not defined herein shall have the same meaning set forth in the Bond Resolution adopted by the Issuer on March 17, 2009 (the "Resolution"), the letter of conditions dated June 13, 2007, from the United States of America, United States Department of Agriculture, Rural Utilities Service (the "Government"), to the Issuer (the "Letter of Conditions").

2. The Bonds are being issued for the purposes of (i) paying the costs of 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, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the West Virginia Bureau for Public Health (the "BPH") and any change orders approved by the Issuer, the Government and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and will have a useful life of at least 40 years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule A attached hereto as Exhibit A, and in reliance upon the opinion of the Issuer's counsel, Goodwin & Goodwin, LLP, dated the date hereof, all successful bidders have made required provisions for all insurance and payment and performance bonds and 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 BPH and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) in reliance upon the certificate of Bennett & Dobbins, P.L.L.C., dated the date hereof, as of the effective date thereof, the rates and charges for the System as approved by the Public Service Commission of West Virginia and adopted by the Issuer will be sufficient to comply with the provisions of the Resolution; (x) the net proceeds of the Bond, together

with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto, are sufficient to pay the costs of acquisition and construction of the Project approved by the Government; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature and seal as of the date first written above.

[SEAL]



BOYLES & HILDRETH, CONSULTING ENGINEERS, INC.

A handwritten signature in black ink, appearing to read "Jim Hildreth".

Jim Hildreth, P.E., its President
West Virginia License No. 7719

^B
Schedule A - Total Cost of Project and Source of Funds

TOTAL COSTS OF PROJECT

Acquisition, Construction and Equipping	\$ 225,877
Engineering – Basic	35,800
Engineering – Special Services	2,500
Engineering - Inspection	29,400
Interest	17,000
Accounting	4,500
Legal	6,000
Bond Counsel	12,500
Contingencies	<u>76,423</u>
	\$410,000

SOURCES OF FUNDS

Rural Utilities Service loan in the amount of \$410,000, at a rate of 4.125%, for a term not to exceed 40 years.



Bennett & Dobbins PLLC

CERTIFIED PUBLIC ACCOUNTANTS

317 Cleveland Avenue
Fairmont, WV 26554-1604
Telephone: (304) 366-4295 Fax: (304) 366-4311

GARY K. BENNETT, MBA-CPA
ZACHARY D. DOBBINS, CPA

April 1, 2009

COTTAGEVILLE PUBLIC SERVICE DISTRICT
WATER REVENUE BOND
SERIES 2009

Cottageville Public Service District
Cottageville, West Virginia

United States Department of Agriculture
Rural Utilities Service
Parkersburg, West Virginia

Ladies and Gentlemen:

I have reviewed the water rates of Cottageville Public Service District (the "Issuer"), as approved by the order of the Public Service Commission of West Virginia entered June 23, 2005, in Case No. 04-1647-PWD-19A, the projected operating expenses and the anticipated customer usage provided by Boyles & Hildreth, the consulting engineer of the Issuer. It is my opinion that such rates are sufficient (i) to provide for all operating expenses of the water facilities of the Issuer (the "System") and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Issuer's Water Revenue Bond, Series 1979, Water Revenue Bond, Series 1980, Water Revenue Bond, Series 1983, Water System Taxable Revenue Bond, Series 1990 A, and Water System Revenue Bond, Series 1990 B (collectively, the "Prior Bonds"), and its Water Revenue Bond, Series 2009 (the "Series 2009 Bond").

It is further my opinion that the Net Revenues for the fiscal year following the year in which the Series 2009 Bonds is to be issued will be at least 115% of the average annual debt service requirements on the Prior Bonds and the Series 2009 Bond.

Very truly yours,

Bennett & Dobbins PLLC

Bennett & Dobbins PLLC

COTTAGEVILLE PUBLIC SERVICE DISTRICT
WATER REVENUE BOND
SERIES 2009

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

As of the 3rd day of April, 2009, the undersigned authorized representatives of the United States of America, United States Department of Agriculture, Rural Utilities Service ("RUS"), and Cottageville Public Service District (the "Issuer") hereby certify as follows:

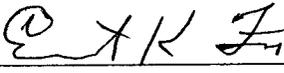
1. On the date hereof, at Cottageville, West Virginia, RUS received the Cottageville Public Service District Water Revenue Bond, Series 2009, numbered R-1, in the principal amount of \$410,000, dated as of the date hereof, bearing interest at the rate of 4.125% per annum.

2. At the time of such receipt of the Bond, Ernest Fox, as Chairman, and Joyce Creel, as Secretary, of the Issuer, had executed the Bond by their manual signatures, on behalf of the Issuer, and the official seal of the Issuer had been imprinted upon the Bond.

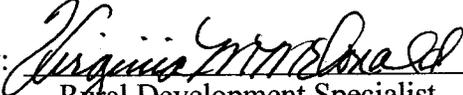
3. The Issuer received and hereby acknowledges receipt from RUS, as the original purchaser of the Series 2009 Bond, of \$50,000.00, being a portion of the proceeds of the Bond.

WITNESS our signatures as of the date first written above.

COTTAGEVILLE PUBLIC SERVICE DISTRICT

By: 
Chairman

UNITED STATES OF AMERICA
UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

By: 
Rural Development Specialist

COTTAGEVILLE PUBLIC SERVICE DISTRICT
WATER REVENUE BOND
SERIES 2009

ACCEPTANCE OF DUTIES AS DEPOSITORY BANK

United Bank, Inc., Ripley, West Virginia, hereby accepts appointment as Depository Bank in connection with a Resolution of the Cottageville Public Service District (the "District") duly adopted by the Public Service Board of the District (the "Board") and effective on March 17, 2009 (the "Resolution"), authorizing issuance by the District of its Water Revenue Bond, Series 2009A, dated April 3, 2009, in the aggregate principal amount of \$410,000, and agrees to perform all duties of Depository Bank as set forth in the Resolution.

Witness my signature as of the 3rd day of April, 2009.

UNITED BANK, INC.

By: *Alcedo L. Smith*
Assistant Vice President

LAW OFFICES

GOODWIN & GOODWIN, LLP

300 SUMMERS STREET, SUITE 1500
CHARLESTON, WEST VIRGINIA 25301-1678

P. O. Box 2107
CHARLESTON, WEST VIRGINIA 25328-2107

TELEPHONE (304) 346-7000
TELECOPIER (304) 344-9692

www.goodwingoodwin.com

COPY

201 THIRD STREET
PARKERSBURG, WEST VIRGINIA 26101
(304) 485-2345

P.O. Box 349
500 CHURCH STREET
RIPLEY, WEST VIRGINIA 25271
(304) 372-2651

March 30, 2009

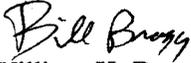
Ms. Sara Boardman, Executive Director
West Virginia Municipal Bond Commission
1207 Quarrier Street, Suite 401
Charleston, WV 25301

Re: Cottageville Public Service District
Water Revenue Bond, Series 2009

Dear Sara:

Enclosed please find the New Issue Report Form that has been prepared in connection with the above-referenced transaction and sent to you for filing in your office in regard to the same. Upon completion of the transcript, we will forward a bound copy to you for your reference. In the meantime, if you have any questions concerning this transaction, please feel free to contact me.

Sincerely yours,


William K. Bragg, Jr.

WKB/aks
Enclosure

WV MUNICIPAL BOND COMMISSION
1207 Quarrier Street, Suite 401
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM
Date of Report: March 30, 2009

ISSUE: Cottageville Public Service District
Water Revenue Bond, Series 2009

ADDRESS: P.O. Box 180
Cottageville, WV 25239

PURPOSE OF ISSUE: New Money X

ISSUE DATE: April 3, 2009

ISSUE AMOUNT: \$410,000

1ST DEBT SERVICE DUE: N/A

1ST DEBT SERVICE AMT.: N/A

COUNTY: Jackson

Refunding ___ Refunds issue dated: N/A

CLOSING DATE: April 3, 2009

RATE: 4.125%

1ST PRINCIPAL DUE: N/A

PAYING AGENT: None (District pays
directly to RUS)

BOND COUNSEL: Goodwin & Goodwin, LLP
Contact Person: W.K. Bragg, Jr.
Phone: (304) 346-7000

REGISTRAR: Cottageville Public Serv. Dist.
Contact Person: Ernest Fox, Chairman
Phone: (304) 372-4317

LENDER: United States Department of Agriculture
Rural Utilities Service
Contact Person: Virginia McDonald
Position: Rural Development Specialist
Phone: (304) 420-6666

-----DEPOSITS TO MBC AT CLOSE:-----

By ___ Wire
___ Check

___ Accrued Interest: \$ ___
___ Capitalized Interest: \$ 0
___ Reserve Account: \$ ___
___ Other: _____ \$ _____

-----REFUNDS & TRANSFERS BY MBC AT CLOSE:-----

By ___ Wire
___ Check
___ IGT

___ To Escrow Trustee: \$ N/A
___ To Issuer: \$ N/A
___ To Cons. Invest. Fund: \$ ___
___ Other: _____ \$ _____

Notes: The Bond Commission will only hold the Series 2009 Bond Reserve Account to be funded over 10 years. The District will make debt service payments directly to RUS.

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS

REQUIRED: _____

TRANSFERS

REQUIRED: _____

ACORD™ CERTIFICATE OF PROPERTY INSURANCE DATE

PRODUCER WV BOARD OF RISK & INSURANCE MGT. 90 MACCORKLE AVE SW SUITE 203 S CHARLESTON, WV 25303	THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. COMPANIES AFFORDING COVERAGE COMPANY A: Westchester Fire Insurance Company COMPANY B: The Hartford Steam Boiler Inspection and Insurance Co. COMPANY C: COMPANY D:
INSURED COTTAGEVILLE PSD PO BOX 180 COTTAGEVILLE WV 25239	

COVERAGES

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	COVERED PROPERTY	LIMITS
A	<input checked="" type="checkbox"/> PROPERTY CAUSES OF LOSS	P 2543	July 1, 2008	July 1, 2009	<input type="checkbox"/> BUILDING	\$
	<input type="checkbox"/> BASIC				<input checked="" type="checkbox"/> BUSINESS INCOME	\$ 12 Months
	<input type="checkbox"/> BRK/D				<input checked="" type="checkbox"/> EXTRA EXPENSE	\$ 12 Months
	<input checked="" type="checkbox"/> SPECIAL				<input type="checkbox"/> BLANKET BUILDING	\$
	<input type="checkbox"/> EARTHQUAKE				<input type="checkbox"/> BLANKET PERS PROP	\$
	<input type="checkbox"/> FLOOD				<input checked="" type="checkbox"/> BLANKET BLDG & PP	\$
	<input type="checkbox"/> INLAND MARINE		July 1, 2008	July 1, 2009		\$
	TYPE OF POLICY					\$
	CAUSES OF LOSS					\$
	<input type="checkbox"/> NAMED PERILS					\$
	<input type="checkbox"/> OTHER					\$
A	<input checked="" type="checkbox"/> CRIME	P 2543	July 1, 2008	July 1, 2009		\$ 2,000,000.00
	TYPE OF POLICY					\$
B	<input checked="" type="checkbox"/> BOILER & MACHINERY	P 2543	July 1, 2008	July 1, 2009		\$
	OTHER					\$ 1,000,000.00

LOCATION OF PREMISES/DESCRIPTION OF PROPERTY
 BAIER RIDGE WATER LINE PROJECT

SPECIAL CONDITIONS/OTHER COVERAGES

CERTIFICATE HOLDER USDA RURAL DEVELOPMENT PO BOX 303 PARKERSBURG WV 26102-0303	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL <u>10</u> DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES. AUTHORIZED REPRESENTATIVE: <i>Jerry Bladwell</i>
---------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

ACORD CERTIFICATE OF LIABILITY INSURANCE

INSURED COPY

DATE (MM/DD/YY)

PRODUCER
WV BOARD OF RISK & INSURANCE MGT.
 90 MACCORKLE AVE. SW, SUITE 203
 SOUTH CHARLESTON, WV 25303

Serial # A12060

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE

INSURED
 COTTAGEVILLE PSD
 PO BOX 180
 COTTAGEVILLE WV 25239

INSURER A: NATIONAL UNION FIRE CO OF PITTSBURGH, PA
 INSURER B:
 INSURER C:
 INSURER D:
 INSURER E:

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT, WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE	POLICY EXPIRATION DATE	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY CLAIMS MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> WRONGFUL ACT <input checked="" type="checkbox"/> PROFESSIONAL GEN'L AGGREGATE LIMIT APPLIES PER: POLICY <input type="checkbox"/> PROJE <input type="checkbox"/> LOC	L 2543	07/01/2008	07/01/2009	EACH OCCURRENCE \$ 1,000,000 FIRE DAMAGE (Any one fire) \$ 100,000 MED EXP (Any one person) \$ 0 PERSONAL & ADV INJURY \$ INCLUDED GENERAL AGGREGATE \$ N/A PRODUCTS - COMP/CP AGG \$ N/A
A	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input checked="" type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	L 2543	07/01/2008	07/01/2009	COMBINED SINGLE LIMIT (Per accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY: EA ACC \$ AGG \$
	EXCESS LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> DEDUCTIBLE RETENTION \$				EACH OCCURRENCE \$ AGGREGATE \$ \$ \$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY STOPGAP*	L 2543	07/01/2008	07/01/2009	INC STATUTORY LIMITS <input type="checkbox"/> OTHER <input type="checkbox"/> E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
B	OTHER				

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENTS/SPECIAL PROVISIONS
 SUBJECT TO THE PROVISIONS, CONDITIONS, AND EXCLUSIONS OF THE POLICIES LISTED ABOVE, IT IS AGREED THAT THE CERTIFICATE HOLDER IS AN "ADDITIONAL INSURED" WITH RESPECTS TO:
 BAIER RIDGE WATER LINE PROJECT

CERTIFICATE HOLDER
 USDA, RURAL DEVELOPMENT
 PO BOX 303
 PARKERSBURG WV 26102-0303

CANCELLATION
 SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.
 AUTHORIZED REPRESENTATIVE
Joyce Gladwell

LAW OFFICES

GOODWIN & GOODWIN, LLP

300 SUMMERS STREET, SUITE 1500
CHARLESTON, WEST VIRGINIA 25301-1678

P. O. Box 2107
CHARLESTON, WEST VIRGINIA 25328-2107

TELEPHONE (304) 346-7000
TELECOPIER (304) 344-9692

www.goodwingoodwin.com

P.O. Box 349
500 CHURCH STREET
RIPLEY, WEST VIRGINIA 25271
(304) 372-2651

201 THIRD STREET
PARKERSBURG, WEST VIRGINIA 26101
(304) 485-2345

April 3, 2009

Cottageville Public Service District
Cottageville, West Virginia

United States Department of Agriculture
Rural Utilities Service
Parkersburg, West Virginia

Re: Cottageville Public Service District
Water Revenue Bond, Series 2009

Ladies and Gentlemen:

We have served as bond counsel to Cottageville Public Service District (the "Issuer") in connection with the issuance of its Water Revenue Bond, Series 2009, dated the date hereof (the "Bond").

We have examined certified copies of proceedings and other papers relating to the issuance of the Bond. The Bond is issued in the principal amount of \$410,000, in the form of one bond and bears interest from the date hereof, on the amount advanced thereunder, at the rate of 4.125% per annum.

The Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), and has been authorized by a Bond Resolution duly adopted by the Issuer on March 17, 2009 (the "Resolution"). The Bond is issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public water facilities of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Resolution 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, under existing law, as follows:

GOODWIN & GOODWIN, LLP

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

2. The Issuer has legally and effectively adopted the Resolution and all other necessary resolutions in connection with the issuance and sale of the Bond. The Resolution constitutes a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms thereof.

3. The Bond has been duly authorized, issued, executed and delivered by the Issuer and is a valid, legally enforceable and binding special obligation of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and a pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Water Revenue Bond, Series 1979, Water Revenue Bond, Series 1980, Water Revenue Bond, Series 1983, Water System Taxable Revenue Bond, Series 1990 A, and Water System Taxable Revenue Bond, Series 1990 B, all in accordance with the terms of the Bond and the Resolution.

4. Under the Act, the Bond and the interest thereon are exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

5. The Bond has not been issued on the basis that the interest 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 Bond.

No opinion is given herein as to the effect upon the enforceability of the Bond under any applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights or the exercise of judicial discretion or principles of equity in appropriate cases.

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

Respectfully submitted,

Goodwin + Goodwin, LLP

GOODWIN & GOODWIN, LLP

LAW OFFICES

GOODWIN & GOODWIN, LLP

300 SUMMERS STREET, SUITE 1500
CHARLESTON, WEST VIRGINIA 25301-1678

P. O. Box 2107
CHARLESTON, WEST VIRGINIA 25328-2107

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(304) 485-2345

P.O. Box 349
500 CHURCH STREET
RIPLEY, WEST VIRGINIA 25271
(304) 372-2651

April 3, 2009

Cottageville Public Service District
Cottageville, West Virginia

United States Department of Agriculture
Rural Utilities Service
Parkersburg, West Virginia

Re: Cottageville Public Service District
Water Revenue Bond, Series 2009

Ladies and Gentlemen:

We are counsel to Cottageville Public Service District (the "Issuer"). As such counsel, we have examined copies of the approving opinion of Goodwin & Goodwin, LLP, as bond counsel, relating to the above-captioned bond of the Issuer (the "Bond"), the letter of conditions dated June 13, 2007, from the United States of America, United States Department of Agriculture, Rural Utilities Service (the "Government"), a Bond Resolution duly adopted by the Public Service Board of the Issuer (the "Board") on March 17, 2009 (the "Resolution"), orders of The County Commission of Jackson County relating to the Issuer and the appointment of members of the Board, and other documents relating to the Bond and the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Resolution when used herein.

We are of the opinion that:

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

GOODWIN & GOODWIN, LLP

April 3, 2009

Page 2

2. The members and officers of the Board have been duly and properly appointed and elected, have taken the requisite oaths and are thereby authorized to act on behalf of the Issuer in their respective capacities.

3. The Resolution has been duly adopted by the Board and is in full force and effect.

4. The execution and delivery of the Bond and the consummation of the transactions contemplated by the Bond 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 resolution, agreement or other instrument to which the Issuer is a party or any existing law, regulation, court order or consent decree to which the Issuer is subject.

5. In reliance upon the Certificate of Consulting Engineer provided by Boyles & Hildreth, the Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates, registrations and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bond, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for the use of the System, including, without limitation, all requisite permits, approvals, orders and certificates from The County Commission of Jackson County, the West Virginia Bureau for Public Health and the Public Service Commission of West Virginia (the "PSC"). The Issuer has taken all actions 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 PSC Order entered on August 11, 2008, in Case No. 08-0078-PWD-CN, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the rates for the System and the financing for the Project. The time for appeal of the August 11, 2008 Order has expired prior to the date hereof, and the Order remains in full force and effect.

6. 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 Bond and the Resolution, the acquisition and construction of the Project, the operation of the System, the validity of the Bond, the collection of the Gross Revenues or the pledge of the Net Revenues for the payment of the Bond.

7. 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 our review of the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection

GOODWIN & GOODWIN, LLP

April 3, 2009
Page 3

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 and the Resolution; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

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

Very truly yours,

GOODWIN & GOODWIN, LLP

A handwritten signature in cursive script that reads "Goodwin & Goodwin LLP". The signature is written in dark ink and is positioned below the printed name of the firm.

LAW OFFICES

GOODWIN & GOODWIN, LLP

300 SUMMERS STREET, SUITE 1500
CHARLESTON, WEST VIRGINIA 25301-1678

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(304) 485-2345

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500 CHURCH STREET
RIPLEY, WEST VIRGINIA 25271
(304) 372-2651

April 3, 2009

Cottageville Public Service District
Cottageville, West Virginia

Re: Final Title Opinion for Cottageville Public Service District

Ladies and Gentlemen:

We are counsel to Cottageville Public Service District (the "Issuer") in connection with a proposed project to acquire and construct certain improvements and extensions to the existing public water facilities of the Issuer (the "Project"). Please be advised of the following:

1. The Issuer is a duly created and validly existing public service district possessed with all the powers and authority granted to public service districts under the laws of the State of West Virginia to acquire, construct, operate and maintain the Project as approved by the West Virginia Bureau for Public Health.

2. The Issuer has obtained all necessary permits and approvals for the construction of the Project.

3. We have investigated and ascertained the location of, and we are familiar with the legal description of, the necessary sites, including easements and/or rights of way, required for the Project as set forth in the plans for the Project prepared by Boyles & Hildreth, the consulting engineers for the Project.

4. We have examined the records on file in the Office of the Clerk of The County Commission of Jackson County, West Virginia, the county in which the Project is to be located, and, in our opinion, the Issuer has acquired legal title or such other estate or interest in all of the necessary site components for the Project, including all easements and/or rights of way, sufficient to assure

GOODWIN & GOODWIN, LLP

Cottageville Public Service District

April 3, 2009

Page 2

undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the Project.

5. All deeds, easements and rights of way which have been acquired to date by the Issuer have been duly recorded in the Office of the Clerk of The County Commission of Jackson County to protect the legal title to and interest of the Issuer.

Very truly yours,

GOODWIN & GOODWIN, LLP

A handwritten signature in cursive script that reads "Goodwin & Goodwin, LLP". The signature is written in black ink and is positioned below the typed name of the firm.

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]
 William K. Bragg, Jr. 304-346-7000

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

William K. Bragg, Jr.
 Goodwin & Goodwin, LLP
 300 Summers Street, Suite 1500
 Charleston, WV 25301-1678

200900347096
 Apr 09 2009 01:17:37
 WV SECRETARY OF STATE

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME
 Cottageville Public Service District

1b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

1c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY
 P.O. Box 180 Cottageville WV 25239 USA

1d. TAX ID #: SSN OR EIN **ADD'L INFO RE ORGANIZATION DEBTOR** **1e. TYPE OF ORGANIZATION** **1f. JURISDICTION OF ORGANIZATION** **1g. ORGANIZATIONAL ID #, if any** NONE
 55-0527137 Public corporation West Virginia

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME

2b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

2c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

2d. TAX ID #: SSN OR EIN **ADD'L INFO RE ORGANIZATION DEBTOR** **2e. TYPE OF ORGANIZATION** **2f. JURISDICTION OF ORGANIZATION** **2g. ORGANIZATIONAL ID #, if any** NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME
 United States Department of Agriculture, Rural Utilities Service

3b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

3c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY
 P.O. Box 303 Parkersburg WV 26102 USA

4. This FINANCING STATEMENT covers the following collateral:

Statutory mortgage lien on accounts, revenues, water system and other property as provided by Bond Resolution authorizing the issuance of \$410,000 Cottageville Public Service District, Water Revenue Bond, Series 2009, and by Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended.

This Financing Statement is filed in connection with a public-finance transaction of the Cottageville Public Service District, Jackson County, West Virginia. Pursuant to the provisions of Section 46-9-515(b) of the Code of West Virginia of 1931, as amended, this financing statement shall be effective for a period of forty (40) years from its date of filing, unless the underlying debt is repaid sooner.

5. ALTERNATIVE DESIGNATION [if applicable]: LESSEE/LESSOR CONSIGNEE/CONSIGNOR BAILEE/BAILOR SELLER/BUYER AG. LIEN NON-UCC FILING

This FINANCING STATEMENT is to be filed [for record](or recorded) in the REAL ESTATE RECORDS. Attach Addendum [if applicable] **7. Check to REQUEST SEARCH REPORT(S) on Debtor(s)** [ADDITIONAL FEE] [optional] All Debtors Debtor 1 Debtor 2

8. OPTIONAL FILER REFERENCE DATA

JUL 13 2005
By EC

2005 JUL 11 AM 8:56 Public Service Commission
of W. VA. Tariff Office
PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
JUL 11 2005

P.S.C. W. Va. No. 8
Canceling P.S.C. W. Va. No. 7

Special Studies Section

COTTAGEVILLE PUBLIC SERVICE DISTRICT, a public utility

OF

COTTAGEVILLE, WEST VIRGINIA

RATES, RULES AND REGULATIONS FOR FURNISHING

WATER

at Cottageville, Union District in Jackson County and Cologne, in Cooper District
in Mason County, West Virginia

Filed with THE PUBLIC SERVICE COMMISSION
of
WEST VIRGINIA

Issued June 24, 2005

Effective for service rendered on or after June 23, 2005
or as otherwise provided herein

Issued by authority of an order of the
Public Service Commission of West Virginia
in Case No. 04-1647-PWD-19A final
June 23, 2005 or as otherwise provided herein

Issued by COTTAGEVILLE PUBLIC SERVICE DISTRICT, a public utility

By Lester D. Smith

CSM

Title

RULES AND REGULATIONS

- I. Rules and Regulations for the Government of Water Utilities, adopted by the Public Service Commission of West Virginia, and now in effect, and all amendments thereto and modifications thereof hereafter made by said Commission.

TARIFF NO. 1

APPLICABILITY

Applicable in Cottageville, Jackson County (Low Level)

AVAILABILITY

Available for general domestic, commercial and industrial service

(I) RATES (customers with metered water supply)

First	3,000 gallons used per month	\$4.78 per 1,000 gallons
Next	3,000 gallons used per month	\$4.39 per 1,000 gallons
Next	4,000 gallons used per month	\$3.93 per 1,000 gallons
All Over	10,000 gallons used per month	\$3.11 per 1,000 gallons

(I) MINIMUM CHARGE

No bill shall be rendered for less than the following amounts according to the meter installed, to-wit:

5/8 inch meter	\$ 14.34 per month
3/4 inch meter	\$ 21.51 per month
1 inch meter	\$ 35.85 per month
1 - 1/2 inch meter	\$ 71.70 per month
2 inch meter	\$ 114.72 per month
3 inch meter	\$ 215.10 per month
4 inch meter	\$ 358.50 per month
6 inch meter	\$ 717.00 per month
8 inch meter	\$1,147.20 per month

(C) DELAYED PAYMENT PENALTY

The above schedule is net. On all current usage billings not paid within twenty (20) days, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

(C) Indicates change in text

(I) Indicates increase

TARIFF NO. 1 (Continued)

(C) TAP FEE

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

A tap fee of \$300.00 will be charged to customers applying for service outside of a certificate proceeding before the Commission for each new tap to the system.

(C) RECONNECTION

\$15.00

To be charged whenever the supply of water is turned off for violations of rules, non-payment of bills or fraudulent use of water.

(C) PRIVATE FIRE PROTECTION SERVICE

Where connections, hydrants, sprinklers, etc., on private property are maintained by consumer:

2-inch connection	\$ 4.00 per month
4-inch connection	\$16.00 per month
6-inch connection	\$40.00 per month
8-inch connection	\$60.00 per month

(C) Indicates change in text

TARIFF NO. 2 (Continued)

(C) TAP FEE

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

A tap fee of \$300.00 will be charged to customers applying for service outside of a certificate proceeding before the Commission for each new tap to the system.

(C) RECONNECTION

\$15.00

To be charged whenever the supply of water is turned off for violations of rules, non-payment of bills or fraudulent use of water.

(C) PRIVATE FIRE PROTECTION SERVICE

Where connections, hydrants, sprinklers, etc., on private property are maintained by consumer:

2-inch connection	\$ 4.00 per month
4-inch connection	\$16.00 per month
6-inch connection	\$40.00 per month
8-inch connection	\$60.00 per month

(C) Indicates change in text