DISTRIBUTION LIST

$2,240,000
FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT
WATER IMPROVEMENT AND REFUNDING REVENUE BONDS
SERIES 2001 (BLUEFIELD AREA EXTENSION PROJECT)

Issuer
Flatwoods-Canoe Run Public Service District
P.O. Box 677
Sutton, WV 26601
James Rogers, Chairman
Jim McQuain, Secretary
Steve Sanders, General Manager
(304) 765-2300 Telephone
(304) 765-2365 Telecopier
stevens@access.mountain.net E-Mail Add.

Issuer's Counsel
H. Wyatt Hanna, III, Esq.
512 D Street
P.O. Box 8070
South Charleston, WV 25303
(304) 744-3150 Telephone
(304) 744-3157 Telecopier

Bond Counsel
Goodwin & Goodwin, LLP
P.O. Box 2107
300 Summers Street, Suite 1500
Charleston, WV 25328-2107
Leonard S. Coleman, Esq.
William K. Bragg, Jr., Esq.
(304) 346-7000 Telephone
(304) 344-9692 Telecopier
lsc@goodwingoodwin.com E-mail Address
wkb@goodwingoodwin.com E-mail Address

Auditor
Ralph W. Bassett, CPA
1156 S. Main Street
Milton, WV 25541
(304) 743-5573 Telephone

Municipal Bond Commission
Mr. R. Witter Hallan
Executive Director
WV Municipal Bond Comm.
8 Capitol St., Suite 500
Charleston, WV 25301
(304) 558-3971 Telephone

Underwriter
Gregory B. Isaacs, Vice President
Crews & Associates, Inc.
300 Summers Street, Suite 930
Charleston, WV 25301
(304) 344-1733 Telephone
(304)344-1812 Telecopier
Isaacs@Ntelos.Net E-mail Address

Consulting Engineer
Dunn Engineers, Inc.
701 Virginia Street, West
Charleston, WV 25302
Fred Hypes, PE
Douglas L. Schmidt, Vice President
(304) 342-3436 Telephone
(304) 342-7823 Telecopier
dunneng@aol.com E-mail Address

Regulatory Accountant
Smith, Cochran & Hicks, P.L.L.C.
405 Capitol Street, Suite 908
Charleston, WV 25301
Todd F. Dingess, CPA
(304) 345-1151 Telephone
(304) 346-6731 Telecopier
tdingess@SCHCPA.com E-mail Address

Registrar
The City National Bank of West Virginia
3601 MacCorkle Ave., SE
Charleston, WV 25304
Charles E. Wilkinson, Ass't. Vice President
Jody M. DeWees, Assistant Vice President
and Trust Officer
(304) 926-3381 Telephone
(304) 925-0169 Telecopier
jody.dewees@cityholding.com E-Mail Add.

$2,240,000
FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT
WATER IMPROVEMENT AND REFUNDING REVENUE BONDS
SERIES 2001 (BLUEFIELD AREA EXTENSION PROJECT)

BOND TRANSCRIPT

Table of Contents

BASIC DOCUMENTS

1. Bond Resolution and Supplemental Resolution
2. Cross-Receipt for Bonds and Bond Proceeds
3. Direction to Authenticate and Deliver Bonds
4. Tax Regulatory and No Arbitrage Certificate
5. Specimen Bond

DOCUMENTS OF THE ISSUER

6. County Commission Orders on Creation, Consolidation and Expansion of Flatwoods-Canoe Run Public Service District (the "Issuer") and Consents of the Towns of Gassaway and Sutton
7. County Commission Orders on Appointment of Board Members
8. Rules of Procedure
9. Oaths of Office of Board Members
10. Water Tariff
11. Affidavit of Publication of Notice of Public Hearing on Bond Resolution
12. Minutes of Meeting Adopting Bond Resolution

OPINIONS OF COUNSEL

13. Approving Opinion of Goodwin & Goodwin, LLP, Bond Counsel
14. Non-Arbitrage Opinion of Goodwin & Goodwin, LLP, Bond Counsel
15. Opinion of H. Wyatt Hanna, III, Counsel to Issuer, and Final Title Opinion

CERTIFICATES

16. General Certificate of Issuer

17. Certified Public Accountant's Certificate

18. Engineer's Certificate

19. Registrar's Certificate

OFFERING DOCUMENTS

20. Preliminary Official Statement

21. Official Statement

22. Bond Purchase Agreement

23. Continuing Disclosure Certificate

24. DTC Letter of Representations

MISCELLANEOUS DOCUMENTS

25. RUS' and WDA/IJDC's Consents to the Issuance of Parity Bonds

26. Registrar's Agreement

27. Acceptance of Duties of Depository Bank

28. Acceptance of Duties of Registrar

29. Certificate of Registration of Bonds

30. Copy of IRS Form 8038-G and Letter of Transmittal

31. Municipal Bond Commission New Issuer Report

32. West Virginia Public Service Commission Approval

33. West Virginia Infrastructure and Jobs Development Council Approval

34. 1996 Bond Resolution

35. 1998 Bond Resolution

36. Copy of Statutory Authority

The closing of the sale of $2,240,000 aggregate principal amount of the Flatwoods-Canoe Run Public Service District, Water Improvement and Refunding Revenue Bonds, Series 2001 (Bluefield Area Extension Project), will take place at the offices of Goodwin & Goodwin, LLP, Charleston, West Virginia at 10:00 a.m., Eastern Time, on October 18, 2001. 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 which 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.

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

BOND RESOLUTION

RESOLUTION AUTHORIZING THE FINANCING OF CERTAIN INDEBTEDNESS AND THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS FOR THE PUBLIC WATER SYSTEM OF THE FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT, AND THE FINANCING OF SUCH COSTS THROUGH THE ISSUANCE BY THE DISTRICT OF NOT TO EXCEED $2,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2001 (BLUEFIELD AREA EXTENSION PROJECT); WITH BOND PROCEEDS TO BE USED, ALONG WITH OTHER FUNDS AND MONEYS OF, OR AVAILABLE TO, THE FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT WHICH MAY BE LAWFULLY EXPENDED FOR SUCH PURPOSES, TO FUND RESERVE ACCOUNTS FOR SUCH BONDS, AND TO PAY OTHER COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE OWNERS OF SUCH BONDS; PLEDGING NET REVENUES AS SECURITY FOR BONDS; PLACING LIMITATION ON SALE OF SYSTEM; AND AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF THE FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY PURCHASER, FINDINGS AND DEFINITIONS

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

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

A. The Flatwoods-Canoe Run Public Service District (the "Issuer") is a public service district, public corporation and political subdivision duly created under the laws of the State of West Virginia and located in Braxton County.

B. The Issuer desires to finance certain indebtedness and to have improvements made to an existing Water system. Therefore, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer and surrounding areas that such financing occur and that there be improvements and additions made to the existing water and distribution system to serve the Issuer. The proposed work will consist of the installation of approximately 18,500 linear feet of

8" water line, 33,800 linear feet of 6" water line, 5,000 linear feet of 4" water line and 4,900 linear feet of 2" water line; one (1) 50 GPM duplex water booster station; one (1) 54,000 gallon water storage tank; all necessary valves, controls and appurtenances and other improvements, additions and extensions as may be required to be made to the Issuer's existing water distribution system to complete the project (the "Project"), which constitute properties for the distribution and/or transportation of potable water (the existing and proposed water facilities of the Issuer, the Project and any further additions thereto or extensions thereof is herein called the "System") at an estimated cost of $3,490,000 to acquire, construct and equip the Project, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications are on file with the Issuer.

C. (1) The Issuer currently has outstanding three (3) revenue bond issues which were issued by resolutions duly adopted, are currently outstanding, will be on parity with the Bonds as to lien on the Net Revenues of the System and are owned by the West Virginia Water Development Authority, acting on behalf of the West Virginia Infrastructure and Jobs Development Council, and the United States of America, Department of Agriculture, Rural Utilities Services, both of which have given their consents to the issuance of the Bonds.

(2) The Issuer currently has outstanding one (1) revenue bond issue, which was issued by a resolution duly adopted and which will be repaid from a portion of the proceeds of the Bonds, owned by the West Virginia Water Development Authority, acting on behalf of the West Virginia Infrastructure and Jobs Development Council, which has given its consent to such repayment.

D. The Issuer is the beneficiary of a HUD Small Cities Block Grant in the amount of $1,250,000, the proceeds of which, together with the Bond proceeds, will be used to acquire, construct and equip the Project.

E. The estimated revenues being and to be derived in each year from the Project and the System will be sufficient to pay the costs of said System, the principal of and interest on the Bonds and all other parity debt and all sinking funds, reserve accounts and other payments provided for herein and all as such terms are hereinafter defined.

F. It is deemed necessary for the Issuer to issue its Water Revenue Bonds, Series 2001 (Bluefield Area Extension Project), in the aggregate principal amount not to exceed $2,500,000 to finance the cost of the acquisition, construction and equipping of the Project.

G. The estimated costs for the acquisition, construction and equipping of the Project is $3,490,000, a portion of which will be obtained from the sale of the Bonds, with the balance to be obtained from a grant or grants to be made available to the Issuer. The cost of such acquisition, construction and equipping shall be deemed to include but not limited to the cost of acquiring, constructing and equipping the Project and all attendant expenses; amounts which may be deposited in the Series 2001 Bond Reserve Account; engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to the enterprise, discount and initial fees for the services of a registrar, paying agent, depository and underwriter or other costs in connection with the sale of the Bonds and such other

expenses as may be necessary or incidental to the financing herein authorized, and the performance of the things herein required or permitted in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bonds for acquisition, construction and equipping purposes shall be deemed Costs of the Project, as hereinafter defined.

H. The period of usefulness of the System after completion of the Project is not less than thirty (30) years.

I. It is in the best interests of the Issuer that its Bonds be sold to the Purchaser pursuant to the terms and provisions of a Bond Purchase Agreement entered into between the Issuer and the Purchaser.

J. The Issuer has complied with all requirements of West Virginia law relating to authorization of such financing and the acquisition, construction and equipping of the Project and issuance of the Bonds including, among other things, the obtaining of a Certificate of Convenience and Necessity from the Public Service Commission of West Virginia in Case No. 00-1572-PWD-CN, which became a Final Order of the Public Service Commission on _____, 2001. Prior to any acquisition and construction of the Project and issuance of any additional indebtedness, the Issuer will comply with all requirements of West Virginia law including, among other things, the obtaining of a Certificate of Convenience and Necessity from the Public Service Commission of West Virginia by final order, if necessary, the time for rehearing and appeal of which will either have expired prior to the issuance of the Bonds or such final order will not be subject to appeal. The Issuer has received the approval of the West Virginia Infrastructure and Jobs Development Council.

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

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

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

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

"Board" means the Public Service Board of the Issuer, as created and appointed by the County Commission of Braxton County, West Virginia pursuant to the provisions of Section 3 of the Public Service Districts Act, and any successor thereto.

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

"Bond Registrar" or "Registrar" means the bank or other entity acquisition, construction and equipping as such in Section 4.03 E. hereof, 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 not to exceed $2,500,000 in aggregate principal amount of Flatwoods-Canoe Run Public Service District, Water Revenue Bonds, Series 2001 (Bluefield Area Extension Project), issued for the purposes of financing certain debt and the acquisition, construction and equipping the Project, and any bonds on a parity therewith authorized to be issued hereunder.

"Chairman" means the Chairman of the Issuer.

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

"Code" means the Internal Revenue Code of 1986, as amended, and including all Regulations promulgated pursuant thereto, and any successors thereto.

"Consulting Engineers" means Dunn Engineers, Inc., Charleston, West Virginia, or any engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

"Costs" or "Costs of the Project" means those costs described in Section 1.02G hereof to be a part of the costs of financing certain debt and the acquisition, construction and equipping of the Project.

"Debt Service" means the scheduled amount of interest and amortization of principal payable on the Bonds during the period of computation, excluding amounts scheduled during such period, related to principal which has been retired before the beginning of such period.

"Depository Bank" means the bank designated as such in Section 4.03 E. hereof, and its successors and assigns.

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

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

"Governing Body" means the public service board of the Issuer or other legally constituted governing body of the Issuer, as may hereafter be constituted.

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

"Grant Agreement" means a written commitment for any Grant, specifying the amount of such Grant, the terms and conditions upon which such Grant is made and the date or dates or event or events upon which such Grant is to be paid to the Issuer.

"Grant Receipts" means all moneys received by the Issuer on account of any Grant.

"Grants" means any grant or grants received by the Issuer in aid of the design, acquisition and construction of the Project.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncorrectable accounts; provided, that "Gross Revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined, purchased pursuant to Article 7.01 hereof).

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

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

"Issuer" means the Flatwoods-Canoe Run Public Service District, in Braxton County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Net Proceeds" means the face amount of the Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Bond 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 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Operation and Maintenance Account" means the Operation and Maintenance Account established by Section 4.01 hereof.

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

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

"Parity Bonds" means any existing parity debt and additional bonds issued under the provisions and within the limitation prescribed by Section 6.08 hereof.

"Paying Agent" or "Commission" means the West Virginia Municipal Bond Commission, its successors and assigns, as designated in Section 4.03 E. hereof.

"Prior Bonds" means the outstanding existing debt of the Issuer as set forth in Section 1.02C above.

"Prior Resolutions" means the resolutions adopted by the Issuer, authorizing the issuance of the Prior Bonds.

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

"Project" means the acquisition, construction and equipping and engineering of certain additions, betterments and improvements for Water facilities of the Issuer, within or surrounding the Flatwoods-Canoe Run Public Service District and all appurtenant facilities.

"Project Account" means the Project Account established by Section 4.01 hereof.

"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 Purchaser; or Washington Metropolitan Area Transit Purchaser;

(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 Investment Management Board pursuant to Chapter 12, Article 6, of the West Virginia Code of 1931, as amended; provided, that investments by such fund on behalf of the Issuer shall be restricted to Qualified Investments other than that described in this paragraph (h); and

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

"Rebate Fund" means the Rebate Fund established by Section 4.01 hereof.

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

"Registrar" means the bank or trust company designated as such in Section 4.03 E. hereof, and its successors and assigns.

"Regulations" means temporary and permanent regulations promulgated under the Code, or any predecessor thereto.

"Renewal and Replacement Account" means the Renewal and Replacement Account established by Section 4.01 hereof.

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

"Revenue" or "System Revenue Fund" means the Revenue or System Revenue Fund established by Section 4.01 hereof.

"Secretary" means the Secretary or Acting Secretary of the Issuer.

"Series 2001 Bond Reserve Account" means the Series 2001 Bond Reserve Account established in the Series 2001 Bond Sinking Fund pursuant to Section 4.02 hereof.

"Series 2001 Bond Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the 2001 Bonds in the then current or any succeeding year.

"Series 2001 Bond Sinking Fund" means the Series 2001 Bond Sinking Fund established by Section 4.02 hereof.

"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 Resolution to be set aside and held for the payment of or security for the Bonds, or any other obligations of the Issuer, including the Renewal and Replacement Account, and the Series 2001 Bond Reserve Account, the proceeds of which Bonds or other obligations are to be used to pay Costs of the Project.

"System" means all facilities and other property of every nature, real and 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; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

ARTICLE II

AUTHORIZATION OF FUNDING AND ACQUISITION, CONSTRUCTION AND EQUIPPING OF THE PROJECT

Section 2.01. Authorization of Funding and Acquisition, Construction and Equipping of the Project. There is hereby authorized the acquisition, construction and equipping of the Project at an estimated cost of $3,490,000 in accordance with plans and specifications prepared by the Consulting Engineers and filed in the office of the Governing Body. The proceeds of the Bonds hereby authorized shall be applied as provided in Article IV hereof. The Issuer has received proposals and has entered or will enter into contracts for the acquisition, construction and equipping of the Project.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS

Section 3.01. Authorization of Bonds. For the purposes of paying for the acquisition, construction and equipping of the Project not otherwise provided for and paying certain costs of issuance of the Bonds and related costs, or any other purposes as determined by a Supplemental Resolution, there shall be issued negotiable Bonds of the Issuer, in the aggregate principal amount not to exceed $2,500,000. Said Bonds shall be issued and designated as "Water Revenue Bonds, Series 2001 (Bluefield Area Extension Project)", and shall have such terms as set forth hereinafter or in a Supplemental Resolution. The proceeds of the Bonds remaining after funding of the Series 2001 Bond Reserve Account (if funded from Bond proceeds) shall, subject to Section 5.02 hereof, be deposited in or credited to the Project Account established by Section 4.01 hereof.

Section 3.02. Terms of Bonds. The Bonds shall be registered and numbered consecutively from R-1 upward. The Bonds shall bear interest at the rates set forth herein or in a Supplemental Resolution. Repayment of principal and interest shall begin _____ (___) months after the completion date. The Bonds shall mature in thirty (30) years and shall be redeemable, in whole or in part, as prescribed herein. The Bonds shall be payable as to principal and interest at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal and interest, is legal tender for the payment of public or private debts under the laws of the United States of America.

Unless otherwise provided by a Supplemental Resolution, the Bonds shall be issued in the form of a single bond, fully registered to Cede & Co., with a debt service schedule attached, representing the aggregate principal amount, and shall mature in installments, as provided in said Bonds. The Bonds shall be exchangeable at the option and expense of the Holder for other fully registered Bonds of the same series Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bond.

Subsequent series of Bonds shall be issued in fully registered form and in denominations and at such interest rates and shall be payable as determined by a new Bond Resolution.

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

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

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Bonds shall be and have all of the qualities and

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

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

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

In all cases in which the privilege of exchanging Bonds or transferring the registered Bonds are exercised, Bonds shall be delivered in accordance with the provisions of this Resolution. All Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other 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 preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

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

Section 3.07. Bonds not to be Indebtedness of Issuer. The Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided and amounts, if any, in the Series 2001 Bond

Reserve Account. No holder or holders of any of the Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Bonds shall be secured by a parity lien on the Net Revenues derived from the System. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and any other debt on a parity therewith and to make the payments into the Series 2001 Bond Sinking Fund, the Series 2001 Bond Reserve Account therein and the Renewal and Replacement Account, hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

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

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS,
SERIES 2001
(BLUEFIELD AREA EXTENSION PROOJECT)

No. R-1

$2,___,000
Date: _____, 2001

KNOW ALL MEN BY THESE PRESENTS: That FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Braxton 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 order of The Depository Trust Company ("DTC") or registered assigns, the sum of Two Million _____ Thousand and 00/100 Dollars ($2,___,000.00), plus interest on the unpaid principal balance hereof at the rate set out below. Interest on this Bond is set at ____ percent (__%) per annum. Principal and interest on the Bond is payable annually commencing _____ 1, 200_, and on each _____ 1 thereafter, and interest is payable on _____ 1 and _____ 1 of each year beginning on _____1, 200_, as set forth on the "Debt Service Schedule" attached as Exhibit A hereto and incorporated herein by reference. The final installment of principal and interest shall be paid at the end of twenty (20) years from the date amortization of debt service on the Bond begins and shall be in an amount equal to the amount of outstanding principal and interest due on the Bond at said date.

Principal and interest installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). Principal and interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of City National Bank of West Virginia, at its principal office in Charleston, West Virginia (the "Registrar"), on the 25th day of the month next preceding such payment date.

This Bond may be redeemed prior to its stated date of maturity in whole at par upon the terms and conditions prescribed hereby.

This Bond is issued (i) to pay the costs of acquisition, construction and equipping of certain additions, betterments and improvements to the public water facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The water system of the Issuer, together with the Project, and any further extensions, additions, betterments or improvements thereto is herein called the "System". This Bond is issued under the Purchaser of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a

Resolution duly adopted by the Issuer on July 18, 2001 (the "Resolution"), and is subject to all the terms and conditions thereof. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bond under the Resolution.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Resolution) to be derived from the operation of the System, from moneys in the Reserve Account created under the Resolution for the Bonds (the "Series 2001 Bond Reserve Account") and unexpended proceeds of the Bonds on parity with the Issuer's Water Revenue Bonds, Series 1996 A and Water Refunding Revenue Bonds, Series 1996 B and Water Revenue Bonds, Series 1998 B (West Virginia Infrastructure Fund) (collectively, the "Parity Bonds"). Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 2001 Bond Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Resolution, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System and to leave a balance each year equal to at least one hundred fifteen percent (115%) of the maximum amount payable in any year for principal of and interest on the Bonds and the Parity Bonds, and all other obligations secured by a lien on or payable from such net revenues prior to or on a parity with the Bonds, provided however, that so long as there exists in the Series 2001 Bond Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year and in the reserve account established for any other obligations outstanding prior to or on a parity with the Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to one hundred ten percent (110%). The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Resolution. Remedies provided the registered owners of the Bonds are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the

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

THIS BOND IS ON PARITY AS TO LIEN AND SOURCE OF PAYMENT WITH THOSE CERTAIN WATER REVENUE BONDS, SERIES 1996 A AND WATER REFUNDING REVENUE BONDS, SERIES 1996 B AND WATER REVENUE BONDS, SERIES 1998 B (WEST VIRGINIA INFRASTRUCTURE FUND), OF THE ISSUER DESCRIBED HEREIN.

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

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

IN WITNESS WHEREOF, FLATWOODS-CANOE RUN 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 _____, 2001.

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

[SEAL]

By: _____
Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is the Series 2001 Bond described in the within-mentioned Resolution and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2001

CITY NATIONAL BANK OF WEST VIRGINIA

By: _____

Its _____

EXHIBIT A

DEBT SERVICE SCHEDULE

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and Transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer said Bond on the books kept for registration of the within Bond of said Issuer with full power of substitution in the premises.

Dated: _____, 200__.

_____
(Assignor)

Witnessed in the presence of:

_____

Section 3.10. Sale of Bonds. The Bonds shall be sold to the Purchaser, pursuant to the terms and conditions of the Bond Purchase Agreement. The Chairman is specifically authorized and directed to execute all documents with such changes, insertions and omissions as may be approved by the Chairman, the execution of which shall be conclusive evidence of such approval, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver such documents as are necessary to cause the Bonds to be issued.

Section 3.11. Certificate of Consulting Engineers. Prior to the issuance of the Series 2001 Bonds, the Issuer must obtain the certificate of the Consulting Engineers to the effect that the Project has been or will be acquired, constructed and equipped in accordance with approved plans and specifications, the Project is or will be adequate for the purposes for which it will be acquired, constructed and equipped, and the funding plan is sufficient to pay the costs of the acquisition, construction and equipping of the Project.

ARTICLE IV

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 4.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created or continued and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and from each other:

(1) Revenue Fund or System Revenue Fund;

(a) Operation and Maintenance Account; and

(b) Renewal and Replacement Account

(2) Project Account.

(3) Rebate Fund.

Section 4.02. Establishment of Funds and Accounts with the Commission. The following special funds or accounts are hereby created with the Commission:

(1) Series 2001 Bond Sinking Fund;

(a) Within the Series 2001 Bond Sinking Fund, the Series 2001 Bond Reserve Account.

Section 4.03. System Revenues; Flow of Funds.

A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the System Revenue Fund established herein. The Revenue Fund shall constitute a trust fund for the purposes provided in this Resolution and shall be kept separate and

distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided.

(1) The Issuer shall first each month transfer from the Revenue Fund to the Operation and Maintenance Account the amount necessary and sufficient to pay current Operating Expenses.

(2) The Issuer shall, beginning six (6) months prior to the due date, in order to provide debt service on the Bonds and on any Parity Bonds on a prorata basis, deposit in the Series 2001 Sinking Fund one-sixth (1/6) of the interest payment next coming due on the Bonds and on any Parity Bonds and one-twelfth (1/12) of the principal payment next coming due on the Bonds and on any Parity Bonds beginning twelve (12) months prior to the first date of payment of principal of the Bonds. The Issuer shall submit payments monthly to the Commission with instructions that the Commission will make semi-annual payments of interest and annual payments of principal to DTC at such address as is given to the Commission in writing.

(3) The Issuer shall next, on the first day of each month, commencing three (3) months prior to the first date of payment of principal of the Bonds, if not fully funded upon issuance of the Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit into the Series 2001 Bond Reserve Account, an amount equal to 1/120 of the Series 2001 Bond Reserve Requirement; provided, that no further payments shall be made into the Series 2001 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 2001 Bond Reserve Requirement.

(4) From the moneys remaining in the Revenue Fund, the Issuer shall next, transfer to the Renewal and Replacement Account, a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any reserve account. All funds in the Renewal and Replacement Account 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 VII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Account for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the Series 2001 Bond 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 Renewal and Replacement Account.

Moneys in the Series 2001 Bond Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, as the same shall become due. Moneys in the Series 2001 Bond Reserve Account shall be used only for the purpose of paying principal of and interest on the Bonds,

as the same shall come due, when other moneys in the attendant Series 2001 Bond Sinking Fund are insufficient therefor, and for no other purpose.

Except to the extent transferred to the Rebate Fund at the request of the Issuer, all investment earnings on moneys in the Series 2001 Bond Sinking Fund and Series 2001 Bond Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during acquisition, construction and equipping of the Project, be deposited in the Project Account, and following completion of acquisition, construction and equipping of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payments, if any, due on the respective Series of Bonds, and then to the next ensuing principal payments due thereon.

Except with respect to transfers to the Rebate Fund permitted hereunder, any withdrawals from the Series 2001 Bond Reserve Account which result in a reduction in the balance of the Series 2001 Bond Reserve Account to below the Series 2001 Bond Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full, to the Series 2001 Bond Sinking Fund for payment of debt service on the Bonds.

B. As and when additional bonds ranking on a parity with the Bonds are issued, provision shall be made for additional payments into the respective Sinking Fund sufficient to pay the interest on such additional parity bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the maximum provided and required to be paid into the concomitant Sinking Fund in any year for account of the bonds of such series, including such additional bonds which by their terms are payable from such Sinking Fund.

The Issuer shall not be required to make any further payments into the Series 2001 Bond Sinking Fund or into the Series 2001 Bond Reserve Account therein when the aggregate amount of funds in said Series 2001 Bond Sinking Fund and Series 2001 Bond Reserve Account are at least equal to the aggregate principal amount of the Bonds issued pursuant to this Resolution then Outstanding and all interest to accrue until the maturity thereof.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2001 Bond Sinking Fund created hereunder, and the Issuer shall remit all amounts required for said Series 2001 Bond Sinking Fund to the Commission from the Revenue Fund at the times provided herein.

The payments into the Series 2001 Bond Sinking Fund shall be made on the first day of each month, except that when the first day of any month shall be a Sunday or legal holiday then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Resolution.

Moneys in the Series 2001 Bond Reserve Account shall be invested and reinvested by the Commission in accordance with Section 7.01 hereof.

The Series 2001 Bond Sinking Fund, including the Series 2001 Bond Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Bonds and any additional bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

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 said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into the Series 2001 Bond Sinking Fund, including the Series 2001 Bond Reserve Account therein and the Renewal and Replacement Account during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Such Surplus Revenues shall be used to redeem the Bonds or for any lawful purposes of the Issuer.

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

E. Bank of Gassaway is hereby designated as the Depository Bank, City National Bank of West Virginia is hereby designated as the Registrar, and West Virginia Municipal Bond Commission is hereby designated as Paying Agent for the Bonds.

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

G. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 4.03, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

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

Section 4.04. Excess Bond Proceeds. The Issuer shall place any excess proceeds from the Bonds not required by the Project in the Series 2001 Bond Reserve Account, provided that the Series 2001 Bond Reserve Account is not funded to the Series 2001 Bond Reserve Requirement.

ARTICLE V

BOND PROCEEDS; DISBURSEMENTS

Section 5.01. Application of Bond Proceeds. From the moneys received from time to time from the sale of any or all of the Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Bonds, there shall be deposited with the Commission in the Series 2001 Bond Reserve Account the sum, if any, required hereunder for funding the Series 2001 Bond Reserve Account.

B. The remaining moneys derived from the sale of the Bonds shall be deposited by the Issuer as received from time to time in the Project Account established hereunder.

C. The Depository Bank shall comply with all requirements with respect to the disposition of the Project Account set forth in this Resolution. Except with respect to any transfers to the Rebate Fund, moneys in the Project Account shall be used solely to pay Costs of the Project and, until so transferred or expended, are hereby pledged as additional security for the Bonds.

Section 5.02. Disbursements from the Project Account. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 5.01 hereof, disbursements from the Project Account shall be made only after submission to and approval from the Issuer of the following:

(1) a completed and signed "Payment Requisition Form" and

(2) a certificate, signed by an Authorized Officer, stating:

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

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

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

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

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Project Account only the net amount remaining after deduction of any such portion. All payments made from the Project Account shall be presumed by

the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Project Account.

Pending such application, moneys in the Project Account, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

Until disbursed by the Issuer, moneys in the Project Account, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

After completion of the Project, the Depository Bank shall transfer any moneys remaining in the Project Account, if any, to the Series 2001 Bond Reserve Account, and if the Series 2001 Bond Reserve Account is fully funded, shall return such remaining moneys to the Issuer for deposit in the Revenue Fund. The Issuer shall thereafter, apply such moneys in full, first to the next ensuing interest payments, if any, due on the respective Series of Bonds and thereafter to the next ensuing principal payments due thereon.

ARTICLE VI

ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Resolution shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Bonds. In addition to the other covenants, agreements and provisions of this Resolution, the Issuer hereby covenants and agrees with the Holders of the Bonds as hereinafter provided in this Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of said Bonds or the interest thereon is Outstanding and unpaid.

Section 6.02. Bonds not to be Indebtedness of the Issuer. The Bonds shall be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Resolution. No Holder or Holders of any Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Bonds or the interest thereon.

Section 6.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Bonds issued hereunder shall be secured forthwith by a lien on the Net Revenues derived from the operation of the System collected by the Issuer and authorized by an Order of the Public Service Commission of West Virginia in Case No. 00-1572-PWD-CN, dated September 5, 2001. The Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bonds and to make the payments into the Series 2001 Bond Sinking Fund, including the Series 2001 Bond Reserve Account therein, and all other payments provided for in the Resolution are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Bonds as the same become due, and for the other purposes provided in the Resolution.

Section 6.04. Rates. Prior to issuance of the Bonds, equitable rates or charges for the proposed and/or actual use of and service rendered by the System have been or will 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 said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. The Issuer shall take the necessary actions with respect to the imposition of rates at such times and with such provisions with respect to interest rate and maturity of the Bonds to finance the issuance of the Bonds as the purchaser thereof shall require. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each Fiscal Year equal to at least one hundred fifteen percent (115%) of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Bonds and the Parity Bonds; provided that, in the event that an amount at least equal to or in excess of the Reserve Requirement is on deposit in the Series 2001 Bond Reserve Account and the reserve account for the Bonds is funded at least at the requirement provided for in the Resolution, such balance each Fiscal Year need only equal at least one hundred ten percent (110%) of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Bonds.

Section 6.05. Completion, Operation and Maintenance; Schedule of Costs. The Issuer will expeditiously complete the Project and will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the revenues of said System in the manner provided in the Resolution.

Section 6.06. Sale of the System. Except as otherwise required by state law, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Outstanding Bonds and effectively defease this Resolution in accordance with Section 9.01 hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Outstanding Bonds, immediately be remitted to the Commission for deposit in the Series 2001 Bond Sinking Fund, and the Issuer shall direct the Commission to apply such proceeds to the payment of principal and interest at maturity of and interest on the Outstanding Bonds. Any balance remaining after the payment of all the Outstanding Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable

in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Account. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall be remitted by the Issuer to the Commission for deposit in the Series 2001 Bond Sinking Fund and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the redemption price of such Bonds. Such payment of such proceeds into the Series 2001 Bond Sinking Fund or the Renewal and Replacement Account shall not reduce the amounts required to be paid into said funds by other provisions of this Resolution. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of sixty-six and two-thirds percent (66 2/3%) in amount of the Bonds then outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 6.07. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 6.07 and in Section 6.08B, the Issuer shall not issue any obligations whatsoever with a lien on or otherwise payable from any source of payment pledged originally whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds and the Parity Bonds. All obligations issued by the Issuer after the issuance of the Bonds and payable from the revenues of the System, except such additional parity bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Bonds and the Parity Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Series 2001 Bond Reserve Account and the Renewal and Replacement Account at the time of the issuance of such subordinate obligations have been made and are current.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Bonds, and the interest thereon, upon any of the income and revenues

of the System pledged for payment of the Bonds and the interest thereon in this Resolution, or upon the System or any part thereof.

Section 6.08. Parity Bonds. A. No additional parity bonds, payable out of the revenues of the System, shall be issued after the issuance of the Bonds issued pursuant to this Resolution, except under the conditions and in the manner herein provided.

All additional parity bonds issued hereunder shall be on a parity in all respects with the Bonds and the Parity Bonds.

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

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

(1) The Parity Bonds and the Bonds then Outstanding;

(2) Any additional parity bonds theretofore issued pursuant to the provisions contained in this Resolution then Outstanding; and

(3) The additional parity bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the three (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 additional parity bonds and (b) any increase in rates adopted by the Issuer, the period for appeal of which has expired prior to the date of delivery of such additional parity bonds, and shall not exceed the amount to be stated in a certificate of the Consulting Engineers, which shall be filed in the office of the Secretary prior to the issuance of such additional parity bonds.

The Net Revenues actually derived from the System during the twelve (12) consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Consulting Engineers and the said Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and said Independent Certified Public Accountants,

on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the period for appeal of which has expired prior to issuance of such additional parity bonds.

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

All covenants and other provisions of this Resolution (except as to details of such additional parity bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any additional 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 Resolution required for and on account of such additional parity bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Resolution.

All additional parity bonds shall mature on the day of the years of maturities, and the semiannual interest thereon shall be payable on the days of each year, specified in a Bond Resolution or Supplemental Resolution.

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

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

B. Notwithstanding the foregoing, the Issuer may issue additional parity bonds without compliance with any other conditions for the purpose of refunding prior to maturity any issues or series of the Bonds, provided that the annual debt service required on account of the refunding Bonds and the Bonds which are not refunded shall not be greater in any year in which the Bonds not refunded and the refunding Bonds are to be Outstanding than the annual debt service required in such year if the Bonds to be refunded were not so refunded.

Anything to the contrary in this Section 6.08 notwithstanding, additional parity bonds may be authorized and issued by the Issuer pursuant to Supplemental Resolution solely to complete the Project in accordance with the plans and specifications, in the event that the Bonds should be

insufficient, together with other funds lawfully available therefor, to pay all costs of acquisition, construction and equipping of the Project; provided, however, that, prior to the issuance of such additional parity bonds under the provisions of this paragraph, the Consulting Engineers shall file with the Secretary a certificate to the effect that additional funds are necessary for such purpose. All such additional parity bonds authorized and issued under the provisions of this paragraph shall be limited to the aggregate principal amount required to make up any deficiency in funds for payment of the acquisition, construction and equipping costs to complete the Project, and the maturity of such additional parity bonds shall be no longer than the maturity of the Bonds.

Section 6.09. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds issued pursuant to this Resolution shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The Issuer shall keep complete and accurate records of the costs of acquisition, construction and equipping the System, acquiring the Project site and acquiring, constructing and installing the Project. The Issuer shall permit the Holder of a Bond or Bonds, or its 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 Holder of a Bond or Bonds such documents and information as it may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

The Issuer shall permit the Holder of a Bond or Bonds, or their agents and representatives, to inspect all records pertaining to the acquisition, construction and equipping and operation of the System at all reasonable times following completion of acquisition, construction and equipping 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 shall 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 owner of a Bond or Bonds issued pursuant to the Resolution shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

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

be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Consulting Engineers or the Purchaser of the Bonds, and shall mail in each year to any Holder or Holders of Bonds requesting the same, an annual report containing the following:

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

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

(C) The amount of any Outstanding Bonds or other obligations outstanding and secured by a lien on the Net Revenues of the System.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of Bonds and the Purchaser of the Bonds. Such audit report submitted to the Purchaser shall include a statement that the Issuer is in compliance with the terms and provisions of this Resolution and the Act and that Gross Revenues are adequate to meet operation/maintenance expenses and debt service requirements.

Section 6.10. Compliance With Rules and Regulations. The Issuer hereby covenants and agrees to comply with all applicable laws, rules and regulations issued by any state, federal or local bodies in regard to the acquisition, construction and equipping and construction of the Project and operation, maintenance and use of the System.

Section 6.11. Operating Budget and Audit. The Issuer shall annually, at least forty-five (45) days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated reserves and expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which 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 ten percent (10%) of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall, within thirty (30) days of the adoption thereof, mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to any Holder of

any Bond, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bond, or anyone acting for and on behalf of such Holder of any Bonds.

Section 6.12. Engineering Services and Operating Personnel. The Issuer shall provide and maintain competent and adequate resident engineering services covering the supervision and inspection of the acquisition, construction and equipping of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and drawings prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such resident engineer shall certify to the Issuer at the completion of construction that construction of the Project is in accordance with the approved plans, specifications and design, or amendments thereto, approved by all necessary governmental bodies.

Section 6.13. 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 6.14. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

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

Section 6.15. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the

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

Section 6.16. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as any of the Bonds remain Outstanding, the Issuer and its contractors and subcontractors will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, ON ALL above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Account and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Account. 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 Purchaser, the prime contractor and all subcontractors as their respective interests may appear during construction of the Project on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the 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) WORKERS' COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of one hundred percent (100%) of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of the County Commission of the County in which such work is to

be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

(4) FLOOD INSURANCE, to the extent available at reasonable cost to the Issuer.

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

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 one hundred percent (100%) of the contract price of the portion of the Project covered by the particular contract as security for the faithful performance of such contract.

C. The Issuer shall also require all contractors engaged in the construction of the Project to carry such Workers' Compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project. Such insurance shall be made payable to the order of the Purchaser, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

Section 6.17. Completion of Project; Permits and Orders. The Issuer will complete the Project as promptly as possible and operate and maintain the System in good condition and in compliance with all federal and State requirements and standards.

The Issuer will obtain all permits required by State and federal laws for the acquisition and construction of the Project and all orders and approvals from the West Virginia Public Service Commission necessary for the acquisition and construction of the Project and the operation of the System.

Section 6.18. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PUBLIC PURPOSE BONDS. The Issuer shall use the Bond proceeds solely for the Project and as otherwise set forth herein, and the Project will be solely operated as a public purpose and as a local governmental activity of the Issuer.

B. PRIVATE ACTIVITY BOND COVENANT. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Code by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code in order to assure the tax-exempt status of the Bonds.

C. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of five percent (5%) of the Net Proceeds of the Bonds are used, directly or indirectly, to make or finance a

loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

D. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

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

F. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it so that the interest on the Bonds will be and remain excludable from gross income for federal income tax purposes and will not take any actions, or fail to take any actions, which would adversely affect such exclusion.

Section 6.19. Securities Law Compliance. The Issuer will provide the Purchaser, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Purchaser may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 6.20. Public Service Commission Approval. The Issuer shall obtain all requisite orders of and approvals from the Public Service Commission of West Virginia necessary for financing such indebtedness and the acquisition, construction and equipping and construction of the Project and operation of the System, and the Purchaser shall receive an opinion of counsel to the Issuer to such effect.

ARTICLE VII

INVESTMENT OF FUNDS; NON ARBITRAGE

Section 7.01. Investments. Any moneys held as a part of the funds and accounts created by this Resolution, other than the Revenue Fund, shall be invested and reinvested by the Commission, the Depository Bank, or such other bank or national banking association holding such fund or account, as the case may be, at the written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Resolution, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 7.01 and in Section 7.02 and 7.03.

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. The Commission, the

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Bonds are outstanding.

Section 7.02. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Bonds in such manner and to such extent as may be necessary, in view of the Issuer's reasonable expectations at the time of issuance of the Bonds, so that the Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and Regulations, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a Federal Information Return with respect to the Bonds) so that the interest on the Bonds will be and remain excluded from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 7.03. Tax Certificate and Rebate. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder, and used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the

Regulations as the same may be from time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States, which are required, the Issuer shall assure that the Issuer makes such payments to the United States, on a timely basis, from any funds lawfully available therefor. In addition, the Issuer shall cooperate with the Purchaser in preparing rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Purchaser at the expense of the Issuer. To the extent not so performed by the Purchaser, the Issuer and the Depository Bank (at the expense of the Issuer) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank may deem appropriate in order to assure compliance with this Section 7.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 7.03 in accordance with the requirements of Section 148(f) of the Code or such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

The Issuer shall submit to the Purchaser within fifteen (15) days following the end of each Bond Year a certified copy of its rebate calculation and certificate with respect thereto or, if the Issuer qualifies for the small governmental issue exception to rebate, or any other exception thereto, then the Issuer shall submit to the Purchaser a certificate stating that it is exempt from such rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Bonds subject to rebate. The Issuer shall furnish to the Purchaser such information with respect to earnings on all moneys constituting "Gross Proceeds" of the Bonds (as such term is defined in the Code) from time to time as the Purchaser may request. The Issuer shall also furnish to the Purchaser, at any time, such additional information relating to rebate as may be reasonably requested by the Purchaser, including information with respect to earnings on all funds constituting "gross proceeds" of the Bonds (as defined in the Code).

The Issuer shall furnish to the Purchaser, annually, at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information relating thereto as may be requested by the Purchaser and shall furnish to the Purchaser such information with respect to earnings on all funds constituting "gross proceeds" of the Bonds (as that term is defined in the Code) from time to time as the Purchaser may request.

Section 7.04. Restriction of Yield and Bond Proceeds. The Issuer shall comply with the yield restriction on Bond proceeds as set forth in Section 148 of the Code.

ARTICLE VIII

DEFAULT AND REMEDIES

Section 8.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Bonds:

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

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Bonds set forth in this Resolution, or any Supplemental Resolution or in the Bonds, and such default shall have continued for a period of thirty (30) days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any Holder of a Bond; or

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

Section 8.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of Outstanding Bonds may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Resolution relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Outstanding Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Outstanding Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Resolution with respect to the Outstanding Bonds, or the rights of such Registered Owners.

Section 8.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Resolution and the Act, including, after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bond 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 Bond and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Resolution and the Act.

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

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

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

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

ARTICLE IX

DEFEASANCE

Section 9.01. Defeasance of Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of the Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, then with respect to the Bonds only the pledge of Net Revenues and other moneys and securities pledged under this Resolution and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All the Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Bonds provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendment or Modification of Resolution. No material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Bonds shall be made without the consent in writing of the Registered Owners of 66 2/3% or more in principal amount of the Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Resolution may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest on the Bonds from gross income of the holders thereof.

Section 10.02. Resolution Constitutes Contract. The provisions of the Resolution shall constitute a contract between the Issuer and the Registered Owners of the Bonds, and no change, variation or alteration of any kind of the provisions of the Resolution shall be made in any manner, except as in this Resolution provided.

Section 10.03. Severability of Invalid Provisions. If any court of competent jurisdiction should hold any section, paragraph, clause or provision of this Resolution invalid, 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 Bonds.

Section 10.04. Headings, Etc. The headings and captions 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 10.05. Conflicting Provisions Repealed. Subject to the continuing applicability of the Prior Resolution, all ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed.

Section 10.06. 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 enactment of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the 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 10.07. Effective Date. This Resolution shall take effect immediately upon its adoption.

Section 10.08. Statutory Notice of Meeting and Bond Issue. Notice of the date, time and place of the meeting at which the Governing Body considered this Resolution for adoption was given at least ten (10) days in advance thereof by Class I legal advertisement in the *Braxton Citizens News*, a newspaper of general circulation in the area served by the Issuer.

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

By: _____
Chairman

[SEAL]

ATTEST:

_____
Secretary

CERTIFICATION

The undersigned does hereby certify that the attached Resolution is a true and accurate copy of a Resolution duly adopted by the Public Service Board of the FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT on July 18, 2001, and that the foregoing document remains in full force and effect and has not been amended.

Dated: July 18, 2001.

[SEAL]

Secretary

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING FOR MANDATORY SINKING FUND REDEMPTION PAYMENTS AND OTHER TERMS OF THE FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT WATER IMPROVEMENT AND REFUNDING REVENUE BONDS, SERIES 2001 (BLUEFIELD AREA EXTENSION PROJECT); AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Board") of the Flatwoods-Canoe Run Public Service (the "District"), has duly and officially adopted a Bond Resolution on July 18, 2001 (the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE FINANCING OF CERTAIN INDEBTEDNESS AND THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS FOR THE PUBLIC WATER SYSTEM OF THE FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT, AND THE FINANCING OF SUCH COSTS THROUGH THE ISSUANCE BY THE DISTRICT OF NOT TO EXCEED $2,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2001 (BLUEFIELD AREA EXTENSION PROJECT); WITH BOND PROCEEDS TO BE USED, ALONG WITH OTHER FUNDS AND MONEYS OF, OR AVAILABLE TO, THE FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT WHICH MAY BE LAWFULLY EXPENDED FOR SUCH PURPOSES, TO FUND RESERVE ACCOUNTS FOR SUCH BONDS, AND TO PAY OTHER COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE OWNERS OF SUCH BONDS; PLEDGING NET REVENUES AS SECURITY FOR BONDS; PLACING LIMITATION ON SALE OF SYSTEM; AND AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Resolution provides for the issuance of the Flatwoods-Canoe Run Public Service District, Water Improvement and Refunding Revenue Bonds, Series 2001 (Bluefield Are Extension Project) (the "Bonds"), in the aggregate principal amount not to exceed $2,500,000;

WHEREAS, the Board deems it essential and desirable that this Supplemental Resolution (the "Supplemental Resolution") be adopted to provide for mandatory sinking fund redemption payments to be made, and that other matters relating to the Bonds be herein provided for; and

WHEREAS, capitalized terms not otherwise defined shall have the meanings given such terms in the Resolution;

NOW, THEREFORE, BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF THE FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT AS FOLLOWS:

Section 1. Pursuant to the Resolution, this Supplemental Resolution is adopted, and sinking fund redemption payments are hereby authorized and ordered to be established, as described below:

The Series 2001 Bonds maturing October 1, 2006, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2001 Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2003, and on each October 1 thereafter to and including October 1, 2006, in annual principal amounts as follows:

Year	Amount	Year	Amount
2003	$35,000	2005	$40,000
2004	40,000	2006*	40,000

The principal amount of Series 2001 Bonds maturing October 1, 2006, delivered to or purchased by the Commission shall reduce pro tanto the principal amount of Series 2001 Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2001 Bonds maturing October 1, 2011, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2001 Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2007, and on each October 1 thereafter to and including October 1, 2011, in annual principal amounts as follows:

Year	Amount	Year	Amount
2007	$40,000	2010	$50,000
2008	45,000	2011*	50,000
2009	45,000		

The principal amount of Series 2001 Bonds maturing October 1, 2011, delivered to or purchased by the Commission shall reduce pro tanto the principal amount of Series 2001 Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2001 Bonds maturing October 1, 2016, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2001 Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2012, and on each October 1 thereafter to and including October 1, 2016, in annual principal amounts as follows:

Year	Amount	Year	Amount
2012	$55,000	2015	$65,000
2013	55,000	2016*	65,000
2014	60,000		

The principal amount of Series 2001 Bonds maturing October 1, 2016, delivered to or purchased by the Commission shall reduce pro tanto the principal amount of Series 2001 Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2001 Bonds maturing October 1, 2021, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2001 Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2017, and on each October 1 thereafter to and including October 1, 2021, in annual principal amounts as follows:

Year	Amount	Year	Amount
2017	$70,000	2020	$80,000
2018	75,000	2021*	85,000
2019	80,000		

The principal amount of Series 2001 Bonds maturing October 1, 2021, delivered to or purchased by the Commission shall reduce pro tanto the principal amount of Series 2001 Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2001 Bonds maturing October 1, 2026, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2001 Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2022, and on each October 1 thereafter to and including October 1, 2026, in annual principal amounts as follows:

Year	Amount	Year	Amount
2022	$90,000	2025	$105,000
2023	95,000	2026*	110,000
2024	100,000		

The principal amount of Series 2001 Bonds maturing October 1, 2026, delivered to or purchased by the Commission shall reduce pro tanto the principal amount of Series 2001 Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2001 Bonds maturing October 1, 2031, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2001 Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the

mandatory redemption date, on October 1, 2027, and on each October 1 thereafter to and including October 1, 2031, in annual principal amounts as follows:

Year	Amount	Year	Amount
2027	$120,000	2030	$140,000
2028	125,000	2031*	150,000
2029	130,000		

The principal amount of Series 2001 Bonds maturing October 1, 2031, delivered to or purchased by the Commission shall reduce pro tanto the principal amount of Series 2001 Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

*Stated maturity.

Section 2. All other provisions relating to the Bonds shall be as substantially provided in the Resolution.

Section 3. This Supplemental Resolution shall be effective immediately following adoption hereof.

Dated: March 20, 2002

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

By: _____
Chairman, Public Service Board

[SEAL]

_____
Secretary, Public Service Board

CERTIFICATION

Certified as a true copy of the Supplemental Resolution adopted by the Public Service Board of the Flatwoods-Canoe Run Public Service District.

Secretary, Public Service Board

[SEAL]

$2,240,000
FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT
WATER IMPROVEMENT AND REFUNDING REVENUE BONDS
SERIES 2001 (BLUEFIELD AREA EXTENSION PROJECT)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned Gregory B. Isaacs, Vice President of Crews & Associates, Inc., as Underwriter (the "Underwriter"), and James Rogers, Chairman of the Flatwoods-Canoe Run Public Service District, Braxton County, West Virginia (the "Issuer"), hereby certify as follows:

1. On the 18th day of October, 2001, City National Bank of West Virginia, as Registrar, received the entire original issue in aggregate principal amount of $2,240,000 of the Water Improvement and Refunding Revenue Bonds, Series 2001 (Bluefield Area Extension Project) of the Issuer (the "Bonds") for authentication thereof and delivery to The Depository Trust Company, New York, New York, for credit to the account of the Underwriter. The Bonds, as so received on original issuance, are dated October 1, 2001, and are in various denominations numbered from R-1 upward.

2. At the time of receipt of such Bonds, the Bonds had been executed by James Rogers, as Chairman of the Issuer, by his manual signature, and by Jim McQuain, as Secretary of the Issuer, by his manual signature, and the official seal of the Issuer had been imprinted upon the Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Underwriter, as the original purchaser of the Bonds, of the sum of $2,240,000, less a deposit into the Series 2001 Bond Reserve Account to fund the debt service reserve requirement in the amount of $158,482.50, less a deposit into the Series 2001 Bond Sinking Fund to pay capitalized interest in the amount of $104,017.37, less an underwriter's discount of $56,000.00 and original issue discount of $83,047.60, less the costs of issuance in the amount of $43,165.96, plus accrued interest of $5,665.25, for deposit into the Project Account, all as provided in the Resolution.

IN WITNESS WHEREOF, this receipt has been signed and delivered on behalf of Crews & Associates, Inc., and Flatwoods-Canoe Run Public Service District, Braxton County, West Virginia, has caused this receipt to be executed by its Chairman, as of the 18th day of October, 2001.

CREWS & ASSOCIATES, INC.

By: _____
Vice President

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

By: _____
Chairman

$2,240,000
FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT
WATER IMPROVEMENT AND REFUNDING REVENUE BONDS
SERIES 2001 (BLUEFIELD AREA EXTENSION PROJECT)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

The City National Bank of West Virginia, as Registrar
3601 MacCorkle Ave., SE
Charleston, WV 25304
ATTENTION: Corporate Trust Department

Ladies and Gentlemen:

There are delivered to you herewith as Trustee for the above-captioned Bonds:

1. The entire original issue of the $2,240,000 Flatwoods-Canoe Run Public Service District, Water Improvement and Refunding Revenue Bonds, Series 2001 (Bluefield Area Extension Project), dated October 1, 2001, represented by Bonds, No. R-1 through R-6 (the "Bonds"), executed by the manual signatures of the Chairman and Secretary of the Flatwoods-Canoe Run Public Service District (the "Issuer") and bearing the official seal of the Issuer. The Bonds were authorized to be issued under and pursuant to a Bond Resolution approved by the Issuer on July 18, 2001 (the "Resolution");

2. A certified copy of the Resolution authorizing the issuance of the Bonds;

3. An approving legal opinion of Bond Counsel;

4. Each other item required as a condition precedent to delivery of the Bonds under the Resolution.

You are hereby requested and authorized, pursuant to the Resolution, to authenticate and deliver the Bonds to The Depository Trust Company, for credit to Crews and Associates, Inc., as the Underwriter and Purchaser of the Bonds. Prior to delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Registrar, in accordance with the form of Certificate of Authentication and Registration thereon. Capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Resolution, when used herein.

Dated as of this 18th day of October, 2001.

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

By: _____
Chairman

TAX REGULATORY AND NO ARBITRAGE CERTIFICATE

By

Flatwoods-Canoe Run Public Service District,

Dated as of October 1, 2001

$2,240,000
Flatwoods-Canoe Run Public Service District
Water Improvement and Refunding Revenue Bonds
Series 2001 (Bluefield Area Extension Project)

TAX REGULATORY AND
NO ARBITRAGE CERTIFICATE

TABLE OF CONTENTS

		Page
PARTIES		1
PREAMBLES		1
	ARTICLE I DEFINITIONS	
Section 1.1.	Definitions	1
Section 1.2.	Reliance on Information Provided by the Issuer	6
	ARTICLE II CERTAIN REPRESENTATIONS	
Section 2.1.	Representations as to Qualified Project	6
Section 2.2.	Federal Guarantee	7
Section 2.3.	Representations by the Issuer for Purposes of IRS Form 8038-G	7
Section 2.4.	Bonds Registered	7
Section 2.5.	Transferred Proceeds	7
	ARTICLE III USE OF BOND PROCEEDS	
	ARTICLE IV ARBITRAGE	
Section 4.1.	Arbitrage Information	7
Section 4.2.	Certain Yield Restrictions	8
Section 4.3.	Arbitrage Compliance	9
Section 4.4.	Creation of Rebate Fund	10
Section 4.5.	Calculation of Rebate Amount	10
Section 4.6.	Payment to United States	11
Section 4.7.	Recordkeeping	12
Section 4.8.	Rebate Analyst	12

ARTICLE V
ISSUER'S REPRESENTATIONS

Section 5.1.	Average Economic Life; Maturity Limitation	12
Section 5.2.	Average Maturity of Bonds	12
Section 5.3.	120 Percent Rule	13

ARTICLE VI
TERM OF TAX REGULATORY CERTIFICATE

ARTICLE VII
EVENTS OF DEFAULT, REMEDIES

Section 7.1.	Events of Default	13
Section 7.2.	Remedies for an Event of Default	13
SIGNATURES		14
EXHIBIT A	INFORMATION FOR FORM 8038-G	A-1
EXHIBIT B	USE OF BOND PROCEEDS	B-1
EXHIBIT C	CERTIFICATE OF UNDERWRITER	C-1

TAX REGULATORY AND NO ARBITRAGE CERTIFICATE

THIS TAX REGULATORY AND NO ARBITRAGE CERTIFICATE (the "Tax Regulatory Certificate") is made and dated as of October 1, 2001, by Flatwoods-Canoe Run Public Service District (the "Issuer").

W I T N E S S E T H:

WHEREAS, this Tax Regulatory Certificate has been executed by the Issuer to ensure compliance by the Issuer with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and the Regulations (as hereinafter defined) promulgated thereunder; and

WHEREAS, to ensure that interest on the Issuer's Water Improvement and Refunding Revenue Bonds, Series 2001 (Bluefield Area Extension Project) (the "Bonds") will be and remain excludable from gross income under the Code, the restrictions contained in this Tax Regulatory Certificate must be satisfied.

NOW, THEREFORE, the Issuer warrants, represents and covenants as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Definitions. The following words and phrases shall have the following meanings. Any capitalized word or term used herein shall have the meaning ascribed thereto in the hereinafter defined Resolution.

"Act" means Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended.

"Bona Fide Debt Service Fund" means, as defined by the Regulations, a fund that is used primarily to achieve a proper matching of revenues and debt service during each Bond Year, and which is depleted at least once a year except for a reasonable carryover amount (not to exceed the greater of one year's earnings on the fund or one-twelfth of annual debt service).

"Bond Counsel" means the law firm or firms with expertise in public finance delivering their approving opinions with respect to the issuance of or the exclusion from federal income taxation of interest on the Bonds.

"Bond Year" means the one-year periods during the term of the Bonds beginning on the first day following July 1 of any calendar year and ending on June 30 of any calendar year. The first Bond Year begins on the Date of Issue of the Bonds and ends on June 30, 2002.

"Bond Yield" or "Yield on the Bonds" means 5.79595%.

"Computation Date" means the last day of the fifth Bond Year and each succeeding fifth Bond Year thereafter and the date the final Bond is discharged.

"Computation Date Credit" means $1,000 for each Bond Year during which there are amounts allocated to gross proceeds of the Bonds that are subject to the rebate requirement.

"Costs of Issuance" means all costs incurred in connection with the borrowing. Examples of costs of issuance include (but are not limited to):

(a) Underwriter's spread (whether realized directly or derived through purchase of the Bonds at a discount below the price at which a substantial number of Bonds are sold to the public);

(b) counsel fees (including Bond Counsel, Underwriter's Counsel, Issuer's Counsel and any other specialized counsel fees incurred in connection with the issuance of the Bonds);

(c) financial advisor fees incurred in connection with the issuance of the Bonds;

(d) payment agent, disbursement agent and certifying and authenticating agent fees related to issuance of the Bonds;

(e) accountant fees related to issuance of the Bonds;

(f) printing costs (for the Bonds and of preliminary and final offering materials); and

(g) costs incurred in connection with any required public approval process (e.g., publication costs for public notices generally and costs of the public hearing or voter referendum).

"Date of Issue" means October 18, 2001.

"Bond Sinking Fund" means the account created by that name under the Resolution.

"Discharge" means, with respect to any Bond, the date on which all amounts due with respect to such Bond are actually and unconditionally due, if cash is available at the place of payment of such Bond, and no interest accrues with respect to such Bond after such date.

"Fair Market Value" means, in the case of investment, the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's-length transaction. If the investment is not readily salable, the fair market value shall be determined by taking into account the price at which a willing buyer would purchase the same (or a substantially similar) investment from the issuer of the investment. The following guidelines shall apply for purposes of determining the fair market value of the obligations described below:

(a) United States Treasury Obligations. In the case of an investment which is an obligation of the United States (or any agency) or instrumentality thereof within the meaning of Section 149(b) of the Code) and is backed by the full faith and credit of the United States (or any such agency or instrumentality) which is purchased from the United States Treasury at its purchase price.

(b) Certificates of Deposit. The purchase of a certificate of deposit will be deemed to be an investment purchased at its Fair Market Value if (i) the Yield on the certificate of deposit is not less than the yield on reasonably comparable direct obligations of the United States, and (ii) the highest yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public.

(c) Investment Contracts. The purchase or sale of Nonpurpose Investments pursuant to an investment contract (e.g., an Arbitrage Agreement to deposit Gross Proceeds with a particular bank, with the deposits to bear interest at an agreed rate) will be deemed to be an investment purchased at its Fair Market Value if (i) the purchaser makes a bona fide solicitation and receives at least three qualifying bids that satisfy the requirements of Section 1.148-1(6)(iii)(A) of the Regulations from different reasonably competitive providers of investment contracts that have no material financial interest in the issue (e.g., the Underwriter), (ii) the purchaser purchases the highest yielding investment contract for which a qualifying bid is made that is reasonably expected to be paid to third parties in connection with the investment contract. The yield on the guaranteed investment contract (determined net of broker's fees) is not less than the yield then available from the provider on reasonably comparable guaranteed investment contracts, if any, offered to other persons from a source of funds other than gross proceeds of tax-exempt bonds;

(d) The determination of the terms of the guaranteed investment contract takes into account as a significant factor the issuer's reasonably expressed drawdown schedule for the amounts to be invested, exclusive of amounts deposited in debt service funds and reasonably required reserve or replacement funds;

(e) The terms of the guaranteed investment contract, including collateral security requirements, are reasonable; and

(f) The obligor on the guaranteed investment contract certifies the administrative costs that it is paying (or expects to pay) to third parties in connection with the guaranteed investment contract.

Any obligation shall be considered purchased or sold for its Fair Market Value if the Issuer receives an opinion of Bond Counsel to the effect that the purchase or sale of such obligation will not adversely affect the exclusion of interest on the Bonds for purposes of federal income taxation.

"Fees and Charges" means expenses, fees and charges authorized to be charged by the Issuer and collected from its customers pursuant to the terms and provisions of its tariff.

"Final Computation Date" means the date the last Bond is Discharged.

"Future Value" means the future value of a Receipt or Payment at the end of any interval as determined by the following formula:

$FV = PV(1+i)_n$

where:

FV = The future value of the Receipt or Payment at the end of the interval. Each interval ends on the last day of a compounding interval. The compounding interval is the same compounding interval used in computing the Bond Yield.

PV = The future value of the Receipt or Payment at the beginning of the interval, or the amount thereof if the computation is for the first interval. The first interval begins on the date the Receipt or Payment is actually or constructively received or paid (or otherwise is taken into account). The amount of every Receipt and Payment with respect to an issue that is taken into account at the beginning of the first interval may be rounded to the nearest whole dollar. The preceding sentence shall not apply to Receipts and Payments with respect to investments in a restricted escrow within the meaning of Section 1.148-8(g) of the Regulations.

i = The Yield during the interval (expressed as a decimal) divided by the number of compounding intervals in a year.

n = A fraction, the numerator of which is the length of the interval and the denominator of which is the length of a whole compounding interval.

"Gross Proceeds" means amounts which by the Regulations become applicable to the Bonds and subject to the rebate provisions of Section 4 of this Tax Regulatory Certificate through operation of the Regulations. Gross Proceeds include, but are not necessarily limited to any proceeds (sale proceeds, investment proceeds and transferred proceeds) of an issue but not amounts actually or constructively received with respect to a purpose investment that are properly allocable to the immaterially higher yield under Section 1.148(2)(d) or Section 143(g) or to qualified administrative costs recoverable under Section 1.48-5(e).

"IRS" means the Internal Revenue Service.

"Issue Price" means $2,240,000, par, plus accrued interest, for all purposes other than Form 8038-G. For purposes of Form 8038-G, "Issue Price" means $2,240,000.

"2001 Bonds" means the Issuer's Water Improvement and Refunding Revenue Bonds, Series 2001 (Bluefield Area Extension Project).

"Nonpurpose Investment" means any security, obligation, annuity contract, or investment type property as defined in Section 148(b) of the Code, including "specified private activity bonds" as defined in Code Section 57(a)(5), but excluding all other tax-exempt Bonds.

"Payments" means, with respect to investments allocated to the Bonds, the amount of Gross Proceeds of the Bonds to which the investment is allocated directly used to purchase the investment. Except as provided in Section 1.148-5(e) of the Regulations, payments do not include brokerage commissions, administrative expenses or similar expenses. An investment that was directly purchased with Gross Proceeds of the Bonds (other than amounts in a refunding escrow fund as provided in Section 1.148-2(d)(3) of the Regulations) shall be treated as directly purchased with such Gross Proceeds for Fair Market Value on the date such investment is allocated to the Bonds. In the case of an investment in a refunding escrow fund, payment to be made after the date such investment becomes Gross Proceeds of the Bonds shall be treated as purchased with Gross Proceeds at its Present Value. Any payment of rebatable arbitrage with respect to the Bonds is a Payment. The Computation Date Credit shall be treated as a Payment.

"Private Person" means any entity other than a governmental unit.

"Proceeds" means any original proceeds and any Transferred Proceeds of the issue within the meaning of Section 1.148-8(d)(8) of the Regulations.

"Rebate Amount" means 100% of the amount owed to the United States and Section 148(f)(27), as further described in Section 1.148-3.

"Rebate Analyst" means the entity chosen by the Issuer in accordance with Section 4.8 hereof to determine the amount of required deposits to the Rebate Fund, if any.

"Rebate Fund" means the fund created by the name under the Resolution.

"Rebate Payment Date" means the date following a Computation Date on which the Rebate Amount is mailed or otherwise filed with the IRS. The Rebate Payment Date cannot be a date that is more than sixty (60) days after a Computation Date.

"Receipts" means, with respect to an investment allocated to the Bonds, (i) amounts actually or constructively paid to acquire a nonpurpose investment (or treated as paid to a commingled fund); (ii) for a nonpurpose investment that is first allocated to an issue on a date after it is actually acquired (e.g., an investment that becomes allocable to transferred proceeds or to replacement proceeds) or that becomes subject to the rebate requirement on a date after it is actually acquired (e.g., an investment allocated to a reasonably required reserve or replacement fund for a construction issue at the end of the 2-year spending period), the value of that investment on that date; (iii) for a nonpurpose investment that was allocated to an issue at the end of the preceding computation period, the value of that investment at the beginning of the computation period; (iv) on the last day of each bond year during which there are amounts allocated to gross proceeds of an issue that are subject to the rebate requirement, and on the final maturity date, a computation credit of $1,000 and (v) yield reduction payments on nonpurpose investments made pursuant to Section 1.148-5(c).

"Registrar" means The City National Bank of West Virginia, Charleston, West Virginia.

"Regulation" or Regulations" means the temporary, proposed or final Income Tax Regulations promulgated by the Department of the Treasury and applicable to the Bonds including regulations Sections 1.148-0 through 1.148-11, 1.149(d)-1 and Sections 1.150-0 and 1.150-1 relating to arbitrage rebate compliance.

"Resolution" means the Issuer's Bond Resolution approved on July 18, 2001, as supplemented and amended from time to time by supplemental resolutions.

"State" means the State of West Virginia.

"Tax-Exempt Bond" has the meaning given to such term by the Regulations.

"Tax Regulatory Certificate" means this Tax Regulatory Certificate and No Arbitrage Certificate dated as of October 1, 2001, by and between the Issuer and the Registrar.

"Test Period Beneficiary" means any person who is an owner or Principal User of the Facility during the three-year period beginning on the later of the date of issue of the Bonds or the date the property was, for federal income tax purposes, placed in service.

"Transferred Proceeds" means proceeds that have ceased to be proceeds of a prior issue and are Proceeds of the Bonds by reasons of the Regulations.

"Underwriter" means Crews & Associates, Inc.

"Yield" or "yield" means, except as specifically modified herein, that yield computed under Section 1.148-4 for an issue, and yield computed under Section 1.148-5 for an investment.

"Yield Restricted Investments" means any investments which either (a) bear a yield that is no greater than the Bond Yield, or (b) are investments in one or more Tax-Exempt Bonds.

Section 1.2. Reliance on Information Provided by the Issuer. Bond Counsel shall be permitted to rely, after due inquiry, upon the contents of any certification, document or instructions provided pursuant to this Tax Regulatory Certificate and shall not be responsible or liable in any way for the accuracy of their contents or the failure of the Issuer to deliver any required information.

ARTICLE II
CERTAIN REPRESENTATIONS

Section 2.1. Representations as to Qualified Project. The Issuer represents that Proceeds of the Bonds will be used (i) to pay the costs of acquisition, construction and equipping of certain additions, betterments and improvements to the public water facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The Issuer represents that not more than 10% of the Proceeds of the Bonds will be used in the "trades or businesses" of "Private Persons" within the meaning of Section 103(b) of the Code.

Section 2.2. Federal Guarantee. The Bonds are not and shall not become directly or indirectly "federally guaranteed." Unless otherwise excepted under Section 149(b) of the Code, the Bonds will be considered "federally guaranteed" if (i) the payment of principal and interest with respect to the Bonds is guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof), (ii) five percent (5%) or more of the proceeds of the Bonds is (A) to be used in making loans, the payment of principal or interest with respect to which are to be guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof) or (B) to be invested (directly or indirectly) in federally insured deposits or accounts or (iii) the payment of principal or interest on the Bonds is otherwise indirectly guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof). For purposes of determining whether the Bonds are federal guaranteed, a guarantee by the Federal Housing Administration, the Veterans Administration, the Federal National Mortgage Association, the Federal Home Loan Mortgage Insurance Company, the Government National Mortgage Association or the Resolution Funding Corporation shall not be considered a "federal guarantee."

Section 2.3. Representations by the Issuer for Purposes of IRS Form 8038-G. Section 149(e) of the Code requires as a condition to qualification for exclusion of interest on the Bonds for federal income tax purposes that the Issuer provide to the Secretary of the Treasury certain information with respect to the Bonds and the application of the proceeds derived therefrom. Attached as Exhibit A is a schedule that contains certain information that will be relied upon by Bond Counsel in satisfying this information reporting requirement. To the best of the Issuer's knowledge, the information set forth in Exhibit A is true and accurate.

Section 2.4. Bonds Registered. The Bonds are registered within the meaning of Section 149(a) of the Code.

Section 2.5. Transferred Proceeds. There will be no Transferred Proceeds transferred to the Bonds.

ARTICLE III
USE OF BOND PROCEEDS

The Issuer represents that the Proceeds of the Bonds will be utilized as provided herein. The Proceeds of the Bonds will be disbursed as indicated in Exhibit B, Sources and Uses of Gross Proceeds.

ARTICLE IV
ARBITRAGE

Section 4.1. Arbitrage Information.

(a) The Proceeds from the sale of the Bonds shall be applied as follows: (i) **$1,704,336.57-** will be deposited in the Project Account established for the Project; (ii) an original issue discount of $83,047.60 will be deducted from the purchase price of the Bonds; (iii) $56,000.00 will be used to pay the Underwriter's discount; (iv) $43,165.96 will be used to pay costs of issuing the Bonds; (v) $5,665.25 will be deposited in the Bond Sinking Fund to pay accrued interest; (vi)

$158,482.50 will be deposited in the Bond Reserve Account to satisfy the Bond Reserve Requirement; (vii) **$90,950.00+** will be deposited in the Project Account and used to repay certain outstanding indebtedness; and (viii) $104,017.37 will be deposited in the Bond Sinking Fund to pay capitalized interest.

(b) The Issue Price of the Bonds is based on the certificate executed by the Underwriter attached hereto as Exhibit C. The Issuer is not aware of any facts or circumstances that would cause it to question the accuracy of the representations made by the Underwriter.

(c) No portion of the proceeds of the Bonds will be used directly or indirectly to replace funds of the Issuer used directly or indirectly to acquire securities or obligations which may reasonably be expected, on the date hereof, to produce a yield materially higher than the Yield on the Bonds.

(d) Other than as described in this Tax Regulatory Certificate, the Bonds are not and will not be part of a transaction or series of transactions that (i) attempt to circumvent the provisions of Section 148 of the Code, or any successor thereto, and the Regulations promulgated thereunder which enable the Issuer to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage or (ii) increase the burden on the market for tax-exempt obligations in any manner, including without limitation, by selling obligations that would not otherwise be sold or selling a larger amount of obligations, or issuing them sooner, or allowing them to remain outstanding longer, than would otherwise be necessary.

(e) No other obligations are being issued by the Issuer or any related entity at substantially the same time and sold pursuant to a common plan of financing and which will be paid out of substantially the same source of funds (or which will have substantially the same claim to be paid out of substantially the same source of funds) as the Bonds or which will be paid directly or indirectly from proceeds of the sale of the Bonds.

(f) The Issuer certifies that it has not been notified of the listing or proposed listing of the Issuer by the IRS as an issuer that may not certify its bonds.

(g) The issuance of the Bonds will not involve the use of a "device" or an "abusive transaction" within the meaning of Section 149(d)(4) of the Code.

(h) In connection with the Bonds, there has not been created or established, and the Issuer does not expect that there will be created or established, any sinking fund, pledged fund or similar fund (other than as specifically identified in this Tax Regulatory Certificate), including without limitation any arrangement under which money, securities or obligations are pledged directly or indirectly to secure the Bonds or any contract securing the Bonds or any arrangement providing for compensating or minimum balances to be maintained by the Issuer with any registered owner of the Bonds.

Section 4.2. Certain Yield Restrictions. The Resolution creates a Revenue Fund and therein an Operation and Maintenance Account; and a Renewal and Replacement Account; a Project Account; a Rebate Fund; and a Bond Sinking Fund and therein a Bond Reserve Account.

(a) Moneys held in the Revenue Fund will be held in the Operation and Maintenance Account or the Renewal and Replacement Account.

(i) All moneys in the Bond Sinking Fund will be used to pay debt service on the Bonds.

(ii) Moneys deposited into the Bond Sinking Fund will constitute a "sinking fund" within the meaning of the Regulations and may not be invested at a yield that exceeds the Yield on the Bonds unless such moneys, or a part of such moneys, qualify as being held in a "bona fide debt service fund." To the extent that moneys qualify as being held in a "bona fide debt service fund," such moneys may be invested without regard to Yield limitations. A "bona fide debt service fund" is defined by the Regulations as a fund that is used primarily to achieve a proper matching of revenues and debt service within each Bond Year, and which is depleted at least once a year except for a reasonable carryover amount (not to exceed the greater of one year's earnings on the fund or one-twelfth of annual debt service).

(b) All of the proceeds from the sale of the Bonds deposited into the Project Account, together with any investment earnings thereof deposited into the Project Account, will be expended on or before October 1, 2004. Prior to expenditure such amount may be invested without restriction as to Yield.

(c) The Issuer expects to pay debt service on the Bonds from amounts deposited into the Bond Sinking Fund.

The Issuer has not created or established and does not intend to create or establish any sinking fund or similar fund for the payment of debt service on the Bonds or which may be pledged as security for the Bonds, except for the Bond Sinking Fund.

The representations set forth herein are made for the purpose of establishing the reasonable expectations of the Issuer as to the amount and use of the proceeds of the Bonds. They are intended and may be relied upon as a certification described in Section 1.148-2(b)(2)(i) of the Regulations and delivered as part of the record of proceedings in connection with the issuance of the Bonds.

Section 4.3. Arbitrage Compliance. The Issuer acknowledges that the continued exclusion of interest on the Bonds from gross income of the recipients thereof for purposes of federal income taxation depends, in part, upon compliance with the arbitrage limitations imposed by Section 148 of the Code, including the rebate requirement described in Section 4.6 below. The Issuer hereby agrees and covenants that it will not permit at any time or times any of the Gross Proceeds of the Bonds nor other funds of the Issuer to be used, directly or indirectly, to acquire any asset or obligation, the acquisition of which would cause the Bonds to be "arbitrage bonds" for purposes of Section 148 of the Code. The Issuer further agrees and covenants that it shall do and perform all acts and things necessary in order to ensure that the requirements of Section 148 of the Code are met. To that end, the Issuer will take the actions described in Sections 4.4 through 4.6 below with respect to the investment of Gross Proceeds.

Section 4.4. Creation of Rebate Fund. (a) Section 148(f) of the Code requires the payment to the United States of the excess of the amount earned on the investment of Gross Proceeds in Nonpurpose Investments over the amount that would have been earned on such investments had the amount so invested been invested at a rate equal to the Bond Yield, together with any income attributable to such excess.

(b)(i) The Issuer hereby acknowledges the creation of the Rebate Fund in the Resolution.

(ii) On or before forty-five (45) days following each Computation Date, the Issuer shall transfer for deposit in the Rebate Fund an amount such that the balance held in the Rebate Fund equals the aggregate Rebate Amount due as of the Rebate Payment Date following such Computation Date. The moneys so deposited may be derived from the Issuer's own funds or from funds or accounts created by the Resolution (to the extent that such transfers are permitted under the Resolution), at the option of the Issuer.

Section 4.5. Calculation of Rebate Amount. To meet the rebate requirement of Section 148(f) of the Code, the Issuer agrees, covenants and elects, as applicable:

(a) For each investment of amounts held with respect to the Bonds in the (A) Revenue Fund except as to amounts in a Bona Fide Debt Service Fund), and (B) other moneys held by the Issuer that are Gross Proceeds, the Issuer shall record, or cause to be recorded, the purchase date of such investment, its purchase price, accrued interest due on its purchase date, its face amount, its coupon rate, the frequency of its interest payment, its disposition price, accrued interest due on its disposition date and its disposition date. The yield for an investment shall be calculated by using the method set forth in the Regulations.

(b) For each Installment Computation Date with respect to Rebate Amounts specified in paragraph (c) below, the Rebate Analyst described in Section 4.8 hereof shall compute the Yield on the Bonds as required by the Regulations based on the definition of issue price contained in Section 148(h) of the Code and the Regulations. Should the Bonds be redeemed earlier than their scheduled maturity, the Issuer should seek advice of Bond Counsel or other rebate expert to recompute the Yield on the Bonds as required by the Regulations based on the definitions of issue price contained in Section 148(h) of the Code using payments or prepayments of the principal of, premium, if any, and interest on the Bonds required by the Regulations. For purposes of this Tax Regulatory Certificate the initial offering price to the public (not including bond houses and brokers or organizations acting in the capacity of Underwriter or wholesale) at which a substantial amount of the Bonds were sold is the Issue Price.

(c) Subject to the special rules set forth in paragraphs (d) and (e) below, the Rebate Analyst described in Section 4.8 hereof shall determine the amount of earnings received on all Nonpurpose Investments described in paragraph (a) above, for each Computation Date. In addition, where Nonpurpose Investments are retained after retirement of the Bonds, any unrealized gains or losses as of the date of retirement of the Bonds must be taken into account in calculating the earnings on such Nonpurpose Investments to the extent required by the Regulations.

(d) In determining the amount of any rebate computed pursuant to this section, all earnings on any Bona Fide Debt Service Fund shall not be taken into account.

(e) For each Computation Date specified in paragraph (c) above, the Rebate Analyst shall calculate for each investment described in paragraph (a) and (c) above, an amount equal to the earnings which would have been received on such investment at an interest rate equal to the Yield on the Bonds as described in paragraph (b) above. The method of calculation shall follow that set forth in the Regulations.

(f) For each Computation Date specified in paragraph (c) above, the Rebate Analyst shall determine the amount of earnings received on all investments held in the Rebate Fund during the Computation Period. The method of calculation shall follow that set forth in the Regulations.

(g) For each Computation Date specified in paragraph (c) above, the Rebate Analyst shall calculate the Rebate Amount by any appropriate method to be described in the Code and Regulations applicable or which become applicable to the Bonds. The determination of the Rebate Amount shall account for the amount (to be rounded down to the nearest multiple of $100) equal to the sum of all amounts determined in paragraph (c), all amounts determined in paragraphs (d), (e) and (f), and less any amount which has previously been paid to the United States pursuant to Section 4.6 below.

(h) If the Rebate Amount exceeds the amount on deposit in the Rebate Fund, the Issuer shall immediately pay such amount for deposit into the Rebate Fund.

Section 4.6. Payment to United States.

(a) Within sixty (60) days after each Computation Date, the Issuer shall pay from the Rebate Fund to the United States ninety percent (90%) of the Rebate Amount required to be on deposit in the Rebate Fund as of such payment date. The Issuer shall pay to pay to the United States, not later than sixty (60) days after the Final Computation Date, one hundred percent (100%) of the balance remaining in the Rebate Fund.

(b) Each payment of an installment shall be mailed to the Internal Revenue Service Center, Ogden, Utah 84201. Each payment shall be accompanied by (i) a copy of IRS Form 8038-T, and (ii) the CUSIP number for the Bond with the latest maturity.

(c) If on the Rebate Payment Date the balance on deposit in the Rebate Fund is in excess of the Rebate Amount attributable to the Bonds, such excess may be transferred pursuant to the provisions of the Resolution to any other fund or account created by the Resolution or, to the extent that such excess is attributable to amounts provided by the Issuer and not derived from any funds or accounts (other than the Rebate Fund) held under the Resolution, such excess may be withdrawn from the Rebate Fund and paid to the Issuer. The Issuer may direct that any overpayment of rebate may be recovered from any rebate payment previously made to the United

States under any procedure that may, after the date of this Tax Regulatory Certificate, be permitted by the Code or the Regulations.

Section 4.7. Recordkeeping. In connection with the rebate requirement, the Issuer shall maintain (or cause to be maintained) the following records:

(a) The Issuer shall record all amounts paid to the United States pursuant to Section 4.6 hereof.

(b) The Issuer shall retain records of the rebate calculations until five (5) years after the Final Computation Date.

(c) The Issuer shall keep and record the data described in Article 4.5(a) hereof pertaining to the investment of the proceeds of the Bonds by the Issuer until six (6) years after the Final Computation Date.

Section 4.8. Rebate Analyst.

(a) A Rebate Analyst shall be appointed to perform the rebate calculations, as required herein. The Rebate Analyst and each successor Rebate Analyst shall signify its acceptance of the duties imposed upon it hereunder by a written instrument of acceptance delivered to the Issuer under which such Rebate Analyst will agree to discharge its duties pursuant to this Tax Regulatory Certificate in a manner consistent with prudent industry practice.

(b) The charges and fees for such Rebate Analyst shall be paid by the Issuer upon presentation of an invoice for services rendered in connection therewith. The Issuer hereby agrees to pay the fees of the Rebate Analyst.

ARTICLE V
ISSUER'S REPRESENTATIONS

Section 5.1. Average Economic Life; Maturity Limitation. The Issuer represents that the average economic life of the Project exceeds thirty (30) years.

Section 5.2. Average Maturity of Bonds. Based upon the representations of the Underwriter, the Issuer represents that the average maturity of the Bonds is 19.484 years.

Section 5.3. 120 Percent Rule. Based on the computations described above, the average maturity of the Bonds does not exceed one hundred twenty percent (120%) of the average economic life of the Project financed with the proceeds of the Bonds.

ARTICLE VI
TERM OF TAX REGULATORY CERTIFICATE

This Tax Regulatory Certificate shall be effective from the date of issuance of the Bonds through the date (i) the last Bond is Discharged pursuant to the terms of the Resolution; and (ii) all payment obligations under Section 4.6 hereof have been satisfied.

ARTICLE VII
EVENTS OF DEFAULT, REMEDIES

Section 7.1. Events of Default. If the Issuer fails to perform any of its required duties or obligations under any provision hereof or if any representation or warranty thereof proves to be false or misleading when made, such event shall constitute an Event of Default under this Tax Regulatory Certificate and under the Resolution.

Section 7.2. Remedies for an Event of Default. Upon an occurrence of an Event of Default under Article 7.1 hereof, the Bondholders may, in their discretion, proceed to protect and enforce their rights by pursuing any available remedy under the Resolution or by pursuing any other available remedy, including, but not limited to, a suit at law or in equity.

IN WITNESS WHEREOF, the Issuer has caused this Tax Regulatory Certificate and No Arbitrage Certificate to be executed in its name and by its proper officers thereunto duly authorized, all as of the day, month and year first written above.

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

By: _____
Chairman

ATTEST:

By: _____
Secretary

EXHIBIT A

INFORMATION FOR FORM 8038-G

(a)	Issuer's employee identification number	55-0532503
(b)	Number of Form 8038-G reports previously filed by the Issuer this calendar year	1
(c)	Issue price of the Bonds	$2,240,000
(d)	Proceeds used for Accrued Interest	$5,665.25
(e)	Costs of Issuance (including Underwriter's Discount)	$96,000.00
(f)	Reasonably required Reserve Fund deposits	$158,482.50
(g)	Nonrefunding Proceeds	$1,732,482.58
(h)	Date of final maturity of the Bonds	October 1, 2031
(i)	Interest Rate on the final maturity of the Bonds	5.65%
(j)	Issue price of the final maturity of the Bonds	$665,000
(k)	Issue price on the entire issue of the Bonds	$2,240,000
(l)	Stated redemption price at maturity of the final maturity of the Bonds	PAR
(m)	Stated redemption price at maturity of the entire issue of the Bonds	PAR
(n)	Weighted average maturity of the entire issue of the Bonds	19.484 years

(o) Yield on the entire issue of the Bonds 5.79595%

(p) Net interest cost for the entire issue of the Bonds..... 5.80705%

(q) CUSIP Number 33885K

EXHIBIT B

SOURCES AND USES OF GROSS PROCEEDS

1. Face Amount of Bonds: $2,240,000.

2. Amount of Bond proceeds used to fund the Project Account: $1,732,482.58.

3. Amount of Bond proceeds used to pay Underwriter's discount: $56,000.00.

4. Total amount of costs of issuance to be paid from Bond proceeds: $40,000.00.

EXHIBIT C

CERTIFICATE OF UNDERWRITER

October 18, 2001

Re: $2,240,000 Flatwoods-Canoe Run Public Service District, Water Improvement and Refunding Revenue Bonds Series 2001 (Bluefield Area Extension Project)

We have acted as Underwriter for Flatwoods-Canoe Run Public Service District (the "Issuer") in connection with the issuance of $2,240,000 in aggregate principal amount of the Flatwoods-Canoe Run Public Service District, Water Improvement and Refunding Revenue Bonds, Series 2001 (Bluefield Area Extension Project) (the "Series 2001 Bonds"). As such, we have been involved in the marketing and structuring of the Series 2001 Bonds.

We have purchased the Series 2001 Bonds for $2,240,000, plus accrued interest to the date hereof, less an Underwriter's discount of $56,000.00. At least 10% of each maturity of the Series 2001 Bonds were offered to the public at the initial offering price set forth on the cover of the Official Statement plus accrued interest.

Based on our experience as Underwriter, and considering all the facts and circumstances of this transaction, we are of the opinion that:

(1) The initial purchase price of the Series 2001 Bonds is reasonable under customary standards applicable to the tax exempt market.

(2) We have computed the Weighted Average Maturity of the Bonds using the issue price of each separate maturity of the Bonds multiplied by the length of the term of each maturity of the Bonds and determined that the Weighted Average Maturity thereof is 19.484 years.

Very truly yours,

CREWS & ASSOCIATES, INC.

By: _____
Vice President

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT
WATER IMPROVEMENT AND REFUNDING REVENUE BONDS
SERIES 2001 (BLUEFIELD AREA EXTENSION PROOJECT)

No. R-_ $___,000.00
CUSIP: 33885K Dated Date: October 1, 2001

KNOW ALL MEN BY THESE PRESENTS: That FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Braxton 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 order of The Depository Trust Company ("DTC") or registered assigns, the sum of _____ Thousand and 00/100 Dollars ($___,000.00), plus interest on the unpaid principal balance hereof at the rate set out below. Interest on this Bond is set at ____ percent (__%) per annum. Principal on the Bond is payable annually commencing October 1, 2002, and on each October 1 thereafter, and interest is payable on April 1 and October 1 of each year beginning on April 1, 2002, as set forth on the "Debt Service Schedule" attached as Exhibit A hereto and incorporated herein by reference. The final installment of principal and interest shall be paid on October 1, 20__, and shall be in an amount equal to the amount of outstanding principal and interest due on the Bond at said date.

SPECIMEN

Principal and interest installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). Principal and interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of The City National Bank of West Virginia, at its principal office in Charleston, West Virginia (the "Registrar"), on the 25th day of the month next preceding such payment date.

This Bond may be redeemed prior to its stated date of maturity in whole at par upon the terms and conditions prescribed hereby.

SPECIMEN

This Bond is issued (i) to pay the costs of acquisition, construction and equipping of certain additions, betterments and improvements to the public water facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The water system of the Issuer, together with the Project, and any further extensions, additions, betterments or improvements thereto is 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 West Virginia Code of 1931, as amended (the "Act"), and a Resolution duly adopted by the Issuer on July 18, 2001 (the "Resolution"), and is subject to all the terms and conditions thereof. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bond under the Resolution.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Resolution) to be derived from the operation of the System, from moneys in the Reserve Account created under the Resolution for the Bonds (the "Series 2001 Bond Reserve Account") and unexpended proceeds of the Bonds on parity with the Issuer's Water Revenue Bonds, Series 1996 A and Water Refunding Revenue Bonds, Series 1996 B and Water Revenue Bonds, Series 1998 B (West Virginia Infrastructure Fund) (collectively, the "Parity Bonds"). Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 2001 Bond Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Resolution, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System and to leave a balance each year equal to at least one hundred fifteen percent (115%) of the maximum amount payable in any year for principal of and interest on the Bonds and the Parity Bonds, and all other obligations secured by a lien on or payable from such net revenues prior to or on a parity with the Bonds, provided however, that so long as there exists in the Series 2001 Bond Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year and in the reserve account established for any other obligations outstanding prior to or on a parity with the Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to one hundred ten percent (110%). The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Resolution. Remedies provided the registered owners of the Bonds are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof.

SPECIMEN

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

SPECIMEN

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

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

THIS BOND IS ON PARITY AS TO LIEN AND SOURCE OF PAYMENT WITH THOSE CERTAIN WATER REVENUE BONDS, SERIES 1996 A AND WATER REFUNDING REVENUE BONDS, SERIES 1996 B AND WATER REVENUE BONDS, SERIES 1998 B (WEST VIRGINIA INFRASTRUCTURE FUND), OF THE ISSUER DESCRIBED HEREIN.

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

SPECIMEN

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

IN WITNESS WHEREOF, FLATWOODS-CANOE RUN 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 October 18, 2001.

SPECIMEN

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

[SEAL]

By: _____
Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is the Series 2001 Bond described in the within-mentioned Resolution and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: October 18, 2001

SPECIMEN

THE CITY NATIONAL BANK OF WEST VIRGINIA

By: _____
Assistant Vice President and Trust Officer

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and Transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer said Bond on the books kept for registration of the within Bond of said Issuer with full power of substitution in the premises.

SPECIMEN

Dated: _____, 200_.

_____
(Assignor)

Witnessed in the presence of:

_____

//

The following claims were issued-----General County Fund

743	State Auditor	Social Security Oct.,Nov.,Dec ,1966	[illegible]
744	Director of Internal Revenue	Withholding, Oct.,Nov., Dec , 1966	[illegible]
745	State Tax Commissioner	State Tax, Oct ,Nov.,Dec , 1966	[illegible]
746	W.Va. Publ Employ Ret. System	Employee Contribution	[illegible]
747	W.Va. Publ.Employ Ret. System	Employer Contribution	[illegible]
748	M. O. Given	Coroners Fee	[illegible]
749	Merlene Campbell	Extra Help,Cir. Clerk less 2.32 SS	[illegible]
750	Forrest Groves	Jury Commissioner	[illegible]
751	Joseph Gregory	Jury Commissioner	[illegible]
752	Henry & Hardesty, Inc.	Insurance for Sheriff	[illegible]
753	Shirley Conrad	Extra Help, Election	[illegible]
754	Richard Gibson	Mileage	[illegible]
755	Edward Helmick	Mileage	[illegible]
756	William M. Kidd	Copy of Marriage	[illegible]
757	William W. Jack	Postage	[illegible]
758	Braxton Central	Printing	[illegible]
759	Braxton Democrat	Printing	[illegible]

//

No further business coming before the Court they do now adjourn to meet January 3, 1967.

Hubert Moore Presid.

JANUARY 3, 1967

The County Court met pursuant to their last regular meeting of December 22, 1966.

Present, Herbert Moore, Aubrey Robertson and Berk D. Harris.

The Court re-organized by electing Herbert Moore, President for the ensuing year.

//

The Court voted to meet the 1st Tuesday of each month from nine o/clock A.M. to four o'clock PM.

//

Herbert Moore was elected a member of the Western District Guidance Clinic Committee.

//

A motion was made seconded and voted on to buy a 1965 Mercury Comet car from Bruce Stutler for $1600.00. Pay him $25.00 rent per month until July and the amount paid for rent to be deductible from the $1600.00 and the balance paid in July.

//

Aubrey C. Robertson was elected a member of the Braxton County Planning Commission.

//

//

The County Court set February 1, 2, 3, 8, 9, 10, 15 and 16th to meet as a Board of Equalization. Any assessment made by the Assessor and not objected to at their meetings will be final after adjournment of the Board.

//

IN THE COUNTY COURT OF BRAXTON COUNTY, WEST VIRGINIA

IN THE MATTER OF THE CREATION OF
CANOE RUN PUBLIC SERVICE DISTRICT.

WHEREAS, on the 10th day of December, 1966, came Jenivee J. Jones, Attorney at Law, and presented a Petition of approximately one hundred fifteen, (115), legal voters resident within the limits of the proposed Canoe Run Public Service District, and moved the Court to file said Petition and to fix a date of hearing in Braxton County, West Virginia on the creation of the proposed public service district: and,

WHEREAS, and being proper so to do, this Court on the 10th day of December, 1966 unanimously sustained said motion, and also on its own motion, ordered the Clerk of this Court to have published at leawst once a notice of a public hearing in a newspaper of general circulation in Braxton County, West Virginia stating, in part and in substance, that the public hearing before this Court would be held at the Town of Sutton, inthe Courthouse of Braxton County, West Virginia, on the 3rd day of January, 1967, starting at 1:00 o'clock, P.M., for the purpose of hearing any and all persons residing in, or owning or having any interest in property in such proposed public service district, for or against its creation, and at said hearing this Court would consider and determine the feasibility of the creation of the proposed public service district and would determine whether or not the construction or acquisition by purchase or otherwise, and maintenance, operation, improvement, and extension of public service properties by such public service district will be conducive to the preservation of public health, comfort and convenience of such area: and,

WHEREAS, the Clerk of this Court caused to have published in the Braxton Democrat, in the issues of December 15th and 22nd, 1966 the following notice, namely:

"LEGAL PUBLICATION

NOTICE OF PUBLIC HEARING FOR
CREATION OF CANOE RUN PUBLIC
SERVICE DISTRICT

NOTICE TO ALL PERSONS RESIDING
IN, OR OWNING, OR HAVING ANY
INTEREST IN PROPERTY IN THE
PROPOSED CANOE RUN PUBLIC
SERVICE DISTRICT:

You are hereby notified that pursuant to an order entered on the 10th day of December '66A, by the County Court of Braxton County, West Virginia, the County Court of Braxton County, West Virginia will hold a public hearing in the Courthouse at Sutton in Braxton County, West Virginia starting at 1:00 o'clock p.m., on the 3rd day of January 1967, for the purpose of hearing any and all persons residing, or owning or having any interest in property, in the proposed public service district, for or against its creation, and at said hearing said County Court shall consider and determine the feasibility of the creation of the proposed district and shall determine whether or not the construction or acquisition by purchase or otherwise, and maintenance, operation, improvement, and extension of public service properties by such public service district will be conducive to the preservation of public health, comfort and convenience of such area: that a Petition was officially filed with said County Court on the 10th day of December, 1966 of approximately one hundred fifteen, (115) legal voters resident within the owning real property within the limits of the proposed public service district; that the territory to be embraced within said proposed public service

district is [illegible]

commencing at the Town of Gassaway immediately adjacent to the area in said Town of Gassaway immediately adjacent to the area in said Town of Gassaway presently serviced by the West Virginia Water Service Company, the centerline to be Elk River and extending on each side of Elk River for a distance of two miles, and going upstream of said Elk River through a portion of said Otter District to and terminating at the Town of Sutton immediately adjacent to the area in said Town of Sutton presently serviced by the West Virginia Water Service Company, or its successor in title and in name.

Given under my hand this 10th day of December, 1966.

William W. Jack,
Clerk of the County Court of
Braxton County, West Virginia.

Dc Dec. 15-22"; and,

WHEREAS, this Court convened on this the 3rd day of January, 1967, at one of its regular sessions, and starting at 1:00 o'clock, P.M. proceeded to have and to hold, said public hearing for the reasons aforesaid, for the reasons stated in said notice, and for reasons as provided by the applicable statutes and laws of the State of West Virginia: and,

Whereas, this Court heard all persons for and against the creation of said proposed public service district: and, after mature consideration this Court is of the opinion that said proposed public service district should be created, the creation of such proposed public district being feasible, and being conducive to the preservation of public health, comfort, and convenience of such area: and,

WHEREAS, no written protest was filed by anyone against said proposed public district.

It is, therefore, hereby ordered that there be, and hereby is, created a public service district, to be called and known as the Canoe Run Public Service District: that the territory to be embraced within said public service district is located in the magisterial district of Otter in Braxton County, West Virginia, commencing at the Town of Gassaway immediately adjacent to the area in said Town of Gassaway presently serviced by West Virginia Water Service Company, the center line to be Elk River, and extending on each side of Elk River for a distance of two miles, and going upstream of said Elk River through a portion of said Otter Magisterial District, to and terminating at the Town of Sutton immediately adjacent to the area in said Town of Sutton presently serviced by the West Virginia Water Service Company, or its successor in title and name, that said Canoe Run Public Service District shall have all such powers as are provided by the statutes and the laws of the State of West Virginia so made and provided therefor: and that said Canoe Run Public Service District, in compliance with Chapter 16, Article 13-A, Section 3, (Michie's Code Serial Section 1409 (38C)) shall be from the date hereof a public corporation and political subdivision of the State of West Virginia with power of perpetual succession.

//

IN THE COUNTY COURT OF BRAXTON COUNTY, WEST VIRGINIA

IN THE MATTER OF THE CREATION OF
CANOE RUN PUBLIC SERVICE DISTRICT.

On the 3rd day of January, 1967, at one of its regular sessions, and after this Court had by a prior order created the Canoe Run Public Service District, this Court enquired of and requested, the persons present to recommend three persons to serve on and to constitute the board of said district.

Whereupon, the persons present unanimously recommended that Perris Brady of Gassaway, William Abruzzino of Gassaway, and Wallace Clowser of Gassaway, be appointed such board members.

It is therefore, ordered that Ferris Brady, William Abruzzino, and Wallace Clowser, be, and hereby are, appointed board members of the Cases Run Public Service District, and that Wallace Clowser shall serve for a term of two years, and that William Abruzzino shall serve for a term of four years, and that Ferris Brady shall serve for a term of six years as such board members of said district, all starting on the first day of January 1967, for their respective terms of office: and that said three members of said board shall meet at the office of the Clerk of the County Court of Braxton County, West Virginia as soon as practicable after this appointment and shall qualify by taking the oath of office as provided by law.

//

The Court re-approved the budget of the County Clerk originally approved by the Court for fiscal year starting July 1966, said budget approved a $30 00 per month raise for office deputies of said Clerk's Office. Said budget was approved for the remainder of the 1966-67 fiscal year, after a letter was read from the State Tax Commissioner approving this. The raise originally approved by the Court had not been taken. Letter from the Tax Commissioner is as follows: This would make a salary of $375.00 per month.

Mr. William W. Jack, Clerk
Braxton County Court
Sutton, W. Va.

Dear Mr. Jack

This will acknowledg receipt of your letter dated December 27, 1966, relative to the revision of your Levy Estimate (Budget) for the fiscal year 1966-67. You wish to make the following revisions: Decrease: Item 28, Courthouse expense, $400.00; Item 28, Furniture and Fixtures, $1,000; Item 29, Telephone and Telegraphs,$500; Item 44,Lunacy, $500; Increase Item 3, Deputy Clerks County Court, Assistants and Employees, $1200; Item 6, Deputy Sheriffs, Assistants and Employee $1200.

Under the provisions of Chapter 11, Article 8, Sections 14b, 26 and 26a, of the West Virginia Code, as amended, the Tax Commissioner may authorize the revisions of the annual approved Levy Estimates to permit expenditures for purposes for which no, or insufficient, appropriation was made in the original Levy Estimate. In view of these provisions of the Code, this department will not disturb the proposed use of funds, provided such expenditures are made in good faith, and further-more provided such expenditures do not create a deficit for the Braxton County Court for the fiscal year ending June 30, 1967.

Very truly yours,

Fairfax Brown, Director
Assessment and Levies.

//

The following claims were issued--------General County Fund

760	Hall & McChesney	Penn Flex Recording and storage	89 22
761	Jack Insurance Agency	Premium on Bonds	884.00
762	Charles W. Clayton	Mileage	35.20
763	William W. Jack	Postage	17.25
764	Ruby L. Holland	Mileage	19 76
765	Kyer Insurance Agency	Insurance Premium	81 00
766	Braxton Co. Health Dept.	Transfer of Funds	253.00
767	Eugene Pancoire "	Per Diem 12/10 & 12, 1966	4.00
768	Herbert Moore	Per Diem " " " "	4.00
769	Beatrice Given	Per Diem " " " "	4.00

I, John D. Jordan, Clerk of the County Commission of Braxton County, West Virginia, do hereby certify that the foregoing writing is a true copy from the records in my office, the same appearing in General Order Book No. 15 at page No. 189

Given under my hand and the seal of said Commission this 26th day of October 19 90

John D. Jordan, Clerk
Braxton County Commission

COUNTY PRINTING CO. SUTTON, WV — RE ORDER NO. BCC-14

[redacted]

[redacted]

Land Use Book Pic 5/413

MAY 29, 1967

At a Special Meeting of the County Court of Braxton County, West Virginia on the 29th day of May, 1967, all members in attendance.

//

Resolved that the Court accept the bid for the construction of the Braxton County Airport by Kenton Meadows Co. a corporation and Meadows Stone and Paving, a corporation submitted December 22, 1966, which acceptance of bid is subject to the approval of the F. A. A. and further subject to the wage division dated February 2, 1967 and designated A. G. 1580.

All members present voting in the affirmative said resolution is unanimously adopted.

//

It is ordered this Court do now adjourn to meet June 6, 1967.

Herbert Moore President

JUNE 6, 1967

The County Court sat pursuant to their last meeting of May 29, 1967.

Present, Herbert Moore, President, Aubrey Robertson and B. D. Marple, Commissioners.

//

The minutes of the last meeting were read and approved.

//

All bills were approved as presented.

//

The County Court allowed the Janitor, Paul Goldsmith, an additional $30.00 per month salary.

//

The Home National Bank of Sutton, W. Va. and the Bank of Gassaway, Gassaway, W. Va. were approved as County Depositories and their bonds were approved as to sufficient form and amounts and ordered recorded and filed.

//

The County Court agreed to pay the Orkin Exterminating Co., Inc. for service a year at a time and receive a 5% discount.

//

The Court approved the Sheriffs' Delinquent List for Real Estate and Personal Property.

//

The Clerk of this Court having on the 16th day of May, 1967, and during a recess of the regular term of this Court qualified Dice Steele for appointment as Notary Public in and for the County of Braxton, and the said Dice Steele having given bond as required by Law and there being no objections thereto the same is confirmed by this Court.

//

IN THE COUNTY COURT OF BRAXTON COUNTY, WEST VIRGINIA

IN THE MATTER OF THE CREATION OF
PLATWOODS PUBLIC SERVICE DISTRICT

On the 6th day of June, 1967, came Jenivee J. Jones, Attorney at Law, and presented a Petition of approximately one hundred ten, (110), legal voters resident within the limits of the proposed Platwoods Public Service District, and moved the Court to file said Petition and to fix a date of hearing in Braxton County, West Virginia, on the creation

of the proposed public service district.

Whereupon, and being proper so to do, it is hereby ordered, in this regular session of this Court, that a public hearing shall be held at the Town of Sutton, in the Courthouse of Braxton County, West Virginia, on the 5th day of July, 1967, starting at 10:30 o'clock, A.M., for the purpose of hearing any and all persons residing in, or owning, or having any interest in property in such proposed public service district for or against its creation and at said hearing this Court shall consider and determine the feasibility of the creation of the proposed public service district and shall determine whether or not the construction or acquisition by purchase or otherwise, and maintenance, operation, improvement and extension of public service properties by such public service district will be conducive to the preservation of public health, comfort and convenience of such area.

It is further hereby ordered that the Clerk of this Court shall cause notice of said hearing to be published at least once in a newspaper of general circulation published in Braxton County, West Virginia the first publication thereof to be at least ten days prior to said hearing, and in said notice said Clerk shall set forth a description of all of the territory proposed to be included therein, and shall set forth in said notice the purpose of said hearing as hereinbefore set out in this order.

It is hereby further ordered that the costs of said notice shall be paid for by the Petitioners, or someone for them, without any cost to this Court.

//

IN THE COUNTY COURT OF BRAXTON COUNTY, WEST VIRGINIA

IN RE: THE MATTER OF TRANSFER OF THE PROPERTY IN THE LAND BOOKS OF BRAXTON COUNTY IN THE NAME OF MENDAL MACE.

TO

O R D E R

WANDA DUFFIELD, CHILD AND HEIR AT LAW OF JOHN MENDAL MACE, DECEASED.

This day came the Petitioner, WANDA DUFFIELD, by her counsel, JENIVER J. JONES, and presented her Petition, and moved this Court to list and show in the Land Books of Otter District, Braxton County, West Virginia, the proper and correct interest of the Petitioner in the real estate now listed in the name of Mendal Mace, who is now deceased, and who died intestate on the 28th day of April, 1966, and there being no objections to said motion, and the Court being of the opinion that said motion should be granted, it is, therefore, ORDERED, that said property now listed in the name of MENDAL MACE in said Braxton County be hereafter listed in the name of this Petitioner, as set out in said Petition, and which shall be listed by the Assessor of Braxton County as follows:

The complete interest in ten (10) certain tracts or parcels of land, situate on the waters of Buffalo, Otter District, in the name of MENDAL MACE, namely: 74 acres, 50 acres, 28.1 acres, 1 acre, 15 acres, 36.4 acres, 4.5 acres, 33.25 acres, 53.75 acres and 65.5 acres; and an undivided one-half (1/2) interest now listed on said Land Books in the name of MARY GOODNIGHT and MENDAL MACE, a tract of 35.38 acres; and an undivided one-half (1/2) interest in six (6) certain tracts or parcels of land conveyed to MENDAL MACE by PEARL E. SHAW, widow, by deed dated November 18, 1965, and of record in the Office of the Clerk of the County Court of said Braxton County, in Deed Book No. 289, at Page 705, all six tracts being as follows: 3.5 acres, 65 acres, 1 acre, 40 acres, and 38 acres; and all of said real estate being situate on the waters of Buffalo, in Otter District, Braxton County, West Virginia.

The reason for the transfer being that JOHN MENDAL MACE, deceased, died intestate, leaving surviving his one child and heir at law, the Petitioner herein, WANDA DUFFIELD, who

I, John D. Jordan, Clerk of the County Commission of Braxton County, West Virginia, do hereby certify that the foregoing writing is a true copy from the records in my office, the same appearing in General Order Book No. 15 at page No. 43

Given under my hand and the seal of said Commission this 29th day of October 19 90

John D. Jordan SS Clerk
Braxton County Commission

QUALITY PRINTING CO., SUTTON, WV — RE-ORDER NO. BCC-14

[redacted]

[redacted]

JULY 3, 1967

The County Court met pursuant to their last meeting of June 7, 1967

Present, Herbert Moore, President, Aubrey Robertson and B. D. Harple, Commissioners

//

The minutes of the last meeting were read and approved .

//

All bills were approved as presented.

//

The County Court passed the following resolution:

Be it resolved that the County Court approved the Community Shelter plan for Braxton County and requested the distribution of same to all residents of Braxton County.

//

The County Court requested the County Civil Defense director to request funds from the state (C.D.) to print and mail the community shelter plan.

//

The County Court requested that the doors to the Courthouse be left open on Saturday so the public could use the rest rooms/

//

On July 3, 1967, at a regular meeting of the Court, Norman H. Frame, member of the Sugar Creek Public Service District, tendered his resignation as a member of the board of the Sugar Creek Public Service District for the reason of his illness, and the other members of board of the Sugar Creek Public Service District recommended that this Court appoint Garnett James as member of the board of the Sugar Creek Public Service District to serve for the unexpired term of Norman H. Frame as such member of said district, the said Norman H. Frame having been appointed for a term of six (6) years starting on January 1, 1966.

The resignation of Norman H. Frame is hereby accepted and this Court hereby appoints Garnett James to serve for the unexpired term of Norman H. Frame as member of the board of the Sugar Creek Public Service District, said term to expire on January 1, 1972, and that said Garnett James, as soon as possible after this appointment, shall qualify by taking the oath of office as provided by law.

Entered this 3th day of July, 1967.

The said Garnett James qualified .

//

IN THE COUNTY COURT OF BRAXTON COUNTY, WEST VIRGINIA

IN THE MATTER OF THE CREATION OF
PLATTEVILLE PUBLIC SERVICE DISTRICT.

WHEREAS, on the 6th day of June, 1967, came Jennifer J. James, Attorney at Law, and presented a Petition of approximately one hundred ten, (110), legal voters residents within the limits of the proposed Platteville Public Service District, and moved the Court to file said and to fix a date of hearing in Braxton County, West Virginia, on the creation of the proposed public service district; and,

WHEREAS, and being proper so to do, this Court on the 6th day of June, 1967, unanimously sustained said motion, and also on its own motion, ordered the Clerk of this Court to have published at least once a notice of a public hearing in a newspaper of general publication in Braxton County, West Virginia, stating, in part and in substance, that the public hearing before this Court would be held at the Town of Burnsville, in the Courthouse of Braxton County, West Virginia, on the 5th day of July, 1967, starting at 10:30 o'clock, A. M., for the purpose of hearing any and all persons residing in, or owning, or having any interest in property

in such proposed public service district, for or against its creation, and at said hearing this Court would consider and determine the feasibility of the creation of the proposed public service district and would determine whether or not the construction or acquisition by purchase or otherwise, and maintenance, operation, improvement, and extension of public service properties by such public service district will be conducive to the preservation of public health, comfort and convenience of such area; and,

WHEREAS, the Clerk of this Court caused to have published in the Braxton Democrat in the issues of June 19th and 22nd, 1967, the following notice, namely:

"NOTICE OF PUBLIC HEARING
FOR CREATION OF FLATWOODS
PUBLIC SERVICE DISTRICT

NOTICE TO ALL PERSONS RESIDING IN, OR OWNING, OR HAVING ANY INTEREST IN PROPERTY IN THE PROPOSED FLATWOODS PUBLIC SERVICE DISTRICT:

You are hereby notified that pursuant to an order entered on the 6th day of June, 1967, by the County Court of Braxton County, West Virginia, the County Court of Braxton County, West Virginia will hold a public hearing in the Courthouse at Sutton, in Braxton County, West Virginia starting at 10:30 o'Clock, A. M. on the 5th day of July, 1967, for the purpose of hearing any and all persons residing in, or owning, or having any interest in property in the proposed public service district, for or against its creation, and at said hearing said County Court shall consider and determine the feasibility of the creation of the proposed district and shall determine whether or not the construction or acquisition by purchase or otherwise, and maintenance, operation, improvement, and extension of public service properties by such public service district will be conducive to the preservation of public health, comfort and convenience of such area; that a Petition was officially filed with said County Court on the 6th day of June, 1967 of approximately one hundred ten, (110), legal voters resident within and owning real property within the limits of the proposed public service district; that the territory to be embraced within said proposed public service district is located in three of the magisterial districts of Hacker, Otter and Salt Lick, in Braxton County, West Virginia, commencing at the Town of Sutton immediately adjacent to the area in said Town of Sutton presently serviced by the West Virginia Water Service Company, the centerline to be Granny's Creek, and tributaries of Salt Lick Creek and extending on each side of Granny's Creek for a distance of two miles and extending on each side of tributaries of Salt Lick Creek, paralleling U. S. Route No. 19, a distance of two miles and terminating one mile north of the Village of Mastern in Salt Lick District.

Given under my hand this 6th day of June, 1967.

William B. Jack,
Clerk of the County Court of
Braxton County, West Virginia

Dn June 19-22nd; and,

WHEREAS, this Court convened on this the 5th day of July, 1967, at one of its regular sessions, and starting at 10:30 o'clock, A.M. Proceeded to have, and to hold said public hearing for the reasons aforesaid, and for the reasons stated in said notice, and for reasons as provided by the applicable statutes and laws of the State of West Virginia; and,

WHEREAS, the Court heard all persons for and against the creation of said Flatwoods Public Service District, and considered the feasibility of the creation of the proposed district, and the matters applicable to the creation of said proposed public service district being feasible, and being conducive to the preservation of public health, comfort and convenience of such area; and,

WHEREAS, no written protest was filed by persons against said proposed public district.

This Court on its own motion, and also based upon the said Petition, hereby orders that there be, and hereby is, created a public service district, to be called and known as the Flatwoods Public Service District; that the territory to be embraced within said public service district is located in three of the magisterial districts of Holly, Otter and Salt Lick, in Braxton County, West Virginia, commencing at the Town of Sutton immediately adjacent to the area in said Town of Sutton presently serviced by the West Virginia Water Service Company, the center line to be Granny's Creek and tributaries of Salt Lick Creek, and extending on each side of Granny's Creek for a distance of two miles and extending on each side of tributaries of Salt Lick Creek, paralleling U. S. Route No. 19, a distance of two miles and terminating one mile north of the Village of Heaters in Salt Lick District; that said Flatwoods Public Service District shall have all such powers as are provided by the statutes and laws of the State of West Virginia so made and provided therefor; and that said Flatwoods Public Service District, in compliance with Chapter 16, Article 13-A, Section 3 (Michie's code formerly serial section 1409 (38 C), and with the laws of this State, shall be from the date hereof a public corporation and political subdivision of the State of West Virginia with power of perpetual succession.

//

IN THE COUNTY COURT OF BRAXTON COUNTY, WEST VIRGINIA

IN THE MATTER OF THE CREATION OF
FLATWOODS PUBLIC SERVICE DISTRICT.

On the 9th day of July, 1987, at one of the regular sessions, and after this Court had by a prior order this day created the Flatwoods Public Service District District, this Court enquired of, and requested, the persons present to recommend three persons to serve on and to constitute the board of said district.

Whereupon, the persons present unanimously recommended that L. W. O'Dell of Heaters, W. Va., Max J. Leonard of Flatwoods, W. Va., and Charles E. Lloyd of Flatwoods, W. Va., be appointed such board members.

It is, therefore, ordered that L. W. O'Dell, Max J. Leonard and Charles E. Lloyd, be, and hereby are, appointed board members of the Flatwoods Public Service District, and that L. W. O'Dell shall serve for a term of two years, that Max J. Leonard shall serve for a term of four years, and that Charles E. Lloyd shall serve for a term of six years as such members of said district, all terms of office starting as the 1st day of January, 1988 for their respective terms of office; and that said three members shall meet at the office of the County Clerk of Braxton County, West Virginia as soon as practicable after this appointment and shall qualify by taking the oath of office as provided by law.

The above members took the oath of office.

//

It appearing to the Court, the Prosecuting Attorney being present, that Pearl Byer was charged on the Personal Property Books of said County for the year 1986, in Sutton Corporation, with one 1965 Pontiac Catalina four door automobile, valued at $2100.00, and household furniture valued at $300.00, were in fact on the 1st day of July, 1985, she should have been assessed and charged on the Personal Property Books of said county, in Sutton Corporation, with one 1967 Chevrolet two door automobile, valued at $100.00, and household furniture valued at $300.00. It further appearing to the Court that said Personal Property by reason of the improper assessment of said automobile caused the said Pearl Byer to pay the sum of $33.00 over-

RESOLUTION AUTHORIZING THE COUNTY OF BRAXTON, WEST VIRGINIA, TO PARTICIPATE IN A PLANNING ASSISTANCE PROGRAM AS SET FORTH IN THE FEDERAL HOUSING ACT OF 1954, AS AMENDED, AND AUTHORIZING THE PRESIDENT OF THE COUNTY COURT TO EXECUTE AN AGREEMENT WITH THE WEST VIRGINIA DEPARTMENT OF COMMERCE, AND PROVIDING FOR THE PAYMENT BY THE COUNTY OF ITS SHARE OF THE COST OF THE PROGRAM.

WHEREAS, The County Court of Braxton County has signified its intent and willingness to participate in a Planning Assistance Program as set forth in the Federal Housing Act of 1954, as amended, and further has signified its intent, willingness and ability to pay its share of the cost of such program, and

WHEREAS, it is now necessary for the County Court to enter into an agreement with the State of West Virginia, acting by and through its Department of Commerce in connection with the Planning Assistance Program as set forth in the Federal Housing Act of 1954, and to provide for the payment of the County's share in connection with the same.

NOW THEREFORE BE IT RESOLVED BY THE COUNTY COURT OF BRAXTON COUNTY:

FIRST: The Court hereby authorizes and agrees for the County of Braxton to participate in a planning assistance program as set forth in the Federal Housing Act of 1954, as amended, and designates the Planning Commission of the County of Braxton as the County agency to represent the County in connection with such program.

SECOND: The Court hereby authorizes and directs the President of the County Court of Braxton County to execute on behalf of the County an agreement between the State of West Virginia by its Department of Commerce and the said County providing for local planning assistance.

THIRD: The Court authorized and directs the payment from funds heretofore budgeted for such purposes the sum of Two Thousand Eight Hundred and No/100 ($2,800.00) within thirty (30) days from the date hereof, said sum being a portion of the County's full share of the costs of the aforesaid Planning Program. The Court further signifies its intentions to budget for and provide the balance of its costs of such planning program during July of the fiscal year(s) 1968 - 1969, and 1969 - 1970, being installments of Two Thousand Eight Hundred and No/100 ($2,800.00 Dollars each.

//

It appearing to the Court there will not be sufficient money in the Sheep Fund with which to pay all claims presented for the loss of sheep, it is ordered that the clerk of this court immediately pay from said fund the cost in full of each appraisal as stated in each separate claim, and that he prorate all claims for the loss as above and pay the same from the residue of the money in the sheep fund as of the 5th day of July, 1967, thereby expending said entire residue.

STATE OF WEST VIRGINIA,

Braxton County, ss:

I, John D. Jordan, Clerk of the County Commission of Braxton County, West Virginia, do hereby certify that the foregoing writing is a true photostatic copy from the records in my office, the same appearing in General Order Book No. 15 at page No. 420

Given under my hand and the seal of said Commission this 19th day of October 19 68

John D. Jordan, Clerk
County Commission

2024	Braxton Democrat	Printing	[illegible]
2025	Robertson Funeral Home	Ambulance Service	[illegible]

//

The following Claim was issued-----Dog Fund

909	Cecil Rose	Dog Warden Expense	[illegible]

//

The following Claims were issued-----Justice Fund

510	Braxton Co. Ct. Gen. County Fund	Transfer of Funds	[illegible]
511	M. O. Given	Justice	[illegible]

//

The Court adjourned to meet December 16 with the Civil Defense.

[illegible] President

DECEMBER 16, 1967

The County met pursuant to their last meeting of December 3,1967.
Present Herbert Moore, President, Aubrey Robertson and S. D. Marple, Commissioners.

//

The Court met with the Civil Defense Organization for training.

//

The Court adjourned to meet January 2, 1968.

[illegible] President

JANUARY 2, 1968

The County Court sat pursuant to their last meeting of December 16, 1967.
Present, Herbert Moore, President and S. D. Marple, Commissioner.
The Court reorganized by electing Herbert Moore, President for the ensuing year
They will meet the first Tuesday of each month.

//

The minutes of the last meeting were read and approved.

//

All bills were approved as presented.

//

Rev. Soute, Rev. Kohn and Mr. and Mrs. William Hopkins appeared before the Court requesting funds for Sutton and Gassaway libraries. They agreed to come back at the February meeting when the Court would know more about their funds.

//

Dec. 23, 1967
Bernaville, W. Va.

Commissioners of the County Court of Braxton County
Sutton, West Virginia,

Dear Sirs:

Due to the fact that there is no longer a local Justice of Peace for me to serve as Constable, I hereby submit my resignation to [illegible]

and ask that you release the company who has furnished my bond in this capacity. I would like to resign effective January 1, 1968.

Please notify Eugene "Ace" Collins, Box 121, Glenville, West Virginia, the agent for Ohio Farmers Insurance Company of the release of said bond as of Jan. 1, 1968.

Yours Respectfully,

R. C. Heater.

The County Court accepted the resignation of R. C. Heater as constable of Salt Lick District.

Mr. Heaters' bonding company is hereby relieved of any further liability as of that date.

//

The County Court appointed Earl Marple and Raymond Nottingham four years term as Hospital Trustees. N. R. Hamric and George Ptomey have two years yet to serve. So the President of the County Court is the fifth member.

The appointment of the two new trustees will be effective February 12, 1968.

//

The Braxton County Court will receive bids up to February 5, 1968, 11:00 a.m. at the County Court office Braxton County Courthouse, Sutton, West Virginia.

The Court will receive bids for a rental lease to operate the Braxton County Airport near Sutton, West Virginia. The Court will expect the operator of the airport to furnish the services necessary for the for the operation of this airport to serve the public on a full time basis. They shall have available necessary personnel to service incoming aircraft.

The bids should be based on a percentage of the gross sales of the airport operations. All bidders should furnish a detailed statement of what they expect to furnish and describe the manner in which they expect to operate the airport. All bids shall be accompained with a certified check or performance bond in the amount of $2,500.00. The length of the agreement will be negotiated between the successful bidder and the court before the award is made.

The Braxton County Court reserves the right to reject any and all bids.

//

The Court set the following fees for the registrars.

$10.00 for day of instruction, $10.00 a day of sitting, .15¢ for each new name, .08¢ checked on book for all names, .07¢ mileage to and from meeting and returning books, .07¢ mile to and from meeting for instructions and returning books not to exceed $5.00 mileage for any one day.

//

IN THE MATTER OF SUGAR CREEK PUBLIC SERVICE DISTRICT

It appearing to the Court that John W. Hamric was appointed a member of the Sugar Creek Public Service District on the 12th day of March, 1966, for a term of two years, and it appearing to the Court that under the statutes and laws of the State of West Virginia any term so expiring must be filled in the month of January, it is therefore, ordered that John W. Hamric be, and hereby is, appointed as a Board Member of the Sugar Creek Public Service District; and that John W. Hamric shall serve for a term of six (6) years starting from this date, January 2, 1968, and shall serve until January 1974, or until a successor member has been appointed in his place and he shall as soon as practicable after this appointment qualify by taking an oath of office as provided by law.

//

IN THE MATTER OF THE CONSOLIDATION OF PLATWOODS PUBLIC SERVICE DISTRICT AND CANOE RUN PUBLIC SERVICE DISTRICT.

It appearing necessary, feasible and proper to consolidate the Platwoods Public Service District and the Canoe Run Public Service District, and deeming it necessary, feasible and proper so to do, and the officers of both of said districts being of the same opinion and requesting same to be so done, this Court, on its own motion, hereby orders and directs that the Platwoods Public Service District and the Canoe Run Public Service District be, and hereby are forthwith this day consolidated as one public service district.

It is further ordered that Perris K. Brady, Max J. Lockard and Charles R. Lloyd be, and they hereby are, appointed board members of the consolidated districts, which consolidated districts shall forthwith be, and hereby are, one public service district, which shall be named and know as the "PLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT"; and that Perris K Brady shall serve for a term of six years, that Max J. Lockard shall serve for a term of four years, and that Charles R Lloyd shall serve for a term of two years as members of said Platwoods-Canoe Run Public Service District, all terms of office starting as of the 1st day of January, 1968, for their respective terms of office; and that said three members shall meet at the office of the Clerk of the County Court of Braxton County, West Virginia as soon as practicable after this appointment and shall qualify by taking the oath of office as provided by law.

It is further ordered the three board members herein named after their qualification shall forthwith be the governing body of said Platwoods-Canoe Run Public Service District and the board members heretofore appointed by this Court in each of the two former public service districts, the Platwoods Public Service District and the Canoe Run Public Service District, shall have no further authority in respect to their respective former districts and in respect to the new consolidated public service district.

//

IN RE:
THE MATTER OF TRANSFER OF
THE PROPERTY IN THE LAND
BOOKS OF BRAXTON COUNTY
IN THE NAME OF C. B. AND
MANIE LLOYD

TO

MARY L. BRUNN,
MABEL L. JOHNSON,
J. H. LLOYD,
ELLA M. HOLCOMB,
CHARLES M. LLOYD and
HELEN GRAM

This day came the Petitioners, MARY L. BRUNN, MABEL L. JOHNSON, J. H. LLOYD, ELLA M. HOLCOMB, CHARLES M. LLOYD, and HELEN GRAM, by their Counsel, Jenliver J. Jones, and presented their Petition, and moved this Court to list and show in the Land Books of Otter District, Braxton County, West Virginia, the proper and correct undivided interest of each of these Petitioners in the real estate, being the Coal, Oil and Gas, now listed in the names of C. B. Lloyd and Manie Lloyd, who are now both deceased, and who both died intestate and there being no objection to said motion, and the Court being of the opinion that said motion should be granted, it is therefore, ORDERED that said property now listed in the names of C. B. Lloyd and Manie Lloyd in said Braxton County be hereafter listed in the names of these Petitioners in respect to their respective undivided interest of each Petitioner as specifically mentioned and set out in said Petition, and which shall be listed by the Assessor of Braxton County as follows:

I, John D. Jordan Clerk of the County Commission of Braxton County, West Virginia, do hereby certify that the foregoing writing is a true copy from the records in my office, the same appearing in General ORder Book No. 15 at page No. 447

Given under my hand and the seal of said Commission this 26th day of [illegible] 19 90

John D. Jordan Clerk
Braxton County Commission

QUALITY PRINTING CO., SUTTON, WV — RE-ORDER NO. SCC-14

[redacted]

[redacted]

IN THE COUNTY COMMISSION OF BRAXTON COUNTY, WEST VIRGINIA

IN THE MATTER OF THE ENLARGEMENT
OF THE FLATWOODS-CANOE RUN PUBLIC
SERVICE DISTRICT.

WHEREAS, the County Commission of Braxton County, West Virginia, on its own motion, deems it necessary, feasible and proper to enlarge the Flatwoods-Canoe Run Public Service District to include additional areas, and desires so to do; and,

WHEREAS, and being proper so to do, this Commission on the 15th day of March, 1985, at one of its regular meetings, unanimously sustained its own motion, and also on its own motion hereby orders the Clerk of this Commission to have published at least once a notice of a public hearing in a newspaper of general circulation in Braxton County, West Virginia, and to post in at least five, (5), conspicuous places in the proposed enlargement of said public service district a copy of said notice stating, in part and in substance, that the public hearing before this Commission will be held at the Town of Sutton, in the Courtroom of the Circuit Court of Braxton County, West Virginia, in the Courthouse of Braxton County, West Virginia, on Thursday, the 11th day of April, 1985, at 7:30 o'clock, P.M., for the purpose of hearing any and all persons residing in or owning or having any interest in property in such proposed enlargement of said public service district, for or against its enlargement; and at such hearing said Commission will consider and determine the feasibility of the enlargement of said public service district, and will determine whether or not the construction or acquisition by purchase or otherwise, and maintenance, operation, improvements, and extension of such public service properties by such enlargement of said public service district will be conducive to the preservation of public health, comfort and convenience of such area; and,

WHEREAS, the present limits of the present Flatwoods-Canoe Run Public Service District is located in parts of the Magisterial Districts of Holly, Otter and Salt Lick, in Braxton County, West Virginia.

NOW, THEREFORE, IT IS, HEREBY ORDERED, that said proposed enlargement shall be such that the enlargment, together with the present limits or boundaries of said public service district, shall be as follows:

"All of the Magisterial District of Holly; all of the Magisterial District of Salt Lick, except the Town of Burnsville; and all of the Magisterial District of Otter, except those portions now included in the boundaries of the Sugar Creek Public Service District within Otter District; but all of said Flatwoods-Canoe Run Public Service District shall be confined within Braxton County, West Virginia."

Entered this 15th day of March, 1985.

THE COUNTY COMMISSION OF BRAXTON COUNTY, WEST VIRGINIA.

By: James R. Frame, Its President

Davis E. Wine, One of Its Members

Ledra Argabrite, One of Its Members

Book 426 Page 334 IN THE COUNTY COMMISSION OF BRAXTON COUNTY, WEST VIRGINIA

IN THE MATTER OF THE ENLARGEMENT OF THE FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT.

WHEREAS, on the 15th day of March, on its own motion, at one of its regular meetings, unanimously sustained its own motion, to enlarge the Flatwoods-Canoe Run Public Service District, deeming it necessary, feasible and proper to so enlarge said Flatwoods-Canoe Run Public Service District, and also on its own motion ORDERED the Clerk of this Commission have published at least once a notice of a public hearing in a newspaper of general circulation in Braxton County, West Virginia, and to post in at least five , (5) conspicuous places in the proposed enlargement of said public service district a copy of said notice, stating, in part and in substance, that the public hearing before this Commission would be held at the Town of Sutton, in the Courtroom of the Circuit Court of Braxton County, West Virginia, in the Courthouse of Braxton County, West Virginia, on Thursday, the 11th day of April, 1985, at 7:30 o'clock, P.M., for the purpose of hearing any and all persons residing in, or owning or having any interest in property in such proposed enlargement of said public service district, for or against its enlargement, and at said hearing said Commission would consider and determine the feasibility of the enlargement of said public service district, and would determine whether or not the construction or acquisition by purchase or otherwise, and maintenance, operation, improvements, and extension of such public service properties by such enlargement of said public service district will be conducive to the preservation of public health, comfort and convenience of such area.

WHEREAS, the Clerk of this Commission caused to be published in Braxton Citizens News in the issue of March 21, 1985, the following Notice, name

"NOTICE OF PUBLIC HEARING
TO ENLARGE THE FLATWOODS-
CANOE RUN PUBLIC SERVICE
DISTRICT.

All persons residing in, owning or having any interest in proper lying within the Magisterial District of Holly, in the Magisterial District of Salt Lick, except the Town of Burnsville, and the Magisterial District of Otter, except those portions now included in the boundaries of the Sugar Creek Public Service District, in Otter District, pursuant to the provisions of Chapter 16, Article 13A, Section 2 of the Code of West Virginia, as amended, are hereby notified and advised that the County Commission of Braxton County, West Virginia, on its own motion entered on March 15, 1985, proposed to enlarge the present Flatwoods-Canoe Run Public Service District to include and be as follows:

"All of the Magisterial District of Holly; all of the Magisterial District of Salt Lick, except the Town of Burnsville; and all of the Magisterial District of Otter, except those portions now included in the boundaries of the Sugar Creek Public Service District within Otter District, but all of said Flatwoods-Canoe Run Public Service District shall be confined within Braxton County, West Virginia." and that an Order has been entered by said County Commission fixing Thursday, April 11, 1985, at 7:30 o'clock, P. M., in the Courtroom of the Circuit Court of Braxton County, West Virginia, in the Braxton County Courthouse, as the date, time and place for a public hearing upon the question of the proposed enlargement of said public service district to include the aforesaid territory, at which meeting you may attend if you so desire.

This the 15th day of March, 1985.

David L. Jack
David L. Jack, Clerk of the Commission of Braxton County, West Virginia.

(3-22d)"

WHEREAS, a copy of said Notice was duly posted in at least five (5), conspicuous places in the proposed enlargement of said public service district; and,

WHEREAS, this Commission convened on the 11th day of April, 1985 at 7:30 o'clock, P. M., in the Courtroom of the Circuit Court of Braxton County, West Virginia, at the Courthouse in the said Town of Sutton, and starting at 7:30 o'clock, P. M., proceeded to have and to hold said public hearing for the reasons aforesaid, for the reasons stated in said Notice and for reasons as provided by the applicable statutes and laws of the State of West Virginia; and ,

WHEREAS, the Commission heard all persons for and against the enlargement of said Flatwoods-Canoe Run Public Service District, and considered the feasibility of the enlargement of said District, and the matter applicable to the enlargement of the said public service district, and, after mature consideration this Commission is of the opinion that said proposed enlargement of public service district should be enlarged and created, the creation and enlargement of such enlargement of said public service district being feasible and being conducive to the preservation of public health, comfort and convenience of such area; and,

WHEREAS, an oral protest was made by Charles Switzer, Mayor of the Town of Burnsville, against said proposed enlargement of said Public Service District insofar as it would affect the Town of Burnsville and its water system and requested that the Town of Burnsville not be restricted to its corporate limits and to include other

but not limited to, the area to and including Orlando, the area to [illegible] the area to and including Gem, and the area adjacent thereto, and to extend from the Town of Burnsville back to the Gilmer County line, and being the area below Burnsville; and,

WHEREAS, said meeting and hearing was adjourned until a regular meeting of this Commission of Friday, April 19, 1985 at 9:00 o'clock, A. M., to enter an order sometime during its said regular session on April 19, 1985, creating the enlargement of said public service district; and,

WHEREAS, this Commission met in one of its regular sessions on Friday, April 19, 1985, starting at 9:00 o'clock, A. M., and all three, (3), members being present, this matter was again discussed and it was agreed that the Burnsville Area would be excluded from the Flatwoods-Canoe Run Public Service District, in Salt Lick District, Braxton County, West Virginia, and would be marked on a map of that area of Braxton County to be agreeable to the officials of the Town of Burnsville and especially Charles Switzer, then Mayor of the Town of Burnsville, which was later done on September 11, 1985, by Charles Switzer, representing the Town of Burnsville, and Jenivee J. Jones, representing the Flatwoods-Canoe Run Public Service District, which area was marked on said map, and the outside boundaries thereof was marked with red "x's", and placed thereon to designate the boundaries thereof to be so excluded, and the Burnsville area to be excluded shall be as follows:

Following the boundary lines between the Counties of Lewis and Gilmer, with Braxton County, and starting in with the Town or Village of Orlando, adjoining the Lewis County line, thence following Oil Creek, to the Confluence of Posey Run and Oil Creek, as designated on said map, thence in a Southerly direction to the backwaters of McCauley Run, and to the Burnsville Dam Site, thence a straight line as marked on said map to the comfluence of Patty's Run and Salt Lick Creek, thence Northerly to the Village of Gem, as marked on said map, thence along with the right fork as marked on said map, to the backwaters of Wolf Pen Run, and following Route 2 from Gem to Copen, as marked on said map, thence with Highway No. 2/3 to the Gilmer County line, and being at or near Toler Fork at the Gilmer County line, and the three members of the Commission voted unanimously to sustain said motion for the enlargement of said Public Service District, said area shall not include the Burnsville Area as marked and designated on said map.

It is, therefore, ORDERED that there be, and hereby is, create an enlargement of the Flatwoods-Canoe Run Public Service District; that the territory to be embraced within said enlargement, within the said District to include and to be as follows:

"All of the Magisterial District of Holly; all of the Magisterial District of Salt Lick, except the Burnsville Area as designated and marked on said map showing that portion of Braxton County, and the boundary lines of the Burnsville District shall be the boundary line between Braxton County and the Counties of Gilmer and Lewis, and thence starting in the Town or Village of Orlando, adjoining the Lewis County line, thence following Oil Creek, to the comfluence of Posey Run and Oil Creek, as designated on said map, thence in a Southerly direction to the backwaters of McCauley Run, and to the Burnsville Dam Site, thence a straight line as marked on said map to the comfluence of Patty's Run and Salt Lick Creek, thence Northerly to the Village of Gem, as marked on said map, thence along with the right fork as marked on said map, to the backwaters of Wolf Pen Run, and following Route 2 from Gem to Copen, as marked on said map, thence with Highway No. 2/3 to the Gilmer County line, and being at or near Toler Fork at the Gilmer County line; which area shall be excluded from the Flatwoods-Canoe Run Public Service District, as shown on said map and the boundaries marked in red; and the Flatwoods-Canoe Run Public Service District shall also include the Magisterial District of Otter, except those portions now included in the boundaries of the Sugar Creek Public Service District within Otter District, but all of said Flatwoods-Canoe Run Public Service District shall be confined within Braxton County, West Virginia." that said Flatwoods-Canoe Run Public Service District shall have all such powers as are provided by the statutes and the laws of the State of West Virginia so made and provided therefor in the said District, and in the territory in this enlargement of said public service dis

Entered this 7th day of February, 1986

THE COUNTY COMMISSION OF BRAXTON COUNTY, WEST VIRGINIA

By: James E. Frame
James E. Frame, its President

Lewis E. Wine
Lewis E. Wine, One of its Members

Ledra Argabrite
Ledra Argabrite, One of its Members

Braxton County, ss.

I, John D. Jordan Clerk of the County Commission of Braxton County, West Virginia, do hereby certify that the foregoing writing is a true copy from the records in my office, the same appearing in General Order Book No. 20 at page No. 16-A.

Given under my hand and the seal of said Commission this 26 day of October 19 90

John D. Jordan Clerk
Braxton County Commission

QUALITY PRINTING CO. SUTTON, WV — RE-ORDER NO. BCC-14

[redacted]

[redacted]

... COUNTY, WEST VIRGINIA.
Deed Book No. 420/334

IN THE MATTER OF THE ENLARGEMENT OF THE FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT.

WHEREAS, on the 15th day of March, on its own motion, at one of its regular meetings, unanimously sustained its own motion, to enlarge the Flatwoods-Canoe Run Public Service District, deeming it necessary, feasible and proper to so enlarge said Flatwoods-Canoe Run Public Service District, and also on its own motion ORDERED the Clerk of this Commission to have published at least once a notice of a public hearing in a newspaper of general circulation in Braxton County, West Virginia, and to post in at least five, (5), conspicuous places in the proposed enlargement of said public service district a copy of said notice, stating, in part and in substance, that the public hearing before this Commission would be held at the Town of Sutton, in the Courtroom of the Circuit Court of Braxton County, West Virginia, in the Courthouse of Braxton County, West Virginia, on Thursday, the 11th day of April, 1985, at 7:30 o'clock, P.M., for the purpose of hearing any and all persons residing in, or owning or having any interest in property in such proposed enlargement of said public service district, for or against its enlargement; and at said hearing said Commission would consider and determine the feasibility of the enlargement of said public service district, and would determine whether or not the construction or acquisition by purchase or otherwise, and maintenance, operation, improvements, and extension of such public service properties by such enlargement of said public service district will be conducive to the preservation of public health, comfort and convenience of such area.

WHEREAS, the Clerk of this Commission caused to be published in the Braxton Citizens News in the issue of March 25, 1985, the following Notice, namely:

"NOTICE OF PUBLIC HEARING TO ENLARGE THE FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT.

All persons residing in, owning or having any interest in property lying within the Magisterial District of Holly, in the Magisterial District of Salt Lick, except the Town of Burnsville, and the Magisterial District

of Otter, except those portions now included in the boundaries of the Sugar Creek Public Service District, in Otter District, pursuant to the provisions of Chapter 16, Article 13A, Section 2 of the Code of West Virginia, as amended, are hereby notified and advised that the County Commission of Braxton County, West Virginia, on its own motion, entered on March 15, 1985, proposed to enlarge the present Flatwoods-Canoe Run Public Service District to include and be as follows:

"All of the Magisterial District of Holly; all of the Magisterial District of Salt Lick, except the Town of Burnsville; and all of the Magisterial District of Otter, except those portions now included in the boundaries of the Sugar Creek Public Service District within Otter District, but all of said Flatwoods-Canoe Run Public Service District shall be confined within Braxton County, West Virginia."; and that an Order has been entered by said County Commission fixing Thursday, April 11 1985, at 7:30 o'clock, P.M., in the Courtroom of the Circuit Court of Braxton County, West Virginia, in the Braxton County Courthouse, as the date, time and place for a public hearing upon the question of the propose enlargement of said public service district to include the aforesaid territory, at which meeting you may attend if you so desire.

This the 15th day of March, 1985.

David L. Jack, Clerk of the County Commission of Braxton County, West Virginia.

(3-22c)"

WHEREAS, a copy of said Notice was duly posted in at least five (5), conspicuous places in the proposed enlargement of said public service district; and,

WHEREAS, this Commission convened on the 11th day of April, 198 at 7:30 o'clock, P.M., in the Courtroom of the Circuit Court of Braxton Co West Virginia, at the Courthouse in the said Town of Sutton, and starting at 7:30 o'clock, P.M., proceeded to have and to hold said public hearing for the reasons aforesaid, for the reasons stated in said Notice and for reasons as provided by the applicable statutes and laws of the State of Wes Virginia; and,

WHEREAS, the Commission heard all persons for and against the enlargement of said Flatwoods-Canoe Run Public Service District, and considered the feasibility of the enlargement of said District, and the matter applicable to the enlargement of the said public service district, and, after mature consideration this Commission is of the opinion that said proposed enlargement of said public service district should be enlarged and created, the creation and enlargement of such enlargement of said public service district being feasible and being conducive to the preservation of public health, comfort and convenience of such area; and,

WHEREAS, an oral protest was made by Charles Sweitzer, Mayor of the Town of Burnsville, against said proposed enlargement of said Public Service District insofar as it would affect the Town of Burnsville and its water system and requested that the Town of Burnsville not be restricted to its corporate limits and to include other areas around Burnsville, including, but not limited to, the area to and including Orlando, the area to Gilmer, the area to and including Gem, and the area adjacent thereto, and to extend from the Town of Burnsville back to the Gilmer County line, and being the area below Burnsville; and,

WHEREAS, said meeting and hearing was adjourned until a regular meeting of this Commission of Friday, April 19, 1985, at 9:00 o'clock, A.M., to enter an order sometime during its said regular session on April 19, 1985, creating the enlargement of said public service district; and,

WHEREAS, this Commission met in one of its regular sessions on Friday, April 19, 1985, starting at 9:00 o'clock, A.M., and all three, (3), members being present, this matter was again discussed and it was agreed that the Burnsville Area would be excluded from the Flatwoods-Canoe Run Public Service District, in Salt Lick District, Braxton County, West Virginia, and would be marked on a map of that area of Braxton County to be agreeable to the officials of the Town of Burnsville and especially Charles Sweitzer, then Mayor of the Town of Burnsville, which was later done on September 11, 1985, by Charles Sweitzer, representing the Town of Burnsville, and Jenivee J. Jones, representing the Flatwoods-Canoe Run Public Service District, which area was marked on said map, and the outside boundaries thereof was marked with red

A.M., and placed thereon to designate the boundaries thereof to be so excluded, and the Burnsville area to be excluded shall be as follows:

Following the boundary lines between the Counties of Lewis and Gilmer, with Braxton County, and starting in the Town or Village of Orlando, adjoining the Lewis County line, thence following Oil Creek, to the Confluence of Posey Run and Oil Creek, as designated on said map, thence in a Southerly direction to the backwaters of McCauley Run, and to the Burnsville Dam Site, thence a straight line as marked on said map to the confluence of Patty's Run and Salt Lick Creek; thence Northerly to the Village of Gem, as marked on said map, thence along with the right fork as marked on said map, to the backwaters of Wolf Pen Run, and following Route 2 from Gem to Copen, as marked on said map, thence with Highway No. 2/3 to the Gilmer County line, and being at or near Toler Fork at the Gilmer County line; and the three members of the Commission voted unanimously to sustain said motion for the enlargement of said Public Service District, said area shall not include the Burnsville Area as marked and designated on said map.

It is, therefore, ORDERED that there be, and hereby is, created an enlargement of the Flatwoods-Canoe Run Public Service District; that the territory to be embraced within said enlargement, within the said District, to include and to be as follows:

"All of the Magisterial District of Holly; all of the Magisterial District of Salt Lick, except the Burnsville Area as designated and marked on said map showing that portion of Braxton County, and the boundary lines of the Burnsville District shall be the boundary line between Braxton County and the Counties of Gilmer and Lewis, and thence starting in the Town or Village of Orlando, adjoining the Lewis County line, thence following Oil Creek, to the confluence of Posey Run and Oil Creek, as designated on said map, thence in a Southerly direction to the backwaters of McCauley Run, and to the Burnsville Dam Site, thence a straight line as marked on said map to the confluence of Patty's Run and Salt Lick Creek, thence Northerly to the Village of Gem, as marked on said map, thence along with the right fork as marked on said map, to the backwaters of Wolf Pen Run, and following Route 2 from Gem to Copen, as

marked on said map, thence with Highway No. 2/3 to the Gilmer County line, and being at or near Toler Fork at the Gilmer County line; which area shall be excluded from the Flatwoods-Canoe Run Public Service District, as shown on said map and the boundaries marked in red; and the Flatwoods-Canoe Run Public Service District shall also include the Magisterial District of Otter, except those portions now included in the boundaries of the Sugar Creek Public Servic District, within Otter District, but all of said Flatwoods-Canoe Run Public Service District shall be confined within Braxton County, West Virginia."' that said Flatwoods-Canoe Run Public Service District shall have all such powers as are provided by the statutes and the laws of the State of West Virginia so made and provided therefor in the said District, and in the territory in this enlargement of said public service district.

Entered this 7th day of February, 1984.

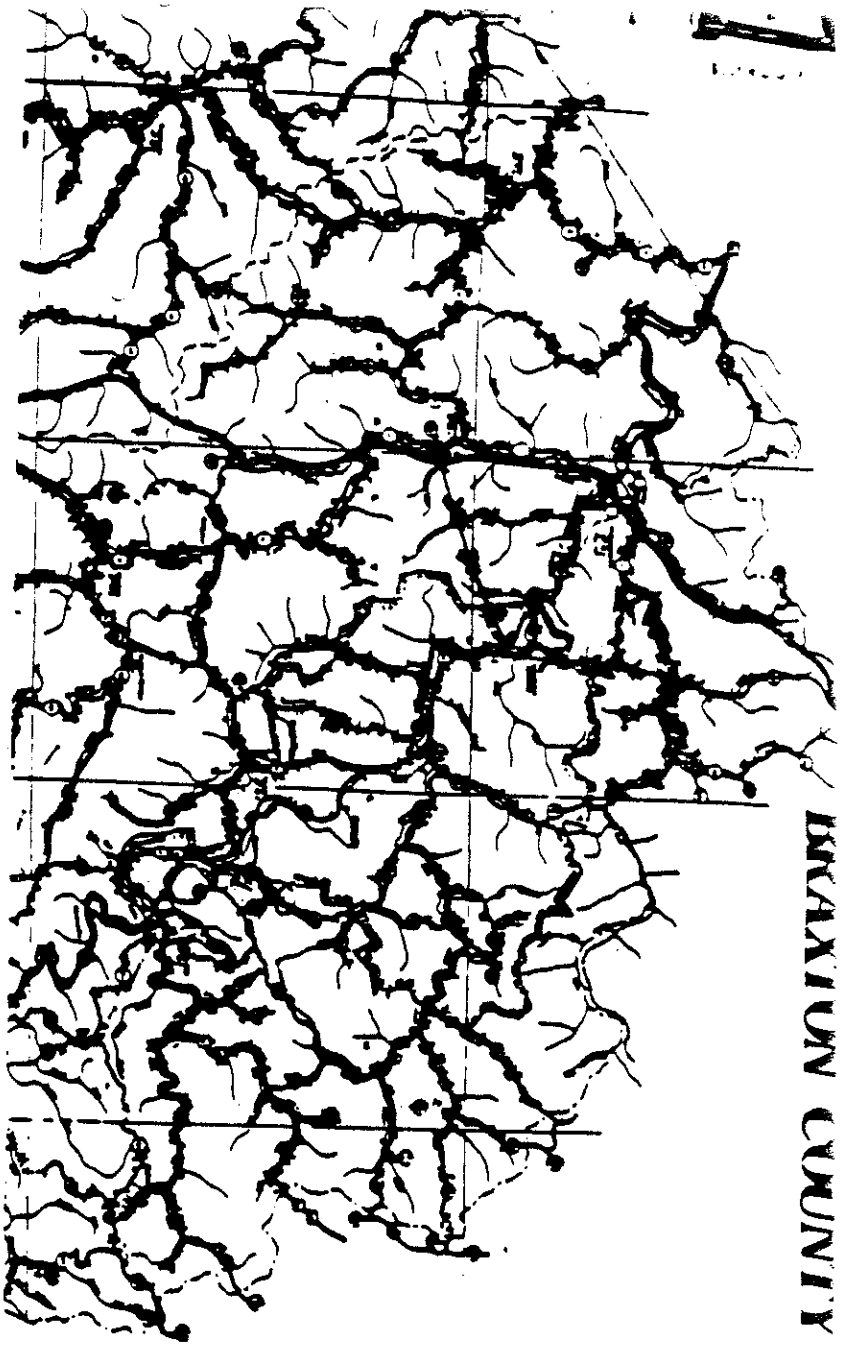
THE COUNTY COMMISSION OF BRAXTON COUNTY, WEST VIRGINIA

By: James L. Frame

James L. Frame, its President

Louis E. Wine, One of its Members

Leora Argabrite, One of its Members



BRAXTON COUNTY

STATE OF WEST VIRGINIA, Braxton County Commission Clerk's Office February 7, 1986

The foregoing Enlargement of Flatwoods-Canoe Run P.S.D. together with the certificate acknowledgment, was this day presented in said office and admitted to record.

Teste David L. Jackson Clerk

I, John D. Jordan, Clerk of the County Commission of Braxton County, West Virginia, do hereby certify that the foregoing writing is a true copy from the records in my office, the same appearing in Deed Book No. 426 at page No. 334

Given under my hand and the seal of said Commission this 26th day of October 19 90

John D. Jordan, Clerk
Braxton County Commission

SS

QUALITY PRINTING CO. SUTTON, WV – RE-ORDER NO. BCC-14

[redacted]

[redacted]

AFFIDAVIT

STATE OF WEST VIRGINIA:
COUNTY OF BRAXTON, TO-WIT:

This day personally appeared before the undersigned Notary Public in and for the state and county aforesaid, Jeniver J. Jones who, being by me first duly sworn, upon his oath deposes and says

1. That he is an attorney at law practicing in Sutton, Braxton County, West Virginia.

2. That he was the counsel to Canoe Run Public Service District from and including all the calendar year 1966 to and including January 2, 1968.

3. That he was counsel to Flatwoods Public Service District from and including all the calendar year 1967 to and including January 2, 1968.

4. That he has been counsel to Flatwoods-Canoe Run Public Service District from and including January 2, 1968, to the date hereof.

5. That, as such counsel, he assisted in the creation of Canoe Run Public Service District and Flatwoods Public Service District, the consolidation of Canoe Run Public Service District and Flatwoods Public Service District as one public service district known as Flatwoods-Canoe Run Public Service District and the enlargement of Flatwoods-Canoe Run Public Service District.

6. That, to the best of his knowledge, information and belief, the petitions filed in connection with the creation of both Canoe Run Public Service District and Flatwoods Public Service District contained the signatures of the required number of legal voters resident within and owning real property within the limits of the respective public service districts.

7. That all notices required to be posted and/or published under Chapter 16, Article 13A, Section 2 of the West Virginia Code of 1931, as amended, and the other applicable provisions of law, as in effect at the relevant time or times, in connection with the creation of both Canoe Run Public Service District and Flatwoods Public Service

District, the consolidation of Canoe Run Public Service District and Flatwoods Public Service District as one public service district known as Flatwoods-Canoe Run Public Service District and the enlargement of Flatwoods-Canoe Run Public Service District were posted and or published in accordance with such requirements of law.

Given under my hand this 14th day of November, 1990.

Jennifer J. Jones

Taken, subscribed and sworn to before me this 14th day of November, 1990.

My commission expires: September 2, 2001

Notary Public

11/13/90
FCRB.GG3
29212/88002

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
LINDA L. COX
370 E. FRANKLIN AVENUE
SUTTON, WV 26601
My Commission Expires September 2, 2001

AT THE REGULAR MEETING OF THE COMMON COUNCIL OF THE TOWN OF SUTTON, WEST VIRGINIA, HELD ON THURSDAY, JANUARY 23, 1969, AT THE COMMUNITY BUILDING, ITS REGULAR MEETING PLACE

Councilman C. W. Humphreys.

I move that the following Resolution be adopted by the Common Council of the Town of Sutton, West Virginia, and that the Council waive any farther readings of the proposed Resolution, the Resolution being as follows:

"Be It Ordained And Resolved By The Common Council Of The Town Of Sutton:

The Common Council of the Town of Sutton hereby resolves that the boundaries of, and within, the corporate limits of the Town of Sutton shall be forthwith included within the boundaries of the Flatwoods-Canoe Run Public Service District, and the Common Council of the Town of Sutton hereby consents to the forthwith inclusion of the boundaries of, and within, the corporate limits of the Town of Sutton within the boundaries of the Flatwoods-Canoe Run Public Service District."

Councilman J. W. Stoneking.

I second the motion

After due deliberation and discussion it was voted unanimously to immediately and forthwith adopt the proposed resolution in its entirety, there being present at said voting the following persons, namely:

O. L. Holcomb, Mayor of the Town of Sutton,

R. W. Cottrip, Recorder of the Town of Sutton,

and C. W. Humphreys, ~~I. W. Stoneking~~,

J. O. Cogar, _____,

and _____, members of the Common Council of the Town of Sutton, all of whom voted in the affirmative to adopt said proposed resolution in its entirety without any change thereof or therein; and further at said time all of said persons voted in the affirmative to waive and to dispense with any reading or readings of said proposed resolution.

C E R T I F I C A T I O N

I, [illegible], Recorder of the Town of Sutton, hereby certify that the foregoing Resolution was duly adopted by unanimous affirmative vote of the members of the Common Council of the Town of Sutton, West Virginia, and the affirmative vote of said Mayor and Recorder of said Town of Sutton, West Virginia, at a regular meeting held of said municipal council of the Town of Sutton, on the 23rd day of January, 1969.

TOWN OF SUTTON

By: [illegible]
Its Recorder

AT THE REGULAR MEETING OF THE COMMON COUNCIL OF THE TOWN OF GASSAWAY, WEST VIRGINIA, HELD ON THURSDAY, JANUARY 23, 1969, AT THE COMMUNITY BUILDING, ITS REGULAR MEETING PLACE

Councilman Harry E. Kyer.

I move that the following Resolution be adopted by the Common Council of the Town of Gassaway, West Virginia, and that the Council waive any further readings of the proposed Resolution, the Resolution being as follows:

"Be It Ordained And Resolved By The Common Council Of The Town Of Gassaway:

The Common Council of the Town of Gassaway hereby resolves that the boundaries of, and within, the corporate limits of the Town of Gassaway shall be forthwith included within the boundaries of the Flatwoods-Canoe Run Public Service District, and the Common Council of the Town of Gassaway hereby consents to the forthwith inclusion of the boundaries of, and within, the corporate limits of the Town of Gassaway within the boundaries of the Flatwoods-Canoe Run Public Service District."

Councilman Howard Heckler.

I second the motion

After due deliberation and discussion it was voted unanimously to immediately and forthwith adopt the proposed resolution in its entirety, there being present at said voting the following persons, namely:

Simon L. Cole, Jr., Mayor of the Town of Gassaway,

Sarah S. Hopkins, Recorder of the Town of Gassaway,

and ~~Howard Heckler~~, Harry F. Kyer

Olen Lively, Jack B. Phillips

and _____, members of the Common Council of the Town of Gassaway, all of whom voted in the affirmative to adopt said proposed resolution in its entirety without any change thereof or therein; and further at said time all of said persons voted in the affirmative to waive and to dispense with any reading or readings of said proposed resolution.

C E R T I F I C A T I O N

I, Sarah S Hopkins, Recorder of the Town of Gassaway, hereby certify that the foregoing Resolution was duly adopted by unanimous affirmative vote of the members of the Common Council of the Town of Gassaway, West Virginia, and the affirmative vote of said Mayor and Recorder of said Town of Gassaway, West Virginia, at a regular meeting held of said municipal council of the Town of Gassaway, on the 23rd day of January, 1969.

TOWN OF GASSAWAY

By: Sarah S Hopkins
Its Recorder

THE BRAXTON COUNTY COMMISSION

Teresa Frame, Commissioner
John E. Gibson, Commissioner
Evelyn Post, Commissioner
John David Jordan, Clerk

TDD (304)765-7366
FAX (304)765-2093

June 8, 2001

Mr. James Rogers, Chairman
Flatwoods-Canoe Run PSD
P.O. Box 677
Sutton, WV 26601

Mr. Rogers;

The Braxton County Commission while sitting in regular session on June 1, 2001 unanimously approved the reappointment of Jim McQuain to the Flatwoods-Canoe Run PSD Board of Directors. His term will run from January 31, 2001 thru January 31, 2007.

The Commission wishes to extend their thanks for his service to the county and the PSD.

Sincerely,

John D. Jordan, Clerk
Braxton County commission

BRAXTON COUNTY COMMISSION MEETING

DECEMBER 3, 1999

THE BRAXTON COUNTY COMMISSION CONVENED IN REGULAR SESSION FRIDAY DECEMBER 3, 1999 AT 9:00 AM WITH THE FOLLOWING PRESENT: HARRY L. WRIGHT, PRESIDENT; TERESA FRAME AND JOHN GIBSON, COMMISSIONER'S; JOHN D. JORDAN, CLERK; BRENDA COFFMAN, ED GIVEN, CITIZEN'S NEWS; JOAN BIAS BRAXTON DEMOCRAT; JACK BOONE, ELK & LITTLE KANAWHA NEWS; JEFF JOHNSON O'DELL BARBER, SHANE WHEELER, DAVID GOFF, TOM FAST, VAN CARR, STEVE SANDERS AND CHARLES MCCUMBERS.

///

TOM FAST, ATTORNEY, FOR GENERAL AMBULANCE SERVICE, APPEARED BEFORE THE COMMISSION TO INFORM THEM THEY FELT THEY DID NOT HAVE TO HAVE THE PERMISSION OF THE COUNTY COMMISSION TO PLACE AN AMBULANCE SERVICE IN BRAXTON COUNTY. HE STATED THE COMPANY HAD PROBLEMS WITH THE CONTRACT EMS REGION VII AND VIII WAS REQUIRING OF PROVIDERS IN THEIR AREA AND HAD DISCUSSED THE PROBLEM WITH THE REGIONS ATTORNEY AND A NEW CONTRACT WAS BEING CREATED BY THE REGION. HE INFORMED THE COMMISSION THAT ONE AMBULANCE HAS BEEN INSPECTED AND APPROVED BY THE REGION AND A MEETING WITH THE REGIONAL DIRECTOR LATER TODAY SHOULD GIVE THE COMPANY THE FINAL APPROVAL THEY WOULD NEED TO SERVE THE AREA.

HE REQUESTED IN A VERBAL PROPOSAL TO BE DISPATCHED BY BRAXTON CONTROL ON ALL CALLS OF A LIFE THREATENING NATURE AT THE SAME TIME AS BRAXTON EMS IS DISPATCHED STATING THE FIRST AMBULANCE TO ARRIVE AT THE SCENE WOULD BE THE PROVIDER OF SERVICE. THE BRAXTON EMS WOULD BE DISPATCHED ON ALL BASIC LIFE SUPPORT CALLS AND IF THE EMS WAS NOT ENROUTE WITHIN FIVE (5) MINUTES OF THE CALL BEING RECEIVED GENERAL AMBULANCE WOULD THEN BE DISPATCHED. THE COMMISSION ASKED MR. FAST SOME QUESTIONS ON THE PROPOSAL AND THEN REQUESTED HE REDUCE HIS PROPOSAL TO WRITING AND FAX IT TO COMMISSION PRESIDENT WRIGHT. COMMISSION PRESIDENT WRIGHT MOVED TO TABLE ANY ACTION ON THE PROPOSAL UNTIL THE COMMISSION HAD AN OPPORTUNITY TO DISCUSS THE REQUEST WITH THE EMS AUTHORITY BOARD, HOSPITAL AND THE E-911 COUNCIL, THE MOTION WAS SECONDED BY COMMISSIONER FRAME AND UNANIMOUSLY APPROVED.

///

ON MOTION OF COMMISSIONER FRAME AND SECONDED BY COMMISSIONER GIBSON UNANIMOUSLY APPROVED ALL PROBATE APPOINTMENTS FOR THE MONTH OF NOVEMBER, 1999 AS ASSIGNED BY JOHN .JORDAN, CLERK IN VACATION OF THE REGULAR TERM OF COURT.

///

THE COMMISSION THEN CONSIDERED THE SPECIAL FIDUCIARY COMMISSIONER'S REPORT OF ROBERT R. SOWA IN THE ESTATES OF MAXINE HALSTEAD, DECEASED AND JOHN EMERICH, DECEASED. AFTER DISCUSSION AND ON MOTION OF COMMISSIONER GIBSON AND SECONDED BY COMMISSIONER FRAME UNANIMOUSLY APPROVED THE REPORTS AND SIGNED AN ORDER TO HAVE THE FIDUCIARY'S OF THESE SEPARATE ESTATES CONFORM TO HIS RULING AND THE ESTATES ARE TO PAY THE SPECIAL COMMISSIONERS FEE.

///

ON MOTION OF COMMISSIONER FRAME AND SECONDED BY COMMISSIONER GIBSON UNANIMOUSLY APPROVED THE FINAL SETTLEMENT IN THE ESTATE OF TOM GILLESPIE AS PRESENTED.

///

ON MOTION OF COMMISSIONER GIBSON AND SECONDED BY COMMISSIONER FRAME UNANIMOUSLY APPROVED THE FOLLOWING PURCHASE ORDER REQUEST:

#1690 - J & S FORMS	- COUNTY CLERK - COMPUTER CHECKS	- $ 653.75
1691 - XEROX CORP.	- COUNTY CLERK - DRY INK	- $ 333.00
1692 - DAYTON LEGAL	- COUNTY CLERK - FILE CABINET	- $1488.00
1685 - XEROX CORP.	- SHERIFF, LAW - COPY CARTRIDGE	- $ 327.00

///

ON MOTION OF COMMISSIONER FRAME AND SECONDED BY COMMISSIONER GIBSON UNANIMOUSLY APPROVED THE RE-APPOINTMENT OF DAVID HUFFMAN TO THE FLATWOODS CANOE RUN PSD BOARD FOR A 6 YEAR TERM AND HIS TERM WILL EXPIRE 12/2006.

///

ON MOTION OF COMMISSIONER FRAME AND SECONDED BY COMMISSIONER GIBSON

BRAXTON COUNTY COMMISSION

SPECIAL MEETING

January 12, 1998

The Braxton County Commission convened in special session Monday January 12, 1998 at 9:00 am pursuant to WV Code 7-1-2 as called by the President and with concurrence of both commissioner's. Present: President Harry Wright, Commissioner Teresa Frame, John D. Jordan, Clerk and Joni Cutlip, Citizens News. The purpose of this meeting is to set the rate of pay for the contractors rebuilding the annex courtroom and offices for Magistrate Court.

///

After discussion and on motion of Commissioner Harry L. Wright, and properly seconded by Commissioner Teresa Frame, the commission unanimously approved the following rates:

Bob Hayes - $18.00 per hour plus $2,00 per hour for tools and truck.
John Ware - $12.00 per hour

///

There being no further business that may be conducted at this meeting and on motion of Commissioner Frame, and seconded by Commissioner Wright, unanimously approved adjournment at 9:10 am.

Attest: John D. Jordan
John D. Jordan, Clerk
Braxton County Commission

BRAXTON COUNTY COMMISSION MEETING

JANUARY 16, 1998

The Braxton County Commission convened in regular session Friday January 16, 1998 at 9:00 am with the following present: Harry Wright, President; Teresa Frame and Roy C. Huffman, Commissioners; John D. Jordan, County Clerk; Joni Cutlip, Citizens News; Joan Bias, Braxton Democrat; Jack Boone, Elk & Little Kanawha News; Fred Thompson, Lewis Wine, Tim Frame, Jim Bailey, L.E. Wine, Brent Nettles and Wilma Nettles.

///

Brent Nettles appeared before the Commission to inform them the State Tax Department has lowered the values of the Oil & Gas from $15.00 per acre to $10.00 per acre as stated in a letter on file in the Secretary of States office. He informed the Commission that during the Board of Equalization they could submit a letter to the tax department requesting the values to be assessed at the $15.00 per acre assessment. No action taken at this time.

///

Jim Bailey appeared before the Commission to give them an update on the Little Kanawha Parkway Scenic Byway and the Ceder Creek Road Scenic Backway programs and to request funding in the amount of $250.00 for grant funding and to have a Memorandum of Understanding approved and signed by the president of the Commission. After discussion and on motion of Commissioner Huffman and seconded by Commissioner Frame unanimously approved the request for the $250.00 for matching grant funds and to sign the memorandum.

///

On motion of Commissioner Huffman and seconded by Commissioner Frame unanimously approved all short form settlements as presented by Tamera Facemire, Fiduciary Supervisor.

///

On motion of Commissioner Wright and seconded by Commissioner Frame unanimously approved:

A. Applications for correction of assessments for:
   1. Maxine Nottingham
   2. Charlotte Brown

///

On motion of Commissioner Frame and seconded by Commissioner Huffman unanimously approved the reappointment of James Rogers to the Flatwoods Canoe Run P&D Board of Directors for a six (6) year term.

///

On motion of Commissioner Wright and seconded by Commissioner Huffman unanimously approved the appointment of Lou Carol Rader to the Region VII Planing and Development Council.

unanimously approved the depository bonds from the Home National Band and Bank of Gassaway after some changes are made to the Bank of Gassaway's form.

///

After a pause to review the bills and on motion of Commissioner Frame and seconded by Commissioner Huffman, unanimously approved payment of bills as presented and to include the Regional Jail Bill of $9,880.00.

///

On motion of Commissioner Frame and seconded by Commissioner Huffman unanimously approved the signing of the GemCapital Escrow form to Bell Atlantic for the E-911 equipment.

///

On motion of Commissioner Frame and seconded by Commissioner Huffman unanimously approved the Appointment of Larry Joe Brown, Democrat and Alfred Lipps, Republican as the emergency Absentee Ballot Commissioners for the May 12, 1998 Primary election.

///

After review of draft of the contract with WTK Associates for work on the installation of an elevator or chair lift in the courthouse and on motion of Commissioner Huffman and seconded by Commissioner Frame unanimously approved signing an original by the President when it is received.

///

After discussion on hiring an Assistant Prosecutor with Prosecutor Paula Cunningham the Commission wanted to review the budget prior to making any decision and recessed the meeting at 10:10 am to study the budget. After a reconvening at 10:25, the Commission on motion of Commissioner Huffman and seconded by Commissioner Frame unanimously approved the hiring of Susan Morris Krosmico as an Assistant Prosecutor on a 90 day probationary period at a salary of $34,000 per year and would not receive any insurance coverage.

///

There being no further business to act on, and on motion of Commissioner Huffman and seconded by Commissioner Frame, unanimously approved adjournment at 10:30 a.m. until February 6, 1998 at 9:00.a.m.

ATTEST: John D. Jordan
John D. Jordan, Clerk
Braxton County Commission

STATE OF WV COUNTY OF BRAXTON, to-wit:

I, John D. Jordan, County Clerk, do hereby certify that the foregoing is a true and accurate copy of the record in my office in Deed Book No. 31 at Page 316 as taken from the records given under my hand this 14th day of Jan 19 98

COUNTY CLERK

RULES OF PROCEDURE

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

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

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed Flatwoods-Canoe Run Public Service District, and in the center "seal" as follows:

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

ARTICLE II

PURPOSE

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

ARTICLE III

MEMBERSHIP

Section 1. The members of the Public Service Board of this District shall be those persons appointed by The County Commission of Braxton County, West Virginia, or otherwise appointed pursuant to the Act, who shall serve for such terms as may be specified in the order of the County Commission or otherwise.

Section 2. Should any member of the Public Service Board resign or otherwise become legally disqualified to serve as a member of the Public Service Board, the Secretary shall immediately notify the County Commission or other entity provided under the Act and request the appointment of a qualified person to fill such vacancy. Prior to the end of the term of any member of the Public Service Board, the Secretary shall notify the County Commission or other entity provided under the Act of the pending termination and request the County Commission or other entity provided under the Act to enter an order of appointment or re-appointment to maintain a fully qualified membership of the Public Service Board.

ARTICLE IV

MEETINGS OF THE PUBLIC SERVICE BOARD

Section 1. The members of the Public Service Board of this District shall hold regular monthly meetings on the 2nd Wednesday of each month at such place and hour as the members shall determine from time to time. If the day stated shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the Public Service Board may be called at any time by the Chairman or by a quorum of the Board.

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

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

PUBLIC NOTICE OF MEETINGS

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

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

B. A notice shall be posted by the Secretary of the Public Service Board at the front door to the Braxton County Courthouse and at the front door of the place fixed for the regular meetings of the Public Service Board at least 48 hours before a special session is to be held, stating the time, place and purpose for which such special session shall be held. If the special session is cancelled, a notice of such cancellation shall be posted at the front

doors of the Courthouse and the meeting place as soon as feasible after such cancellation has been determined upon.

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

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

NOTICE OF SPECIAL SESSION

The Public Service Board of Flatwoods-Canoe Run Public Service District will meet in special session on _____, at _____ .m., prevailing time, at _____, West Virginia, for the following purposes:

1. To consider and act upon a proposed Bond Authorizing Resolution providing for the issuance of a _____ Bond, Series _____, of the District, in the principal amount of $_____, to provide funds for construction of _____ facilities of the District.

2.

_____
Secretary

Date: _____

ARTICLE V

OFFICERS

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

Section 2. The officers of the Public Service Board shall be elected each year by the members at the first meeting held in the month of January of such year. The officers so elected shall serve until the next annual election by the membership and until their successors are duly elected and qualified. Any vacancy occurring among the officers shall be filled by the members of the Public Service Board at a regular or special meeting. Persons selected to fill vacancies shall serve until the following January meeting of the Board when their successors shall be elected hereinabove provided.

ARTICLE VI

DUTIES OF OFFICERS

Section 1. When present, the Chairman shall preside as Chairman at all meetings of the Public Service Board. He shall, together with the Secretary, sign the minutes of all meetings at which he shall preside. He shall attend generally to the executive business of the Board and exercise such powers as may be conferred upon him by the Board, by these Rules of Procedure, 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.

04/11/94
FCRJ.U1
29212/92001

OATH OF OFFICE

I, DAVID HUFFMAN,
do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of
BOARD MEMBER
of the **FLATWOODS - CANOE RUN PUBLIC SERVICE DISTRICT BOARD**
to the best of my skill and judgment,
SO HELP ME GOD.

David Huffman

CERTIFICATION

STATE OF WEST VIRGINIA,
COUNTY OF BRAXTON, TO-WIT:

The foregoing oath of office was taken before me in said County and State by David Huffman on the 6th day of April, 1994.

John David Jordan, Clerk of the County Commission of Braxton County

STATE OF WEST VIRGINIA, Braxton County Commission Clerk's Office April 7, 1994
The foregoing Oath of Office together with the certificate of acknowledgment, was this day presented in said office and admitted to record.
Teste: John D Jordan Clerk

0002 694

OATH OF OFFICE

STATE OF WEST VIRGINIA,

COUNTY OF BRAXTON, TO-WIT:

I, Jim McQuain *, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of* Board Member of the Flatwoods Canoe Run PSD *to the best of my skill and judgment SO HELP ME GOD.*

Jim McQuain
Signature of Affiant

Subscribed and sworn to before me in my said County and State this the 22nd *day of* May *, 19*96*.*

My Commission expires:
July 15, 1997

Susan K. Lunceford

OFFICIAL SEAL
STATE OF WEST VIRGINIA
SUSAN K. LUNCEFORD
[illegible]
[illegible]
[illegible]

STATE OF WEST VIRGINIA, Braxton County Commission Clerk's Office May 22, 1996

The foregoing Oath of Office together with the certificate acknowledgment, was this day presented in said office and admitted to record.

Teste: John D. Jordan/SL Cle

CASTO & HARRIS INC., SPENCER, W. VA. RE-ORDER OF 2605-95

OATH OF OFFICE

STATE OF WEST VIRGINIA,

COUNTY OF BRAXTON, TO-WIT:

I, **James Rogers** *, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of* **Flatwoods Canoe Run-PSD Board Member** *to the best of my skill and judgment SO HELP ME GOD.*

James O. Rogers
Signature of Affiant

Subscribed and sworn to before me in my said County and State this the 20th *day of* January, *19*98.

John D. Jordan
John D. Jordan, Clerk
Braxton County Commission

P.S. C. W. Va. No. 8
Canceling P.S.C. W. Va. No. 7

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT, a public utility

OF

SUTTON, WEST VIRGINIA

RATES, RULES AND REGULATIONS FOR FURNISHING

WATER

Between Gassaway and Sutton and including Flatwoods and vicinity, Braxton County, West Virginia

Filed with THE PUBLIC SERVICE COMMISSION
of
WEST VIRGINIA

Issued September 13, 2001

Effective or and after the date that the project becomes operational

Issued by authority of an Order of the
Public Service Commission of West Virginia
in Case No. 00-1572-PWD-CN final
September 12, 2001, or as otherwise provided herein

Issued by Flatwoods-Canoe Run Public Service District, a public utility

By_____

_____
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.

(C) APPLICABILITY

Applicable to entire territory served

AVAILABILITY OF SERVICE

Available for general domestic and commercial service

(A) RATE

First	2,000 gallons used per month	$ 7.27 per 1,000 gallons
Next	28,000 gallons used per month	$ 4.82 per 1,000 gallons
Next	870,000 gallons used per month	$ 3.76 per 1,000 gallons
Next	8,100,000 gallons used per month	$ 3.13 per 1,000 gallons
Over	9,000,000 gallons used per month	$ 2.51 per 1,000 gallons

(A) MINIMUM CHARGE

The monthly minimum charge will be as follows, according to the size of the meter installed:

	5/8 inch meter	$ 14.54 per month
	3/4 inch meter	$ 21.81 per month
1	inch meter	$ 36.35 per month
1 - 1/2	inch meter	$ 72.70 per month
2	inch meter	$116.32 per month
3	inch meter	$218.10 per month
4	inch meter	$363.50 per month
6	inch meter	$727.00 per month

(A) INDUSTRIAL RATE

$4.97 per 1,000 gallons used per month

(A) RESALE RATES

$2.86 per 1,000 gallons

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid within twenty (20) days, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

(A) WATER SERVICE CHARGE

A charge of $20.00 shall be made for restoring a discontinued water connection.

CONNECTION CHARGE

Subsequent to completion of construction adjacent to the user' property - $200.00

(A) Indicates increase

FIRE PROTECTION SCHEDULE

AVAILABILITY OF SERVICE

Available for private fire protection service.

RATE

Where connections, hydrants, sprinklers, etc., on private property are maintained by consumer:

	Per Month
2 - inch Service Line with hydrants, sprinklers, and/or hose connections	$ 2.50
3 - inch Service Line with hydrants, sprinklers, and/or hose connections	$ 5.65
4 - inch Service Line with hydrants, sprinklers, and/or hose connections	$ 9.90
6 - inch Service Line with hydrants, sprinklers, and/or hose connections	$ 25.10
8 - inch Service Line with hydrants, sprinklers, and/or hose connections	$ 41.15
10 - inch Service Line with hydrants, sprinklers, and/or hose connections	$ 73.00
12 - inch Service Line with hydrants, sprinklers, and/or hose connection	$102.25

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid within twenty (20) days, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

CITIZENS' NEWS

Post Office Box 516 Sutton
501 Main Street, Sutton, WV
304-765-5193

PUBLISHER'S CERTIFICATE OF PUBLICATION

I, **Edward R. Given**, managing editor and publisher of the **Braxton Citizens' News**, a newspaper of general circulation, published at Sutton, in the County of Braxton, West Virginia, do certify that the attached:

Legal Advertisement

was published in said newspaper for 2 consecutive issues, to-wit, in its issues of 7/3; 7/10, 2001.

Managing Editor

Taken, sworn to and subscribed by the said **Edward R. Given** before me, in Braxton County, West Virginia, this 11th day of July, 2001.

Notary Public

My commission expires July 2, 2007.

Official Seal
Notary Public, State of West Virginia
Jessica Marlene Rollyson
1100 Herald Rd.
Sutton, WV 26601
My commission expires July 2, 2007

ABSTRACT OF RESOLUTION AND NOTICE OF PUBLIC HEARING

Pursuant to the provisions of West Virginia Code Chapter 6, Article 9A, Section 6 and Chapter 16, Article 13A, as amended, you are hereby notified that a public hearing before the Public Service Board (the "Board") of the Flatwoods-Canoe Run Public Service District (the "District") will be held on the 18th day of July, 2001, at which public hearing the Board will consider for adoption a Resolution entitled:

RESOLUTION AUTHORIZING THE FINANCING OF CERTAIN INDEBTEDNESS AND THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS FOR THE PUBLIC WATER SYSTEM OF THE FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT, AND THE FINANCING OF SUCH COSTS THROUGH THE ISSUANCE BY THE DISTRICT OF NOT TO EXCEED $2,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2001 (BLUEFIELD AREA EXTENSION PROJECT); WITH BOND PROCEEDS TO BE USED, ALONG WITH OTHER FUNDS AND MONEYS OF, OR AVAILABLE TO, THE FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT WHICH MAY BE LAWFULLY EXPENDED FOR SUCH PURPOSES, TO FUND RESERVE ACCOUNTS FOR SUCH BONDS, AND TO PAY OTHER COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE OWNERS OF SUCH BONDS; PLEDGING NET REVENUES AS SECURITY FOR BONDS; PLACING LIMITATION ON SALE OF SYSTEM; AND AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The Resolution will be considered at a public hearing to be held on July 18, 2001. The Resolution would authorize the District to issue not to exceed $2,500,000 of its Water Revenue Bonds, Series 2001 (Bluefield Area Extension Project) (the "Bonds"). The Bonds would provide a portion of the funds to acquire, construct and equip certain betterments and improvements to the District's water system (the "System").

The entire amount of the principal of and interest on the Bonds would be paid from revenues generated from the operation of the System. The Resolution further provides as follows:

1. The debt service on the Bonds would be payable from the revenues of the System.

2. The District has the authority under Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended, to finance the operations of the System.

3. The District has determined that the revenues generated by the operation of the System are sufficient to pay the principal of and interest on the Bonds as the same become due including all sinking fund and other payments provided for in the Resolution.

4. The Resolution provides that it is in the best interest of the District to sell the Bonds, at an annual interest rate not to exceed 6.50% and in the principal amount not to exceed $2,500,000, to The Depository Trust Company, for credit to the account of Crews and Associates, Inc., as Underwriter. The Bonds shall mature not more than 35 years from their date of issuance.

5. The Resolution provides that the Chairman shall execute the Bonds in the name of the District, and the seal of the District shall be affixed thereto or imprinted thereon and attested by the Secretary. The West Virginia Municipal Bond Commission shall serve as the Paying Agent of the Series 2001 Bonds.

6. The Resolution provides for the continuation of the Revenue Fund, the disposition of System revenues, the payment of operating expenses, the payment of annual and semi-annual principal and interest, when due, the creation of a reserve account, the continuation of a Renewal and Replacement Fund, and the use of excess funds of the System.

7. The Resolution provides for the use of the Bond Proceeds for the construction of additions and betterments to the System and the manner and method of disbursing the proceeds of the Bonds.

8. The Resolution provides for the investment of the Bond proceeds and includes covenants designed to maintain the Bonds' tax-exempt status.

9. The Resolution establishes terms for default and remedies of the owners of the Bonds.

A copy of the Resolution is available for examination by any interested person at District Hall during regular office hours of such office, which are 8:30 a.m. to 4:30 p.m., Monday through Friday.

The District contemplates the issuance of the Bonds described in and under the conditions set forth in the Resolution abstracted above. The public hearing will be held at East End of Main Street, Sutton, West Virginia, on the 18th day of July, 2001, at 1:15 p.m., and any person or persons interested may appear before the Board and be heard and may present protests and objections to the passage of the Resolution and the issuance of the Bonds.

Dated this 27th day of June, 2001.

FLATWOODS-CANOE RUN
PUBLIC SERVICE DISTRICT
BRAXTON COUNTY,
WEST VIRGINIA
James Rogers, Chairman
Jim McQuain, Secretary 7-10

FLATWOODS-CANOE RUN
PUBLIC SERVICE DISTRICT

Board Meeting Minutes
July 18, 2001

Board Chairman Jim Rogers opened the meeting by acknowledging those present. Those attending the meeting were Camden Hudkins, resident of the area known as Caress/Replete; H. Wyatt Hanna III, the District's Attorney; Todd Dingess, Smith, Cochran and Hicks, CPA's; Doug Schmidt and Frederick Hypes, Dunn Engineers; David Huffman, Flatwoods-Canoe Run Public Service District (FCRPSD) Board Treasurer; Jimmy McQuain, FCRPSD Board Secretary, Bill Bragg, Goodwin & Goodwin, LLP and Steven J. Sanders, FCRPSD General Manager.

The first order of business was the approval of the printed minutes from the June meeting. Jim Rogers asked for approval.

Jimmy McQuain: **"I make a motion we approve the minutes of last month's meeting as presented."**

Dave Huffman: **"I second that motion."**

The motion passed following unanimous approval in the affirmative.

The next item of business concerned the public hearing for the Bluefield Water Project. Bill Bragg from Goodwin and Goodwin introduced himself. Mr. Bragg explained that Goodwin and Goodwin, Attorneys at Law, had been selected to be Bond Counsel for the Bluefield Extension Project. His office prepared the Bond Resolution. "The (State) Code requires, for purposes of approval of a bond resolution, that advertisement of a public hearing be made and a public hearing be held."

It was noticed that an affidavit of publication was provided showing the above public hearing was advertised on July 3, 2001 and July 10, 2001in the Braxton Citizen's News. Mr. Bragg then opened the public hearing meeting for discussion and explained the Bluefield Project to those present. Mr. Bragg then read the title of the resolution and explained that the bonds generated by this project would be issued by the District and sold to an underwriter, Cruz & Associates, and they will go out and sell the bonds to members of the public, bank trust departments, individuals who would be interested in such instruments. "We have also sent notice to your existing bondholders to advise them of your proposed issuance of these bonds, including Rural Utilities Services and the West Virginia Infrastructure Council. We want to issue these bonds on parity with that debt. This means they would be on an equal footing and that the revenues generated by the operation of your water system would be used equally on a pro-rata basis to pay that existing indebtedness and this new indebtedness. The revenue structure and the revenue stream have been evaluated so it will be sufficient to be able to pay all that is necessary and maintain a debt service coverage of 115% coverage," said Mr. Bragg.

Todd Dingess then explained that actual proposed coverage was 131% but that we will maintain whatever is required by the various agencies.

A short discussion was then held concerning the budget and revising the Bluefield budget. Doug Schmidt said issues of condemnation could run legal costs higher. The line items of the budget were discussed between Todd Dingess, Doug Schmidt and the Board members.

The Water Upgrade project was next up for discussion. Fred Hypes reported that the new pressure reduction valve was installed in the yard of David Heffner. Steve Sanders explained he had watched Weyerhaeuser's usage quite closely and there did appear to be a pattern. He also explained that pressure had been reduced in front of Weyerhaeuser from 230 pounds to about 190 pounds. Fred explained that the new configuration should be much better than the former. Jim Rogers explained his house was getting a much better flow.

Fred then talked about the tank above Weyerhaeuser. A discussion was held concerning the telemetry system related to that tank and the entire FCRPSD system. Fred Hypes said he was not ready to make a recommendation at this time until we have a couple of firms make proposals.

Next was the Skidmore Run Sewer Project. Mr. Hypes said he has been involved with the contractor in price negotiations and they are close to finalizing the amount.

The Wastewater Upgrade Project was the next discussion. Doug talked about what has happened to date, summing up that we have agreed to resubmit the contract for the facilities plan to DEP at a revised cost that did not include CSO monitoring because of the costs involved. It was also noted that DEP had concluded that since we were a CSO community, we were always going to be one because of the huge cost involved in changing the system without adding customers. "This reduced the cost from 104-thousand to 78-thousand", said Doug. "But we could not get DEP to guarantee this would not come back and bite us somewhere down the road. So we are at some risk by not doing it now and may have to come back and do it later. We've reduced the cost and reduced the scope, eliminated the cso monitoring. We now need to resubmit the contract to DEP with the $78,000.00 contract. I will take that responsibility."

A short discussion was held that had to do with whether or not the contract would have to be submitted to the PSC for approval. It was determined that since the contract would be less than the original, it was not necessary to resubmit to PSC.

Next was the opening of the bids for auditing services. The first to be opened by attorney H. Wyatt Hanna was a bid from Harris and Associates. "The bid is $2,950.00 (two thousand nine hundred fifty dollars) for the sewer and $2,950.00 (two thousand nine hundred fifty dollars) for the water for a total of $5,900.00 (five thousand nine hundred dollars) which does include the Public Service Commission Report. Bassett & Associates was the next to open. He has given a price as a lump sum of $6,200.00 (six thousand two hundred dollars) and does not mention the PSC report." The next bid came from Sareen & Associates of Manassas. "Their fee says they will charge $3,825.00 (three thousand eight hundred twenty-five dollars), of which the remaining 20% will be billed at the delivery of the audit report. Sareen does not mention the PSC report. My recommendation is that the General Manager review these bids and see they are in compliance with what was requested as far as scope of services and make a recommendation at the next meeting.

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

201 THIRD STREET
PARKERSBURG, WEST VIRGINIA 26101
(304) 485-2345

P.O. BOX 349
500 CHURCH STREET
RIPLEY, WEST VIRGINIA 25271
(304) 372-2651

Charleston

October 18, 2001

Flatwoods-Canoe Run Public Service District
P.O. Box 677
Sutton, WV 26601

Crews & Associates, Inc.
300 Summers Street, Suite 930
Charleston, WV 25301

Re: $2,240,000 Flatwoods-Canoe Run Public Service District
Water Improvement and Refunding Revenue Bonds
Series 2001 (Bluefield Area Extension Project)

Gentlemen:

We have examined a record of proceedings relating to the issuance by the Flatwoods-Canoe Run Public Service District (the "Issuer") of its Water Improvement and Refunding Revenue Bonds, Series 2001 (Bluefield Area Extension Project), in the principal amount of $2,240,000, bearing interest on the unpaid principal balance from date of delivery at the rates specified therein per annum, and dated on the date hereof (the "Bonds").

The Bonds have been authorized by a Bond Resolution duly adopted by the Public Service Board of the Issuer, which is the governing body of the Issuer, on July 18, 2001 (the "Bond Resolution"), and offered for sale pursuant to the terms of an Offering Statement dated October 11, 2001.

Principal and interest on the Bonds are payable in semi-annual installments for thirty (30) years after delivery of the Bonds, the final installment to be in the sum of the unpaid principal and interest due on the date thereof. Principal installments upon the Bonds are subject to payment in advance as provided therein and in the Bond Resolution.

The Bond Resolution and the Bonds provide that the issue is for the purpose of financing a portion of the costs associated with improvements to the existing water system (the "System") of the Issuer. In addition, a small portion of the bond proceeds will be used to refinance certain existing indebtedness.

In rendering this opinion, we have relied, in part, upon the General Certificate of the Issuer.

It is our opinion that:

1. The Issuer is a duly organized and presently existing public service district and is a public corporation and a political subdivision of the State of West Virginia with full power and authority to incur debts of the System and issue and sell the Bonds, all under the provisions of Chapter 16, Article 13A (the "Act"), of the Code of West Virginia of 1931, as amended, and other applicable provisions of law.

2. The Issuer, through its Public Service Board, has legally and effectively adopted the Bond Resolution in connection with the bond issue and issued, sold and delivered the Bonds to The Depository Trust Company, for credit to Crews & Associates, Inc., as the Underwriter.

3. As of this date, the Bonds are in due and proper form and have been duly executed and delivered and constitute a valid and legally enforceable special obligation of the Issuer secured by and payable solely from a statutory lien with the Bonds, as described in the Bond Resolution, and a pledge of the net revenues of the System, all in accordance with the terms of the Bonds and the Bond Resolution. The Bonds are secured by and payable from the net revenues which are pledged and are on parity with the lien and security of the Issuer's Water Revenue Bond, Series 1996 A, its Water Refunding Revenue Bond, Series 1996 B and its Water Revenue Bonds (West Virginia Infrastructure Fund), Series 1998 B (collectively, the "Prior Bonds").

4. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as described for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on

the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. The Bonds and the interest thereon are, under the Act, exempt from taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

6. It is to be understood that the rights of the holder of the Bonds and the enforceability of the Bonds and the Bond Resolution, and the liens and pledges set forth therein, may be subject to and this opinion is limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

7. The Issuer has designated the Bonds as "qualified tax-exempt obligations" for purposes of the Code and has covenanted that it does not reasonably expect to issue more than $10,000,000 of tax-exempt obligations during calendar year 2001. Therefore, the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

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

TELEPHONE (304) 346-7000
TELECOPIER (304) 344-9692
www.goodwingoodwin.com

201 THIRD STREET
PARKERSBURG, WEST VIRGINIA 26101
(304) 485-2345

P.O. BOX 349
500 CHURCH STREET
RIPLEY, WEST VIRGINIA 25271
(304) 372-2651

Charleston

October 18, 2001

Flatwoods-Canoe Run Public Service District
P.O. Box 677
Sutton, WV 26601

Re: $2,240,000 Flatwoods-Canoe Run Public Service District
Water Improvement and Refunding Revenue Bonds
Series 2001 (Bluefield Area Extension Project)

Ladies and Gentlemen:

Based upon our examination of the law and our review of the Tax Regulatory Agreement and No Arbitrage Certificate issued by the Flatwoods-Canoe Run Public Service District, of even date herewith, we are of the opinion that the facts, estimates and circumstances are sufficiently set forth in said Certificate to satisfy the criteria which are necessary under Section 148 of the Internal Revenue Code of 1986, as amended, to support the conclusion that the obligations of the captioned bond issue will not be arbitrage bonds. No matters have come to our attention which make unreasonable or inaccurate the representations made in said Agreement and Certificate.

Respectfully submitted,

Goodwin & Goodwin, LLP

GOODWIN & GOODWIN, LLP

H. Wyatt Hanna, III

ATTORNEY AT LAW

512 D STREET • P.O. BOX 8070 • SOUTH CHARLESTON, WEST VIRGINIA 25303
(304) 744-3150 • FAX (304) 744-3157

October 18, 2001

Flatwoods-Canoe Run PSD
P.O. Box 677
Sutton, WV 26601

Crews & Associates, Inc.
300 Summers Street, Suite 930
Charleston, WV 25301

Re: $2,240,000 Flatwoods-Canoe Run Public Service District
Water Improvement and Refunding Revenue Bonds
Series 2001 (Bluefield Area Extension Project)

Gentlemen:

I have acted as Counsel for the Flatwoods-Canoe Run Public Service District (the "Issuer") in connection with the issuance and sale by the Issuer of its $2,240,000 Water Improvement and Refunding Revenue Bonds, Series 2001 (the "Bonds"). In so acting, I have examined, among other things, Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (the "Act"), and originals or certified copies of the following:

1. A Resolution adopted by the Issuer and effective on July 18, 2001 (the "Resolution"), authorizing, among other things, the execution and delivery of the following:

(a) The issuance of the Bonds, authorizing the use of the Bond proceeds to finance the costs of acquiring, constructing and equipping certain additions, betterments and improvements to the public water facilities of the Issuer (the "Project") and paying certain costs of issuance thereof ad related costs, and transferring and assigning to the Trustee the rights and interests of the Issuer as security for the Bonds:

(b) The Bonds dated October 1, 2001; and

(c) Such certificates and other documents as are necessary for the issuance of the Bonds.

2. Executed counterparts of the Resolution.

3. Minutes and other corporate records of the Issuer.

I have also had discussions with officers of the Issuer and have made such other independent investigations as I have deemed necessary for the purpose of rendering this opinion.

I am of the opinion that:

1. (a) The Issuer is a public corporation and political subdivision of the State of West Virginia in good standing under such laws and has all necessary power and authority to perform all terms, conditions and covenants required by the Resolution and the Bonds.

(b) The Resolution has been duly adopted by the Issuer in accordance with law, including without limitation, the Act, the Resolution is in full force and effect, and no further action by the Issuer is required for its continued validity.

(c) The members of the Issuer have been duly appointed and the officers thereof duly elected.

(d) The Resolution has been duly authorized, executed and delivered by the Issuer and is a valid and legally binding obligation of the Issuer, enforceable in accordance with its terms. The Resolution creates a valid first lien on the property pledged therein and on the rights of the Issuer thereunder (except certain rights to indemnification, reimbursements and administrative fees).

(e) The Bonds have been duly authorized, executed, issued and delivered by the Issuer and constitute valid and legally binding special and limited obligations of the Issuer, enforceable in accordance with their terms.

(f) The execution, delivery and performance by the Issuer of the Resolution and the Bonds do not violate any provisions of the Act or any other law and do not violate or cause a default under any agreement or instrument by which the Issuer is bound.

2. (a) The obligation of the parties with respect to the documents described above are subject, in part, to the provisions of applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect. Such obligations are also subject to usual equity principles, which may limit specific enforcement under state laws of certain remedies but which do not affect the validity of such documents and to general equitable principles and the exercise of judicial discretion in appropriate cases.

(b) To the best of my knowledge, no litigation, at law or in equity, or any proceeding before any governmental agency is pending or threatened with respect to the organization or existence, authority to execute and deliver the Resolution or the Bonds, the validity or the enforceability of any such instruments or the transactions contemplated thereby, the title of the officers executing such instruments or any authority or proceedings relating to the execution and delivery of such instruments.

The foregoing opinion is qualified to the extent that the enforceability of the liens, pledges and terms set forth in the Bonds and in the Resolution may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally.

Respectfully submitted,

H. Wyatt Hanna, III

HWHIII/rb

H. Wyatt Hanna, III

ATTORNEY AT LAW

512 D STREET • P.O. BOX 8070 • SOUTH CHARLESTON, WEST VIRGINIA 25303
(304) 744-3150 • FAX (304) 744-3157

October 18, 2001

Flatwoods-Canoe Run PSD
P.O. Box 677
Sutton, WV 26601

Goodwin & Goodwin, LLP
P.O. Box 2107
Charleston, WV 25328-2107

Crews & Associates, Inc.
300 Summers Street, Suite 930
Charleston, WV 25301

Re: $2,240,000 Flatwoods-Canoe Run Public Service District
Water Improvement and Refunding Revenue Bonds
Series 2001 (Bluefield Area Extension Project) (the "Bonds")

Gentlemen:

I am Counsel to Flatwoods-Canoe Run Public Service District (the "Issuer") in connection with the issuance of the Bonds to finance a proposed project to construct the Bluefield area water extension project as the same is set forth in an Order of the Public Service Commission of West Virginia in Case No. 00-1572-PWD-CN entered on September 12, 2001 (the "Project"). I provide this final title opinion on behalf of the Issuer to satisfy the requirements of the Underwriter for the Project. Please be advised of the following:

1. I am of the opinion that 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 construct, operate and maintain the Project as approved by the Public Service Commission of West Virginia.

2. The Issuer has obtained all necessary permits and approvals for the construction of the Project.

3. I have investigated and ascertained the location of, and am 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 Dunn Engineers, Inc., the consulting engineers, for the Project.

4. I have examined the records on file in the Office of the Clerk of the County Commission of Braxton County, West Virginia, the county in which the Project is to be located, and, in my 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, with the exception of those listed in Paragraph 5, sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the Project and the term of the Bonds.

5. The following listed properties, if necessary, will be acquired by eminent domain and the filings will be made in the Office of the Clerk of the Circuit Court of Braxton County, West Virginia, to permit the Issuer a right of entry for the purpose of construction, operation and maintenance of the Project on the subject properties. The contractor on this project has been advised by Dunn Engineers, the Issuer's consulting engineer, that legal title, or such other interest as may be necessary, has, to date, not been obtained. The contractor has agreed not to enter upon the properties listed below for a period of forty five (45) days in order to permit the Issuer the opportunity to acquire the necessary real property interests or to institute eminent domain proceedings in the Circuit Court of Braxton County, West Virginia. Upon information and belief, it is believed that any delay in the acquisition of the said properties will not delay the project or result in a claim from the contractor on this project. The Issuer's title thereto is defeasible in the event the Issuer does not satisfy any resulting judgment and/or award in the proceedings for acquisition of said properties, and my certification is subject to the following:

NAME	TAX MAP	PARCEL
United Methodist Conference	7J	17
Glen and Zeta Mohr	7J (DB 325 / PG 539)	14.4
Herbert and Barbara Ratliff	7L	3
John Rader	Information Unavailable	

6. All deeds, easements and rights of way, which have been acquired to date by the Issuer, have been, or will be, duly recorded in the Office of the Clerk of the County Commission of Braxton County to protect the legal title to and interest of the Issuer.

Very truly yours,

H. Wyatt Hanna, III

HWHIII/rb

$2,240,000
FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT
WATER IMPROVEMENT AND REFUNDING REVENUE BONDS
SERIES 2001 (BLUEFIELD AREA EXTENSION PROJECT)

GENERAL CERTIFICATE

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES
6. INCUMBENCY AND OFFICIAL NAME
7. PUBLIC SERVICE COMMISSION ORDER
8. LAND AND RIGHTS-OF-WAY
9. MEETINGS
10. INSURANCE
11. RATES
12. TRUTH AND ACCURACY
13. SPECIMEN BOND
14. BOND PROCEEDS
15. PRIVATE USE OF FACILITIES
16. NO FEDERAL GUARANTY
17. CONFLICT OF INTEREST
18. CLEAN WATER ACT
19. COUNTERPARTS

We, the undersigned CHAIRMAN and SECRETARY of the FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT, Braxton County, West Virginia (the "District"), and the undersigned ATTORNEY for said District, hereby certify in connection with the District's Water improvement and Refunding Revenue Bonds, Series 2001 (Bluefield Area Extension Project) (the "Bonds"), in the aggregate principal amount of $2,240,000, numbered R-1 to R-6, dated the date hereof, bearing interest at rates ranging from 4.25% and 5.65%, and having an average coupon of 5.488458%, as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as in the Resolution adopted by the District's Public Service Board (the "Board") and effective on July 18, 2001 (the "Resolution").

2. NO LITIGATION: No controversy or litigation of any nature is now pending, or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting the issuance and delivery of the Bonds; nor questioning the proceedings and authority by which the Board authorized the issuance and sale of the Bonds; nor affecting the validity of the Bond or any provisions made or authorized for the payment thereof, including, but not limited to the pledge of Net Revenues of the System for such payment; nor questioning the existence of the District or the title of the members or officers of the District or the Board to their respective offices; nor

questioning the acquisition, construction and equipping of certain additions, betterments and improvements to the water system facilities of the District (the "System"), which is being financed out of the proceeds of sale of the Bonds.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals and certificates required by law for the acquisition, construction and equipping of the Project, the operation of the System and the issuance of the Bonds have been or will be duly and timely obtained and remain in full force and effect, including approval by the Public Service Commission of West Virginia. Competitive bids for construction of the Project will be solicited in accordance with West Virginia law. The Issuer has procured the services of the Consulting Engineers in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the District or the System since the approval of the Resolution. There has been no adverse change in the financial condition of the District or the System since the approval by the Government of a loan to assist in the acquisition, construction and equipping of the Project. Upon issuance and delivery of the Bonds, the District will have the Bonds and its Water Revenue Bonds, Series 1996 A, Water Refunding Revenue Bonds, Series 1996 B and Water Revenue Bonds, Series 1998 B (West Virginia Infrastructure Fund) (collectively, the "Prior Bonds") as debt outstanding, all of which constitute a first parity lien on the Net Revenues of the System. The District has obtained the consents of the holder of the Prior Bonds to the issuance of the Bonds.

5. SIGNATURES: The undersigned CHAIRMAN and SECRETARY are the duly elected or appointed, qualified and serving officials as indicated by the official titles opposite their signatures below, are duly authorized to execute and seal the Bonds for the District, and on the date hereof have signed and sealed the Bonds for the District. The seal appearing hereon and on the Bonds is the only official seal of the District.

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the District is " Flatwoods-Canoe Run Public Service District", and it is a public service district, public corporation and political subdivision duly created under the laws of the State of West Virginia in Braxton County of said State. The governing body of the District is the Chairman, Secretary, Treasurer and the Board composed of three (3) Board members, whose names, terms and offices are as follows:

Name	Date of Termination of Office	Office
James Rogers	January 31, 2004	Chairman and Board Member
Jim McQuain	January 31, 2007	Secretary and Board Member
David Huffman	December 31, 2006	Treasurer and Board Member

The duly appointed and acting Attorney for the District is H. Wyatt Hanna, III, South Charleston, West Virginia.

7. PUBLIC SERVICE COMMISSION ORDER: The District covenants that it has filed any information with the PSC and taken any other actions required to maintain the PSC Commission Order entered on September 5, 2001, in Case No. 00-1572-PWD-CN, in full force and effect, with the time for rehearing and appeal having expired.

8. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the construction, operation and maintenance of this System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the District and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation are, in the opinion of all the undersigned, within the ability of the District to pay for the same without jeopardizing the security of or payments on the Bonds.

9. MEETINGS: All actions, resolutions, orders and agreements taken, adopted and entered into by or on behalf of the District in any way connected with the acquisition, construction, equipping and financing of the Project and the operation of the System were authorized or adopted at meetings of the Board duly called and held pursuant to all applicable statutes and the customary 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.

10. INSURANCE: The District will maintain or, as appropriate, will require all contractors to maintain Workers' Compensation, public liability and property damage insurance, standard hazard insurance, builder's risk insurance, flood insurance and business interruption insurance, where applicable, in accordance with the Resolution.

11. RATES: Based upon information submitted by the Consulting Engineers and an independent Certified Public Accountant, the rates and charges for the System which were authorized on September 5, 2001, and remain in full force and effect, will, so long as the Bond is outstanding, provide Net Revenues sufficient to pay (a) the interest upon the Bonds and the Prior Bonds, (b) the necessary fiscal agency charges, (c) the principal amount of the Bonds and the Prior Bonds at or before its maturity, (d) a margin of safety or reserve for such Bonds and the Prior Bonds and for the payment into the reserve account created on account of the Bonds, and (e) meet the requirements set forth in the Resolution.

12. TRUTH AND ACCURACY: As of the date hereof, James Rogers, III, Chairman, and Jim McQuain, Secretary, hereby certify that the copies of documents previously or on the date hereof certified by them as being true and accurate are true and accurate as of the date hereof and that none of such documents have been repealed, rescinded, amended or otherwise modified.

13. SPECIMEN BOND: Attached hereto as Exhibit A is a specimen of the Bonds which, except as to execution and authentication, is identical in all respects with such Bonds this day delivered to The Depository Trust Company and being substantially in the form prescribed in the Resolution.

14. BOND PROCEEDS: On the date hereof, the District received $1,775,648.54 from the Crews & Associates, Inc., as Underwriter, for deposit with the Depository Bank.

15. PRIVATE USE OF FACILITIES: The District shall at all times take, and refrain from taking, and shall not fail to take, any and all actions necessary in order to assure the initial and continued tax-exempt status of the Bonds and the interest thereon. Less than ten percent (10%) of the proceeds of the Bonds will be used, directly or indirectly, for any private business use, and less than ten percent (10%) of the payment of principal of, or the interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or to be derived from payments (whether or not to the District) in respect of property, or borrowed money, used or to be used for a private business use. None of the proceeds of the Bonds will be used, directly or indirectly, for any private business use which is not related to the governmental use of the proceeds of the Bonds, including the disproportionate related business use of the proceeds of the Bonds, and none of the payment of principal on, or the interest on, such issue, under the terms of any underlying arrangement, is, directly or indirectly, secured by any interest in property used, or to be used for a private business use, payments in respect of such property or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use with respect to such private business use, which is not related to any government use of such proceeds, including the disproportionate business use of the issue of the Bonds. None of the proceeds of the issue of the Bonds will be used, directly or indirectly, to make or finance loans to persons other than governmental units. For purposes of this paragraph, private business use means use, directly or indirectly, in a trade or business carried on by any person, including related persons, other than a governmental unit or other than use as a member of the general public. All of the foregoing shall be determined in accordance with and within the meaning of the Internal Revenue Code of 1986, as amended, including any successor provisions and rules and regulations thereunder (the "Code").

16. NO FEDERAL GUARANTY: The Bonds are not and will not be, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

17. CONFLICT OF INTEREST: No officer or employee of the District has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the District or in the sale of any land, materials, supplies or services to the District or to any contractor supplying the Issuer, relating to the Bonds, the Resolution, and/or the Project, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than five percent (5%) of the particular business enterprise or contract.

18. CLEAN WATER ACT: The project as described in the Resolution complies with Sections 208 and 303(e) of the Clean Water Act.

19. COUNTERPARTS: This Certificate may be executed in counterpart, and such parts shall be deemed to be the Certificate.

WITNESS our signatures and the official seal of the Flatwoods-Canoe Run Public Service District as of the 18th day of October, 2001.

SIGNATURE	OFFICIAL TITLE
James Rogers	Chairman
Jim McQuain	Secretary
H. Wyatt Hanna, III	Attorney

Exhibit A

(Specimen Bond-See Tab 5)

Smith, Cochran & Hicks, P.L.L.C.
Certified Public Accountants Beckley Bridgeport Charleston Montgomery
405 Capitol Street • Suite 908 • Charleston, West Virginia 25301 • 304-345-1151 • Fax 304-346-6731

$2,240,000
FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT
WATER IMPROVEMENT AND REFUNDING REVENUE BONDS
SERIES 2001 (BLUEFIELD AREA EXTENSION PROJECT)

CERTIFIED PUBLIC ACCOUNTANT'S CERTIFICATE

I, Todd F. Dingess, a Certified Public Accountant, License No. 2295, of Smith, Cochran & Hicks, P.L.L.C., Charleston, West Virginia, have reviewed the water service rates, which were adopted by the Flatwoods-Canoe Run Public Service District (the "District"), by a Rate Resolution recommended by the Public Service Commission of West Virginia dated August 29, 2001. It is my opinion that the schedule of rates set forth in the Rate Resolution are adequate to pay operation and maintenance expenses of the System, as defined in the Bond Resolution, hereinafter described, to pay the principal of and interest, if any, on the 2001 Bonds and the Prior Bonds, as defined in the Bond Resolution, and to meet the one hundred fifteen percent (115%) debt service coverage requirement of the Prior Bonds and the 2001 Bonds and the Bond Resolution adopted by the Public Service Board of the District and effective on July 18, 2001. It is my further opinion that the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the 2001 Bonds, plus the estimated average increased annual Net Revenues to be received in each of the three succeeding years after the completion of the improvements to be financed by the 2001 Bonds, will be not less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for principal of and interest on the 2001 Bonds and the Prior Bonds.

WITNESS my signature as of this 18th day of October, 2001.

Certified Public Accountant

$2,240,000
FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT
WATER IMPROVEMENT AND REFUNDING REVENUE BONDS
SERIES 2001 (BLUEFIELD AREA EXTENSION PROJECT)

CERTIFICATE OF CONSULTING ENGINEER

I, Frederick Hypes, P.E., of Dunn Engineers, Inc., Charleston, West Virginia, a Registered Professional Engineer, West Virginia License No. 9327, hereby certify that I am the engineer for the acquisition, construction and equipping of certain additions, betterments and improvements to the water system (herein called the "Project") of the Flatwoods-Canoe Run Public Service District (the "Issuer"), located in Braxton County, West Virginia, which acquisition, construction and equipping cost is being financed by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized terms used and not otherwise defined herein shall have the meaning assigned to such terms in the Resolution adopted by the Public Service Board of the Issuer and effective on July 18, 2001 (the "Resolution").

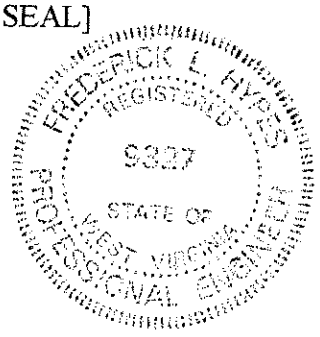
1. The Bonds are being issued for the purpose of financing a portion of the costs of the Project.

2. 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 Bureau for Public Health ("BPH") and any change orders approved by the Issuer, the BPH and all necessary governmental bodies, (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least forty (40) years, if properly constructed, 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, H. Wyatt Hanna, III, of even date herewith, 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 BPH and the bid forms provided to the bidders contain the 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 the operation of the System, (ix) in reliance upon the certificate of the Issuer's certified public accountant, as of the effective date thereof, the rates and charges for the System as adopted by the Issuer and approved by the Public Service Commission of West Virginia will be sufficient to comply with the provisions of the Resolution, (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by BPH, and (xi) attached hereto as Exhibit A is the final "Schedule A - Final Cost of Project, Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature on this 18th day of October, 2001.

DUNN ENGINEERS, INC.

[SEAL]



By: _____
Frederick Hypes
West Virginia License No. 9327

EXHIBIT A

Schedule A - final Cost of Project, Sources of Funds and Cost of Financing

FINAL COST OF PROJECT AND COST OF FINANCING

Acquisition, Construction and Equipping/Contingency	$2,523,756.57
Engineering - Design Phase	182,930.00
Engineering - Construction Phase	55,850.00
Inspection	106,800.00
Administration	50,000.00
Legal/ROWs	35,000.00
Debt Service Reserve	158,482.50
Capitalized Interest	104,017.37
Repayment of Existing Debt	90,950.00
Original Issue Discount	83,047.60
Underwriter's Discount	56,000.00
Costs of Issuance	43,165.96
	$3,490,000.00

SOURCES OF FUNDS

HUD Small Cities Block Grant in the amount of $1,250,000 and a bond issue in the amount of $2,240,000 at an average coupon of not more than 5.50% for a term not to exceed 30 years.

$2,240,000
FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT
WATER IMPROVEMENT AND REFUNDING REVENUE BONDS
SERIES 2001 (BLUEFIELD AREA EXTENSION PROJECT)

REGISTRAR'S CERTIFICATE

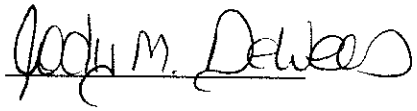
The City National Bank of West Virginia, Charleston, West Virginia (the "Bank"), as Registrar for the above-captioned Bonds (the "Bonds"), hereby certifies as follows, all capitalized terms used herein to have the meanings set forth in the Resolution of the Flatwoods-Canoe Run Public Service District (the "Issuer") adopted on July 18, 2001 (the "Resolution"):

1. The Bank is a national association duly organized and validly existing under the laws of the United States of America, and is lawfully empowered, pursuant to such laws, to accept the duties and obligations contemplated and as provided under the Resolution and to serve in the capacity of Registrar under the Resolution.

2. The Bank has duly authorized, by all necessary action, the execution and delivery of this Certificate and the acceptance of all duties of Registrar under the Resolution, and any and all other documents and agreements as may be required to be executed, delivered and received by the Bank in order to carry out, give effect to, and consummate the transactions contemplated thereby.

3. The person indicated in paragraph 4 below was at the time of the issuance of the Bonds, and is now, a duly appointed, qualified and acting incumbent in her office; and, pursuant to authorization from the Bank, such person, in her official capacity, was and is authorized to act for and on behalf of the Bank.

4. Appearing opposite the name and title of the person indicated below is a true and correct specimen of her signature.

Name	Title	Signature
Jody M. DeWees	Assistant Vice President and Trust Officer	

5. The seal of the Bank is the same seal of which an impression appears below.

6. There have been filed with the Bank all of the documents listed in Section 3.05 of the Resolution, and the Bonds have been duly authenticated and delivered to The Depository Trust Company, for the benefit of the Original Purchaser.

7. Attached hereto as EXHIBIT A is a correct listing of the Bond numbers, principal amounts, maturity dates and interest rates of the Bonds.

IN WITNESS WHEREOF, THE CITY NATIONAL BANK OF WEST VIRGINIA has caused this Certificate to be executed by a duly authorized officer as of the 18th day of October, 2001.

[SEAL]

THE CITY NATIONAL BANK OF WEST VIRGINIA

By: Sandra K. Jeen

Its: Financial Service Officer

EXHIBIT A

$2,24,000
FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT
WATER IMPROVEMENT AND REFUNDING REVENUE BONDS
SERIES 2001 (BLUEFIELD AREA EXTENSION PROJECT)

BOND NO.	Principal Amount	Maturity Date	Coupon
R-1	$155,000	October 1, 2006	4.25%
R-2	$230,000	October 1, 2011	5.00%
R-3	$300,000	October 1, 2016	5.25%
R-4	$390,000	October 1, 2021	5.40%
R-5	$500,000	October 1, 2026	5.50%
R-6	$665,000	October 1, 2031	5.65%

This Preliminary Official Statement and the information contained herein are subject to completion, amendment or other change without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities laws of any jurisdiction.

NEW ISSUE

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, interest on the Series 2001 Bonds is excludable from gross income of the holders thereof for federal income tax purposes, and interest on the Series 2001 Bonds is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest paid to corporate holders of the Series 2001 Bonds may be indirectly subject to alternative minimum tax under certain circumstances. Further, in the opinion of Bond Counsel, under existing laws of the State of West Virginia, the Series 2001 Bonds, and the interest thereon are exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia. See "TAX MATTERS" herein.

$2,240,000*

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT WATER IMPROVEMENT AND REFUNDING REVENUE BONDS SERIES 2001 (BLUEFIELD AREA EXTENSION PROJECT)

Dated: October 1, 2001 **Due: October 1, as shown below**

The Series 2001 Bonds are issuable only as fully registered bonds without coupons in denominations of $5,000 and integral multiples thereof for any year of maturity. All of the Series 2001 Bonds initially will be maintained under a book-entry system under which The Depository Trust Company, New York, New York ("DTC"), will act as securities depository. Purchases of the Series 2001 Bonds will be in book-entry form only. Semiannual interest on the Series 2001 Bonds is payable beginning April 1, 2002, and each April 1 and October 1 thereafter. So long as the Series 2001 Bonds are maintained under a book-entry system, payments of the principal of, premium, if any, and interest on the Series 2001 Bonds will be made when due by the Municipal Bond Commission of West Virginia, Charleston, West Virginia, as Paying Agent, to DTC in accordance with the Resolution and any Supplemental Resolution, and the Paying Agent will have no obligation to make any payments to any beneficial owner of any Series 2001 Bonds. See "THE SERIES 2001 BONDS" and "BOOK-ENTRY ONLY SYSTEM." The Series 2001 Bonds are subject to redemption prior to maturity as described herein.

The Series 2001 Bonds are being issued, together with other funds available therefor, to: (i) provide funds in the amount of $_____ to be deposited in the Series 2001 Bond Reserve Account which will equal the maximum annual debt service on the Series 2001 Bonds; (ii) provide funds for certain improvements to be made to the District's water system; (iii) provide funds in the amount of $_____ to be deposited in the Series 2001 Bond Sinking Fund to pay capitalized interest; (iv) provide funds to repay certain existing indebtedness; and (v) pay certain costs of issuance of the Series 2001 Bonds and related costs.

The Series 2001 Bonds are payable from and further secured by the Gross Revenues derived from the existing water system of the District and any extensions, improvements and betterments thereto and from funds on deposit in the Series 2001 Bond Sinking Fund and the Reserve Account therein, on parity with the Prior Bonds, as defined herein. The Series 2001 Bonds do not constitute an indebtedness of the District within the meaning of any constitutional or statutory provisions or limitations, and the District shall not be obligated to pay the principal of, premium, if any, and interest on the Series 2001 Bonds, except from the Gross Revenues and such funds on deposit. Neither the full faith and credit nor the taxing power, if any, of the District shall be deemed to be pledged to, nor shall any tax be levied for, the payment or the principal of, premium, if any, or interest on the Series 2001 Bonds.

MATURITIES, AMOUNTS, INTEREST RATES AND PRICES*

$_____* ____% Series 2001 Term Bonds due October 1, 20__ at ____%
$_____* ____% Series 2001 Term Bonds due October 1, 20__ at ____%
$_____* ____% Series 2001 Term Bonds due October 1, 20__ at ____%
$_____* ____% Series 2001 Term Bonds due October 1, 20__ at ____%
$_____* ____% Series 2001 Term Bonds due October 1, 20__ at ____%

(Accrued interest to be added)

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision. The Series 2001 Bonds are offered when, as and if issued and received by the Underwriter, subject to prior sale, to withdrawal or modification of the offering without notice and to the unqualified approval of legality by Goodwin & Goodwin, LLP, Charleston, West Virginia, Bond Counsel. H. Wyatt Hanna, III, South Charleston, West Virginia, as counsel to the District, will pass upon certain legal matters for the District. Goodwin & Goodwin, LLP, Charleston, West Virginia, as counsel to the Underwriter, will pass upon certain legal matters for the Underwriter. It is expected that the Series 2001 Bonds will be available for delivery in New York, New York, on or about October 18, 2001.

CREWS & ASSOCIATES, INC.

*Preliminary, subject to change.

October ___, 2001

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT, WEST VIRGINIA

PUBLIC SERVICE BOARD
James Rogers, Chairman
Jim McQuain, Secretary
David Huffman, Treasurer
Steven Sanders, General Manager

BOND AND UNDERWRITER'S COUNSEL
Goodwin & Goodwin, LLP
Charleston, West Virginia

ISSUER'S COUNSEL
H. Wyatt Hanna, III, Esq.
South Charleston, West Virginia

CONSULTING ENGINEERS
Dunn Engineers, Inc.
Charleston, West Virginia

REGULATORY ACCOUNTANT
Smith, Cochran & Hicks, P.L.L.C.
Charleston, West Virginia

AUDITOR
Ralph W. Bassett, Jr., CPA
Milton, West Virginia

UNDERWRITER
Crews & Associates, Inc.
Little Rock, Arkansas

DEPOSITORY BANK
Bank of Gassaway
Sutton, West Virginia

REGISTRAR
The City National Bank of West Virginia
Charleston, West Virginia

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2001 Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized by Flatwoods-Canoe Run Public Service District or the Underwriter to give any information or to make any representations, other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. The information set forth herein has been obtained from Flatwoods-Canoe Run Public Service District and other sources, which are believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. The information and any expression of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of Flatwoods-Canoe Run Public Service District as it relates to the System since the date hereof. This Official Statement is submitted in connection with the sale of securities referred to herein and may not be reproduced or used, in whole or in part, for any other purposes.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2001 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

TABLE OF CONTENTS

INTRODUCTION 1
FINANCING PLAN 3
Estimated Sources and Uses of Funds 3
THE SERIES 2001 BONDS 3
General 3
Optional Redemption 4
Notice of Redemption 5
BOOK-ENTRY ONLY SYSTEM 5
The Depository Trust Company 5
Ownership of Series 2001 Bonds 6
Payments on and Redemption of Series 2001 Bonds 7
Discontinuance of Book-Entry Only System 7
SECURITY FOR THE SERIES 2001 BONDS 8
Outstanding Prior Bonds 8
Sources of Payment 8
Rate Covenant 9
Series 2001 Bond Reserve Account 9
Application of Revenues 9
Enforcement of Collections 10
Additional Parity Bonds 10

THE SYSTEM 12
The Project 12
Water Usage 12
Customer Background 15
Major Users 15
Water Source 15
Wholesale Contracts 15
Resale Summary 16
District Personnel 16
Rates 16
Billing and Collections 17
System Budget 18
Method of Accounting 18
Historical and Proforma Revenues, Expenses and Coverages 18
Pension Plan 19
Public Service District Authority and Board Membership 19
ANNUAL DEBT SERVICE REQUIREMENTS 21
SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION 22
Application of Series 2001 Bond Proceeds 22
Application of System Revenues 22
System Revenues; Flow of Funds 22
Investments 24
General Covenants 25
Default and Remedies 29
TAX MATTERS 31
APPROVAL OF LEGALITY 32
ABSENCE OF MATERIAL LITIGATION 32
NEGOTIABLE INSTRUMENTS 32
UNDERWRITING 32
FINANCIAL STATEMENTS 33
CONTINUING DISCLOSURE 33
MISCELLANEOUS 33

APPENDIX A - General Information Regarding the District A-1
APPENDIX B - Financial Statements B-1
APPENDIX C - Form of Opinion of Bond Counsel C-1
APPENDIX D - Form of Continuing Disclosure Certificate D-1

OFFICIAL STATEMENT
$2,240,000*
FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT
WATER IMPROVEMENT AND REFUNDING REVENUE BONDS
SERIES 2001 (BLUEFIELD AREA EXTENSION PROJECT)

INTRODUCTION

This Official Statement, including the cover page and appendices, is provided for the purpose of setting forth certain information concerning Flatwoods-Canoe Run Public Service District, West Virginia (the "District"), the District's water system hereinafter described and the District's $2,240,000* in aggregate principal amount of Water Improvement and Refunding Revenue Bonds, Series 2001 (Bluefield Area extension Project) (the "Series 2001 Bonds"). The Series 2001 Bonds are being issued pursuant to the Constitution and laws of the State of West Virginia (the "State"), specifically Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (the "Act"), and a resolution adopted by the Public Service Board of the District on July 18, 2001 (the "Resolution"), as supplemented and amended by any supplemental resolution adopted by the Board of the District pursuant to the Resolution (the "Supplemental Resolution", and together with the Resolution, the "Resolution").

The proceeds of the Series 2001 Bonds, together with other funds available therefor, will be used as follows: (i) to provide funds in the amount of $_____ to be deposited in the Series 2001 Bond Reserve Account which will equal the maximum annual debt service on the Series 2001 Bonds; (ii) to provide funds for certain improvements to be made to the District's water system; (iii) to provide funds in the amount of $_____ to be deposited in the Series 2001 Bond Sinking Fund to pay capitalized interest; (iv) to provide funds to repay certain existing indebtedness; and (v) to pay certain costs of issuance of the Series 2001 Bonds and related costs.

The Series 2001 Bonds are payable from and secured by the Net Revenues, as defined in the Resolution and hereinafter, derived from the existing water system of the District and any extensions, improvements or betterments thereto (the "System") and from funds on deposit in the Sinking Fund and the Reserve Account therein. The Series 2001 Bonds do not constitute an indebtedness of the District within the meaning of any constitutional or statutory provisions or limitations, and the District shall not be obligated to pay the Series 2001 Bonds or premium, if any, or the interest thereon except from such Gross Revenues and such funds on deposit.

Pursuant to the Resolution, the District has covenanted and agreed to establish and collect just and equitable rates and charges for the use of the System and the services rendered thereby so as to produce for each fiscal year Net Revenues, as defined in the Resolution and hereinafter, equal to at least 115% of the maximum amount required in any year to pay the principal of and interest on the Series 2001 Bonds and all other obligations secured by a lien on or payable from Net Revenues prior to or on a parity with the Series 2001 Bonds. See "SECURITY FOR THE SERIES 2001 BONDS - Rate Covenant."

---

*Preliminary, subject to change.

The Series 2001 Bonds will be dated, will mature, will bear interest and will be subject to redemption prior to maturity as more fully described on the cover page and under the heading "THE SERIES 2001 BONDS" herein. The Series 2001 Bonds initially will be maintained under a book-entry system. So long as the Series 2001 Bonds are maintained under a book-entry system, the manner of payment, the denominations, the transfer and exchange of ownership and the method of providing notice of redemption to the owners of the Series 2001 Bonds shall be determined as described under the "BOOK-ENTRY ONLY SYSTEM" herein. If the book-entry system is discontinued, principal of, interest, and premium, if any, on the Series 2001 Bonds will be payable by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (the "Paying Agent"), to the owners thereof at the addresses appearing in the books kept by the Paying Agent as registrar (the "Registrar"). For further information describing the method of payment and other matters in the event the book-entry system is discontinued, see "THE SERIES 2001 BONDS" herein.

For a description of the exclusion of interest on the Series 2001 Bonds from gross income for federal and state income tax purposes, see "TAX MATTERS" herein.

The District may issue additional bonds on parity with the Series 2001 Bonds for the purpose of financing the cost of the construction or acquisition of additions, improvements and betterments to the System and/or refunding one or more or all series of bonds issued pursuant to the Resolution subject, in each case, to certain tests and conditions provided for by the Resolution (the Series 2001 Bonds and any such additional parity bonds are hereinafter referred to as the "Bonds"). See "SECURITY FOR THE SERIES 2001 BONDS - Additional Parity Bonds."

The Series 2001 Bonds are offered when, as and if issued and received on behalf of the Underwriter appearing on the cover page hereof (the "Underwriter"), subject to prior sale, to withdrawal or modification of the offering without notice and to the unqualified approval of the legality by Goodwin & Goodwin, LLP, Charleston, West Virginia, Bond Counsel. Hanna & Bonham, South Charleston, West Virginia, Counsel will pass upon certain legal matters for the District to the District. Goodwin & Goodwin, LLP, Charleston, West Virginia, as counsel to the Underwriter, will pass upon certain legal matters for the Underwriter.

Brief descriptions of the Series 2001 Bonds, the District and certain provisions of the Resolution and the Act, as defined in the Resolution and hereinafter, are set forth in this Official Statement, as well as other information contained in the appendices hereto. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Resolution, provisions of the Act and other applicable laws of the State are qualified in their entirety by reference to each such document or law. References herein to the Series 2001 Bonds are qualified in their entirety by reference to the form thereof included in the Resolution and the information with respect thereto included in the aforesaid documents. Capitalized terms used and not otherwise defined in this Official Statement shall have the respective meanings given them in the Resolution. Copies of the Resolution and other applicable documents may be obtained from the District or, during the period of offering the Series 2001 Bonds, from the Underwriter.

FINANCING PLAN

Estimated Sources and Uses of Funds (excluding accrued interest)*

Sources of Funds:	
Small Cities Block Grant	$1,250,000.00
Principal Amount of Series 2001 Bonds	2,240,000.00
Total Sources	$3,490,000.00
Uses of Funds:	
Project Account	$_____
Series 2001 Bond Reserve Account	_____
Series 2001 Bond Sinking Fund	_____
Repayment of Existing Debt	_____
Original Issue Discount	_____
Underwriter's Discount	_____
Costs of Issuance (1)	_____
Total Uses	$3,490,000.00

(1) Includes legal and financing fees, printing costs and other miscellaneous expenses relating to the issuance of the Series 2001 Bonds.

*Preliminary, subject to change.

THE SERIES 2001 BONDS

General

The Series 2001 Bonds are dated and bear interest from October 1, 2001, upon original issuance. Any Series 2001 Bond issued in exchange on or subsequent to said first interest payment date will be dated as of the interest payment date next preceding the date of authentication thereof unless the date of authentication is an interest payment date on which interest on said Series 2001 Bond shall have been paid in full or duly provided for, in which case said Series 2001 Bond shall be dated such date of authentication; or unless, as shown by the records of the Registrar, as defined below, interest on such Series 2001 Bond shall be in default, in which case any Series 2001 Bond issued in exchange for a Series 2001 Bond surrendered for transfer or exchange shall be dated as of the date to which interest has been paid in full. The Series 2001 Bonds will bear interest from their date, payable semiannually on each April 1 and October 1, commencing April 1, 2002, upon original issuance, at the rates per annum and will mature on the dates and in the amounts set forth on the cover page of this Official Statement.

The Series 2001 Bonds will be issued as fully registered bonds without coupons in denominations of $5,000 and integral multiples thereof for any year of maturity. The Series 2001 Bonds initially shall be maintained under a book-entry system; Beneficial Owners shall

have no right to receive physical possession of the Series 2001 Bonds and payments of principal of, redemption price, if any, and interest on the Series 2001 Bonds will be made as described herein under "BOOK-ENTRY ONLY SYSTEM." If the book-entry system is discontinued, interest on the Series 2001 Bonds will be payable by check or draft made payable and mailed to the owners thereof at the addresses appearing in the books kept by the Registrar as of the 15th day of the month preceding such interest payment date or, in the event of a default in the payment of the Series 2001 Bonds, that special record date to be fixed by the Registrar by notice given to the owners not less than 10 days prior to said special record date (the "Record Date"). If the book-entry system is discontinued, principal of, premium, if any, and interest on the Series 2001 Bonds will be payable to the owner thereof upon surrender thereof at the principal corporate trust department office of the Paying Agent.

So long as the Series 2001 Bonds are maintained under a book-entry system, transfers of ownership interests in the Series 2001 Bonds will be made as described herein under "BOOK--ENTRY ONLY SYSTEM." If the book-entry system is discontinued, ownership of any Series 2001 Bond may be transferred upon surrender thereof to the Registrar, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or his duly authorized attorney or legal representative. Upon any such transfer of a Series 2001 Bond, there will be issued another Series 2001 Bond or Series 2001 Bonds, at the option of the transferee, of the same aggregate principal amount, series, maturity and interest rate as said Series 2001 Bond. For every exchange or transfer of Series 2001 Bonds, the Registrar may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer. The District shall pay any service charge of the Registrar and any applicable tax or other governmental charge.

Optional Redemption

The Series 2001 Bonds maturing on or after October 1, 20__, at the option of the District, will be subject to redemption prior to maturity on or after October 1, 20__, as a whole or in part at any time, at a redemption price (expressed as a percentage of the principal amount to be redeemed) set forth below, plus accrued interest to the date fixed for redemption:

Period During Which Redeemed (both dates inclusive)	Redemption Price
October 1, 20__ - September 30, 20__	___%
October 1, 20__ - September 30, 20__	___
October 1, 20__ and thereafter	___

If fewer than all of the Series 2001 Bonds shall be called for optional redemption, the particular maturities of the Series 2001 Bonds to be redeemed shall be selected by the District in such manner, as it shall determine. So long as the Series 2001 Bonds are maintained under a book-entry system, the selection of individual ownership interests in the Series 2001 Bonds to be credited with any partial redemption shall be made as described herein under "BOOK-ENTRY ONLY SYSTEM."

Notice of Redemption

So long as the Series 2001 Bonds are maintained under a book-entry system, notice of the call for any redemption of the Series 2001 Bonds shall be given as described below under "BOOK-ENTRY ONLY SYSTEM." At any other time, notice to the registered owner of any redemption shall be given by the Registrar not less than 30 nor more than 60 days prior to the date fixed for redemption by first class mail at the address appearing in the Register. Failure to receive such notice or any defect in the mailing thereof shall not affect the validity of any proceedings for the redemption of the Series 2001 Bonds; and failure to mail such notice shall not affect the validity of any such proceedings for any Series 2001 Bond with respect to which no such failure has occurred. After notice of redemption has been given in the manner hereinabove and in the Resolution described and moneys necessary therefor have been deposited, the Series 2001 Bonds specified in such notice shall on the date fixed for redemption be deemed paid, and interest thereon shall cease to accrue.

BOOK-ENTRY ONLY SYSTEM

The information in this section has been obtained from sources that the District and the Underwriter believe to be reliable, but neither the District nor the Underwriter take any responsibility for the accuracy thereof.

The Depository Trust Company

The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the Series 2001 Bonds. The Series 2001 Bonds will be issued as fully registered securities registered in the name of Cede & Co., DTC's partnership nominee. One fully registered certificate of the Series 2001 Bonds will be issued for each maturity of the Series 2001 Bonds in the principal amount equal to the aggregate principal amount of the Series 2001 Bonds of such maturity and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds securities that its participants (the "Participants") deposit with DTC. DTC also facilitates the settlement among participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations ("Direct Participants"). DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others, such as securities brokers and dealers, banks and trust companies, that clear through or maintain a custodial relationship with a

Direct Participant, either directly or indirectly (the "Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Ownership of Series 2001 Bonds

Purchases of the Series 2001 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2001 Bonds on DTC's records. The ownership interest of the actual purchasers of each Series 2001 Bond (the "Beneficial Owner") is in turn to be recorded on the Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Participants through which the Beneficial Owners entered to the transaction. Transfers of ownership interests in the Series 2001 Bonds are to be accomplished by entries made on the books of Participants acting on behalf of the Beneficial Owners.

Beneficial Owners will not receive certificates representing their ownership interests in the Series 2001 Bonds except in the event that use of the book-entry system for the Series 2001 Bonds is discontinued under the circumstances described below under "Discontinuance of Book Entry System."

To facilitate subsequent transfers, Series 2001 Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Series 2001 Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2001 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2001 Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. If the consent or vote of DTC or Cede & Co. is requested, under its usual procedures, DTC will mail an Omnibus Proxy to the District as soon as possible after the record date assigning Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2001 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

So long as a nominee of DTC is the registered owner of the Series 2001 Bonds, references herein to the Bondholders or the holders or owners of the Series 2001 Bonds shall mean DTC and shall not mean the Beneficial Owners of the Series 2001 Bonds. The District and the Paying Agent will recognize DTC or its nominee as the holder of all of the Series 2001 Bonds for all purposes, including the payment of the principal or redemption price of and interest on the Series 2001 Bonds, as well as the giving of notices and any consent or direction required or permitted to be given to or on behalf of the Bondholders under the Resolution. Neither the

District nor the Paying Agent will have any responsibility or obligation to Participants or Beneficial Owners with respect to payments or notices to Participants or Beneficial Owners.

Payments on and Redemption of Series 2001 Bonds

So long as the Series 2001 Bonds are held by DTC under a book-entry system, principal or redemption price of and interest payments on the Series 2001 Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the date on which such principal or interest is payable in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on such date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," subject to any statutory or regulatory requirements as may be in effect from time to time, and will be the responsibility of such Participants and not of DTC, the Paying Agent or the District. Payment of principal and interest to DTC is the responsibility of the District or Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC and disbursement of such payments to the Beneficial Owners shall be the responsibility of Participants.

So long as the Series 2001 Bonds are held by DTC under a book-entry system, the Registrar will send any notice of redemption with respect to the Series 2001 Bonds only to Cede & Co. Any failure of DTC to advise any Direct Participant, or of any Direct Participant to notify any Indirect Participant or any Beneficial Owner, of any such notice and its content or effect will not affect the validity of the proceedings for the redemption of the Series 2001 Bonds or of any other action premised on such notice. If fewer than all of the Series 2001 Bonds of any maturity are selected for redemption, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed. Any such selection of Direct Participants to which any such partial redemption will be credited will not be governed by the Resolution and will not be made by the District, the Registrar or the Paying Agent.

The District, the Registrar and the Paying Agent cannot give any assurances that DTC or the Participants will distribute payments of the principal or redemption price of and interest on the Series 2001 Bonds paid to DTC or its nominee as the registered owner of the Series 2001 Bonds, or any redemption or other notices, to the Beneficial Owners or that they will do so on a timely basis or that DTC will serve and act in the manner described in this Official Statement.

DTC may charge the Participants a sum sufficient to cover any tax, fee or other governmental charge that may be imposed for every transfer and exchange of a beneficial interest in the Series 2001 Bonds, and the Participants may seek reimbursement therefor from the Beneficial Owners.

Discontinuance of Book-Entry Only System

DTC may resign or may be discharged by the District as a securities depository for the Series 2001 Bonds and, in such event, the District may discontinue the maintenance of the Series 2001 Bonds under a book-entry system or replace DTC with another qualified securities

depository. Unless the District appoints a securities depository to replace DTC, the Series 2001 Bonds held by DTC will be canceled, and the District will execute and the Registrar will authenticate and deliver Series 2001 Bonds in fully certificated form to the Participants shown on the records of DTC provided to the Registrar or, to the extent requested by any Participant, to the Beneficial Owners of the Series 2001 Bonds shown on the records of such Participant provided to the Registrar.

SECURITY FOR THE SERIES 2001 BONDS

The Series 2001 Bonds are special obligations of the District and are payable as to principal, premium, if any, and interest solely from the sources described below. The District is under no obligation to pay the Series 2001 Bonds except from said sources.

Outstanding Prior Bonds

The District has outstanding the following bonds payable from the Net Revenues of the System that are on parity with the Series 2001 Bonds: The District's Water Revenue Bond, Series 1996 A, dated June 12, 1996, originally issued in the aggregate principal amount of $240,000, of which $232,234 is currently outstanding (the "Series 1996 A Bond"); the District's Water Refunding Revenue Bond, Series 1996 B, dated June 12, 1996, originally issued in the aggregate principal amount of $70,000, of which $67,707 is currently outstanding (the "Series 1996 B Bond"); the District's Water Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund), dated September 24, 1998, originally issued in the aggregate principal amount of $160,000, of which $90,950 is currently outstanding (the "Series 1998 A Bond"); and the District's Water Revenue Bonds (West Virginia Infrastructure Fund), Series 1998 B, dated September 24, 1998, originally issued in the aggregate principal amount of $890,000, of which $862,263 is currently outstanding (the "Series 1998 B Bond") (collectively, the "Prior Bonds"). It is the District's intent to repay the Series 1998 A Bond from the proceeds of the Series 2001 Bonds.

Sources of Payment

The payment of the debt service on the Series 2001 Bonds and the District's existing indebtedness shall be secured forthwith equally and ratably by a parity first lien on and pledge of the Net Revenues derived from the System and the funds on deposit in the Sinking Fund and the Reserve Account therein and on parity with the District's existing indebtedness as more fully described below under "ANNUAL DEBT SERVICE REQUIREMENTS." Net Revenues derived from the System in an amount sufficient to pay the principal of, premium, if any, and interest on the Bonds and the District's existing indebtedness and to make the payments into the Sinking Fund and all other payments provided for in the Resolution, and the funds in the Sinking Fund and the Reserve Account therein are irrevocably pledged to the payment of the principal of, premium, if any, and interest on the Bonds and the District's existing indebtedness as the same become due and for the other purposes provided in the Resolution.

Rate Covenant

The District has covenanted and agreed in the Resolution to establish and collect just and equitable rates and charges for the use of the System and the services rendered thereby as will produce for each fiscal year Net Revenues, as defined in the Resolution and hereinafter, equal to at least 115% of the maximum amount required in any year to pay the principal of and interest on the Series 2001 Bonds and all other obligations secured by a lien on or payable from Net Revenues prior to or on parity with the Series 2001 Bonds.

The District further covenants that it will enact any rate increases as shall be required to comply with the aforementioned rate covenant within thirty (30) days following a determination by the District or upon an annual audit of the District that the District is not in compliance with such rate covenant.

Series 2001 Bond Reserve Account

$_____ of proceeds of the Series 2001 Bonds will be deposited in the Series 2001 Bond Reserve Account in an amount equal to the maximum annual debt service on the Series 2001 Bonds. In the event funds in the Revenue Fund are insufficient to pay the principal of and/or interest on the Series 2001 Bonds, the Bond Commission shall withdraw and transfer to the Series 2001 Bond Sinking Fund sufficient amounts to make payments of principal of and/or interest on the Series 2001 Bonds as the same becomes due from cash on deposit in the Series 2001 Bond Reserve Account.

In the event of a transfer from the Series 2001 Bond Reserve Account to the Series 2001 Bond Sinking Fund as aforesaid, the District shall restore the balance to the Series 2001 Bond Reserve Account in an amount up to the Series 2001 Bonds Reserve Requirement. The transfer of any cash by the District from the Series 2001 Bond Reserve Account to the Series 2001 Bond Sinking Fund shall be replenished over twelve (12) equal monthly payments.

The reimbursement obligation of the District will be secured by the Net Revenues derived from the System and the funds on deposit in the Depreciation Fund, provided however, that such lien will be subordinate to the payment of debt service to holders of the Series 2001 Bonds.

Application of Revenues

All Gross Revenues are to be deposited in the Revenue Fund established with Bank of Gassaway, Gassaway, West Virginia, as the depository bank (the "Depository Bank"), for disposition in the following order of priority; first, for monthly deposit in the Sinking Fund established with the Bond Commission, (i) of a sum equal to 1/6 of the amount of interest which will become due on the Series 2001 Bonds, on parity with the District's other indebtedness, on the next ensuing semiannual interest payment date (beginning April 1, 2002, with appropriate modification in the fraction of the amount of interest to be deposited monthly prior to the first interest payment date), and (ii) beginning thirteen months prior to the first principal payment

date or mandatory redemption date, of a sum equal to 1/12 of the amount of principal which will mature or be redeemed and become due on the Series 2001 Bonds, on parity with the District's other indebtedness, on the next ensuing principal payment date or mandatory redemption date; second, for restoration of any deficiency in the funding of the Series 2001 Bond Reserve Account; third, for use by the District for the Operating Expenses of the System, and fourth, for monthly transfer to the Depreciation Fund, beginning with the first month following delivery of the Series 2001 Bonds, of a sum equal to two and one-half percent (2 1/2%) of monthly Revenues (excluding payments to the Series 2001 Bond Reserve Account). Excess moneys on deposit in the Revenue Fund in any given month may be used solely for the lawful purpose of the System.

Enforcement of Collections

The District covenants in the Resolution to diligently enforce and collect all fees, rates, 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, rates, rentals and other charges that shall become delinquent to the full extent permitted or authorized by the Act, or otherwise by the laws of the State. The District further covenants and agrees in the Resolution that it will, subject to applicable State law and regulations, and under such reasonable rules and regulations as may be prescribed by the District, discontinue water services to all delinquent users, until such delinquent amounts, plus reasonable interest and penalty charges thereon, have been fully paid. (See "THE SYSTEM - Customer Statistics.")

Additional Parity Bonds

The Resolution provides for the issuance of additional bonds on parity with the Series 2001 Bonds with respect to their lien on the Net Revenues of the System and funds in the Sinking Fund and the Reserve Account therein and their source of and security for payment from said Net Revenues (the "additional parity bonds") for the following purposes and under the following conditions:

No such additional parity bonds shall be issued except for the purposes of financing the costs of the design, acquisition and construction of additions, betterments or improvements to the System, refunding all or a portion of the Bonds issued pursuant hereto, to pay claims which may exist against the revenues or facilities of the System or all of such purposes.

No such additional parity bonds shall be issued at any time, however, unless and until there has been procured and filed with the Secretary of the District a written statement by Independent Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided, from the System during the Fiscal Year preceding the date of the actual issuance of such additional parity bonds, plus the estimated average increased annual Net Revenues to be received in each of the three succeeding years after the date of issuance of such additional parity bonds, shall not be less than 120% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(1) The Series 2001 Bonds then Outstanding;

(2) The District's Prior Bonds then Outstanding;

(3) Any additional parity bonds theretofore issued pursuant to the provisions contained in the Resolution then Outstanding; and

(4) The additional parity bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years", as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from any increase in rates enacted by the District, the time for appeal of which shall have expired (without successful appeal) prior to the issuance of such additional parity bonds.

The Net Revenues actually derived from the System during the preceding Fiscal Year 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 Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the District, the time for appeal of which shall have expired (without successful appeal) prior to issuance of such additional parity Bonds. For purposes of this test, the terms "Gross Revenues" and "Net Revenues" shall not include proceeds from the sale of capital assets.

The term "additional parity bonds," as used herein, shall be deemed to mean additional bonds issued under the provisions and within the limitations hereof, payable from the Net Revenues of the System on a parity with the Series 2001 Bonds and the District's other indebtedness, and all the covenants and other provisions of the Resolution (except as to details of such additional parity bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Series 2001 Bonds and the District's other indebtedness and the Holders of any additional parity bonds theretofore or subsequently issued from time to time within the limitations of and in compliance herewith. All the Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Net Revenues of the System, and their source of and security for payment from the Net Revenues, without preference of any Bond over any other. The District shall comply fully with all the increased payments into the various funds and accounts created in the Resolution required for and on account of such additional parity bonds, in addition to the payments required for Bonds theretofore issued pursuant to the Resolution or any prior resolution.

The term "additional parity bonds," as used herein, shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the Revenues of the System is subject to the prior and superior lien of the Series 2001 Bonds and the District's other indebtedness on such Revenues. The District shall not issue any obligations whatsoever payable from the Revenues of the System, or any part thereof, which rank prior to or equally, as to lien and source of and security for payment from such Revenues, with the Series 2001 Bonds and the District's other indebtedness except in the manner and under the conditions provided herein.

No additional parity bonds shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in the Resolution with respect to the Bonds then Outstanding, and any other payments provided for in the Resolution, shall have been made in full as required to the date of issuance of the additional parity bonds.

THE SYSTEM

The Project

The District proposes to extend water service to approximately 200 new customers north of Gassaway, West Virginia, along the Little Otter Creek, Rush Fork, Brushy Branch, Walnut Fork, and the Left Fork of Steer Creek, who currently rely on contaminated wells and springs for their potable water supply. Water will be obtained from an existing West Virginia-American Water Company ("WVAWC") line in Gassaway. The water will be treated at WVAWC's new Gassaway Water Treatment Plant. Water use by the new customers will average approximately 40,000 gallons per day (28 gallons per minute), with peak flows of approximately 112 gallons per minute. Fire service will require 250 gallons per minute.

The facilities to be installed on the Project include:

- 50 GPM booster pump station
- 54,000 gallon water storage tank
- 18,500 L.F. of 8" water line (1,050 L.F. of ductile iron pipe)
- 33,800 L.F. of 6" water line (600 L.F. of ductile iron pipe)
- 5,00 L.F. of 4" water line
- 4,900 L.F. of 2" water line
- 8,000 L.F. of ¾" and 1" copper service line
- 14 fire hydrants

The Project addresses the delivery of an adequate and safe water supply to the area northeast of Gassaway known as Little Otter along the banks of Rush Fork, also called Bluefield. The Project will provide residents clean, safe drinking water and relief from contaminated water systems where many wells and septic tanks have been compromised because of houses built on small lots without the benefit of a wastewater system to that area. The Project will also provide water to all houses along Braxton County Route 7, also known as Chapel Route. Project improvements will provide for:

- Increased public safety by providing potable water to over 200 residents in an area that has contaminated water,
- Eliminate at least 4 non-community water systems that are having compliance problems with West Virginia Health Department Standards and Regulations,
- Increased ability to provide water form multiple sources and reduce vulnerability to water supply disruptions by man-made or natural disasters, and
- Increased ability to serve the residential, commercial and industrial land development in this growing community.

Without these improvements, the dynamic population and future business of the area would decline, suffering form questionable water quality. The Project, at a cost of almost $3,500,000, will permit the area to meet growth projections over the next 30 years. The estimated Project costs include:

Construction	$2,475,000
Engineering-Design	152,930
Engineering-Construction	162,650
Land & Right-of-Way	6,000
Legal & Administrative	66,000
Financing	117,537
Accounting	10,000
Other Contingency	42,935
Refinance IJDC Loan	100,000
Reserve Fund	155,528
Project Contingency	201,420

The District currently serves 1,214 existing customers with an additional 199 customers to be added as a result of the Project. The District serves a population of approximately 4,170 in the Flatwoods, Gassaway, Heater, Tesla and Little Birch communities. The cost per customer is $17,537, which PSC Staff opined is extremely high for the provision of water service, while the customer density for the Project area is approximately seventeen customers per mile, which is slightly low; however, as a result of this extension, the District anticipates development in surrounding areas due to water service being provided to the areas included in the Project. The District was issued Permit No. 14,583 by the West Virginia Office of Environmental Health Service on August 3, 2000.

The customers to be served by the Project will be provided with water purchased from WVAWC. The District submitted a water sales agreement for approval with its application. The agreement is standard and outlines each party's responsibilities with regard to construction of extensions and representations and warranties associated with the agreement. The proposed agreement is mutually beneficial to both parties and was approved.

The District is financing the Project through a Small Cities Block Grant ("SCBG") of $1,250,000 and the Series 2001 Bonds. A bond reserve account is being prefunded as a part of the Project. In addition, the District is refinancing its Series 1998 A Bond as part of the Project. The District's renewal and replacement reserve, equal to 2.5% of operating revenues, has been adjusted by approximately $6,486 based on the additional revenues of $259,421 generated by the Project.

PSC Staff recommended a 25.3% increase in rates and charges, which will generate additional annual operating revenues of approximately $211,963 over per book revenue. Staff opined that this amount of additional revenues would cover the project-related expenses and provide a proforma surplus of approximately $15,275 and debt service coverage of 120.57%. This amount of surplus and debt coverage is sufficient to meet the District's capital needs and the bondholder's coverage requirement of 115.00%. The recommended increase in the reconnection fee from $15 to $20 is consistent with the amount charged by similar districts and is considered reasonable.

The proposed extension will supply properly treated water to an area that is currently using wells. Any problems associated with wells such as iron or gas contamination and the potential for surface water contamination will be eliminated by the Project for those new customers. PSC Staff also recommended that the requested temporary waiver to the tap fee be granted.

Water Usage

Annual Consumption History by Source

Year Ended June 30	Residential Gallons	Commercial Gallons	Industrial Gallons	Public Gallons	Resale Gallons	Total
2000	53,388,000	40,796,000	42,928,000	6,152,000	3,591,000*	146,855,000
1999	48,662,000	41,178,000	34,879,000	6,587,000	0	131,306,000
1998	46,596,000	41,061,000	28,251,000	7,260,000	0	123,168,000
1997	45,772,000	41,593,000	25,205,000**	6,579,000	0	119,149,000
1996	45,314,000	44,597,000	472,000	6,928,000	0	97,311,000

* Birch River Public Service District's First Billing Period was December, 1999
** Weyerhaeuser Start-up, October, 1996 (high Commercial Amount in 1997 reflects concrete batch plant for Weyerhaeuser Construction, not yet attributable to Industrial Rate)

Daily Usage History by Source

Year Ended June 30	Residential Gallons	Commercial Gallons	Resale Gallons	Industrial Gallons	Public Gallons	Total
2000	145,869	111,465	9,812	117,290	16,809	401,245
1999	133,321	112,816	-0-	95,559	18,047	359,743
1998	127,660	112,496	-0-	77,400	19,890	337,446
1997	125,403	113,953	-0-	69,055	18,025	326,436
1996	123,809	121,850	-0-	1,290	18,929	265,878

West Virginia-American Water Sales - Resale to the District

Year Ended June 30	Purchased Gallons	Average Daily Gallons
2000	15,484,000	42,306
1999	15,727,000	43,088
1998	15,246,000	41,770
1997	14,705,000	40,288
1996	14,579,000	39,833

Customer Background

Customer Count by Type

Year Ended June 30	Residential	Commercial	Resale	Industrial	Public	Total
2000	1,031	131	1	4	25	1,191
1999	993	129	1	4	25	1,152
1998	953	128	0	4	25	1,110
1997	917	121	0	5	27	1,070
1996	865	120	0	0	27	1,012

Metered Sales to General Customers - 2000

Residential Customers	$263,140	43.2%
Commercial Customers	$150,895	24.8%
Industrial Customers	$171,167	28.1%
Public Authorities	$23,658	3.9%

Major Users

Customer	5/1/00 to 4/30/01 Consumption (gallons)	Revenue
Weyerhaeuser	36,165,000	$143,728.95
Day's Inn	8,112,000	24,189.08
Central Regional Jail	7,489,000	22,819.80
Braxton County Schools	2,835,000	10,692.09
Braxton Health Care Center	2,082,000	6,717.80

Water Source

The District currently uses the following two sources for its supply:

Source	Gallons/day	Pumping Method
Elk River	490,000 gpd	pump to storage tanks & gravity
West Virginia-American	46,300 gpd	same

Wholesale Contracts

The District has one water resale customer; the Birch River Public Service District. The PSC approved a contract and resale rate of $2.28 per 1,000 gallons of water that will apply until the new rates are placed into effect with the Bluefield Water Project; that rate will increase to $2.86 per 1,000 gallons.

The District also operates under a maintenance contract whereby it performs all necessary

maintenance on the system and monitors the same. There are various charges for maintenance fees including per man-hour, vehicles, backhoes, etc. These were also approved and set by the PSC.

Birch River PSD's average daily water consumption for the past month was approximately 26,000 gallons of water per day. Therefore the District averaged approximately $59.28 revenue per day from Birch River PSD.

A future Birch River PSD project may add about 200 more customers, which would double their customer base. At the present time, that project is on hold.

Resale Summary

Customer	5/1/00 to 4/30/01 Consumption (gallons)
BRPSD	7,947,000

District Personnel

Steve Sanders has been the General Manager of the District since 1995. He is supported by an Assistant General Manager (Roscoe Knight, 20 years service), Sewer Plant Manager (Gary Steve Cooper, 11 years service) and a Chief Water Plant Operator (Rodney Pritt). The District employs a total of fourteen people.

Rates

The PSC approved the current schedule of rates and charges on September 12, 2001. They will be formally instituted when the Project is completed or earlier. These rates were established to accommodate the Project. The following table sets forth the new rates and charges.

Water System Rates and Charges
Rates per 1,000 Gallons

All Metered Customers and Bulk Sales			New Rate
First	2,000	gallons used per month	$7.27 per 1,000 gallons
Next	28,000	gallons used per month	$4.82 per 1,000 gallons
Next	870,000	gallons used per month	$3.76 per 1,000 gallons
Next	8,100,000	gallons used per month	$3.13 per 1,000 gallons
Over	9,000,000	gallons used per month	$2.51 per 1,000 gallons

Minimum Charges

The monthly minimum charge will be as follows, according to the size of the meter installed.

5/8 inch meter	$14.54 per month
¾ inch meter	$21.81 per month
1 inch meter	$36.35 per month
1 ½ inch meter	$72.70 per month
2 inch meter	$116.32 per month
3 inch meter	$218.10 per month
4 inch meter	$363.50 per month
6 inch meter	$727.00 per month

Resale Rates

$4.97 per 1,000 gallons used per month.

Delayed Payment Penalty

The above tariff is net. On all usage billings not paid within twenty 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.

Water Service Charge

A charge of $20.00 shall be made for restoring a discontinued water connection.

Connection Charge

Subsequent to completion of construction adjacent to the user property: $200.00.

Billing and Collections

The District renders a monthly bill to all customers of the System. Payments are due 20 days after the billing date. If a bill remains unpaid beyond the due date, a 10 percent penalty is added to the delinquent account and delinquency procedures are initiated, including the mailing of termination notices and termination of service 30 days after the initial due date. Service on a delinquent account remains terminated until payment of the account is made. A reconnection charge of $15.00 is required to reinstate a previously delinquent account.

The District has a policy of writing off accounts determined to be uncollectable. Also, the District has made a provision with respect to operating expenses on its balance sheets pertaining to the System for doubtful accounts, as follows:

Summary of Doubtful Accounts-Water & Sewer

Year Ended June 30	Provision for Doubtful Accounts	Year Ended June 30	Provision for Doubtful Accounts
2000	$14,800	1998	$14,800
1999	$14,800	1997	$32,000

Deferred payment plans are available for any residential customer who can demonstrate inability to pay a System bill in full and that service termination would be dangerous to such customer's health or safety.

System Budget

The General Manager prepares a draft budget for the System's operations. The District's budget is compiled from the draft budget and submitted to the Public Service Board on or before June 1 of each year. The budget is required by statute to indicate operating expenditures and capital expenditures proposed for the ensuing fiscal year and the method of financing such expenditures. The total of proposed expenditures may not exceed the total of estimated income. Upon adoption of the budget, a copy shall be provided to the County Commission. No payments may be made in excess of the budget unless unanimously authorized and directed by the Public Service Board. Separate accounting records are kept by the District and reviewed by the District's accountant each year.

Method of Accounting

The District maintains its accounts pertaining to the system on an accrual basis and in accordance with the guidelines of the West Virginia Public Service Commission. The records of the District for the fiscal years ended June 30 of each of the past three years have been audited and are available for public inspection at the District office.

Historical and Proforma Revenues, Expenses and Coverages

Summary Statement of Income and Expense
(Fiscal Year Ended June 30)

	Projected *2002*	Unaudited *2001*	Audited *2000*	Audited *1999*	Audited *1998*	Audited *1997*	Audited *1996*
Operating Revenues	$828,666	$637,159	$619,667	$545,414	$484,842	$474,728	$388,271
Total Operating Expenses	$838,873	$662,677	$605,792	$550,061	$570,354	$482,802	$419,498
Total Operating Income	$ (10,207)	$ (25,518)	$ 13,875	$ (4,647)	$ (85,512)	$ (8,074)	$ (31,227)
Other Income/Expenses	(4,538)	(4,538)	(9,869)	(5,579)	(8,489)	553	381
Net Income	$ (14,745)	$ (30,056)	$ 4,006	$ (10,226)	$ (94,001)	$ (7,521)	$ (30,846)
Debt Service	201,381	91,230	84,901	8,803	18,272	5,048	6,176
Depreciation	100,017	100,017	100,017	77,103	57,320	46,726	43,694
Interest Charges	157,527	35,502	37,655	6,648	15,321	5,048	6,176
Cash Available for Debt Service	242,799	105,463	141,678	73,525	(21,360)	44,253	19,024
Debt Service Coverage	1.21	1.16	1.67	8.35	(1.17)	8.77	3.08

Pension Plan

The District contributes to a cost-sharing mulitple-employer defined benefit pension plan administered by the West Virginia public Employee's Retirement System (PERS). It provides retirement, disability and death benefits to plan members' beneficiaries. State statutes establish benefit provisions.

The West Virginia Consolidated Public Retirement Board issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to:

Consolidated Public Retirement Board
Building 5
1900 Kanawha Boulevard East
Charleston, West Virginia 25305-0720

The District and plan members are required to contribute 9.5% and 4.5%, respectively, of annual covered salaries. The contribution requirements of the District and plan members are established and may be amended by State statute. The District's contributions to PERS for the years ended June 30, 2000, 1999 and 1998 were $43,378, $33,453, and $29,382.

Public Service District Authority and Board Membership

(1) Only the county commission has the affirmative authority to create, enlarge or reduce a public service district;

(2) The county commission may, on its own motion or on the basis of a proper petition, enter an order creating, enlarging or reducing a public service district, which such action and order are subject to a hearing requiring proper notice, and a formal protest and public referendum depending upon the number of qualified voters who protest such action.

From and after the date of adoption of the order creating any public service district, it becomes public corporation and political subdivision of the state, but lacks 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, be sued, adopt an official seal and enter into contracts necessary or incidental to its purposed, including contracts with any city, incorporated town or other municipal corporation located within or without its boundaries for furnishing wholesale supply of water for the distribution system of the city, town or other municipal corporation, and contract for the operation, maintenance, servicing, repair and extension of any properties owned by it or for the operation and improvement or extension by the district of all or any part of the existing municipally owned public service properties of any city, incorporated town or other municipal corporation included within the district: Provided, That no contract shall extend beyond a maximum of forty yeas, but provisions may be included therein of 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.

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.

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 form the operation of the public service properties under its control and to the enforcement of the covenants and undertakings of a district.

(Balance of page left blank intentionally)

ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth for each year the amounts payable from Revenues as principal of and interest on the Series 2001 Bonds and the Prior Bonds.

Year	US RDA Loan	US RDA Loan	IJDC Loan	IJDC Loan*	2001**	Total Debt Service
2001	13,876.00	4,046.00	38,518.00	32,583.00	-	
2002	13,876.00	4,046.00	38,518.00	32,583.00	-	
2003	13,876.00	4,046.00	38,518.00	32,583.00	-	
2004	13,876.00	4,046.00	38,518.00	32,583.00	-	
2005	13,876.00	4,046.00	38,518.00	-	-	
2006	13,876.00	4,046.00	38,518.00	-	-	
2007	13,876.00	4,046.00	38,518.00	-	-	
2008	13,876.00	4,046.00	38,518.00	-	-	
2009	13,876.00	4,046.00	38,518.00	-	-	
2010	13,876.00	4,046.00	38,518.00	-	-	
2011	13,876.00	4,046.00	38,518.00	-	-	
2012	13,876.00	4,046.00	38,518.00	-	-	
2013	13,876.00	4,046.00	38,518.00	-	-	
2014	13,876.00	4,046.00	38,518.00	-	-	
2015	13,876.00	4,046.00	38,518.00	-	-	
2016	13,876.00	4,046.00	38,518.00	-	-	
2017	13,876.00	4,046.00	38,518.00	-	-	
2018	13,876.00	4,046.00	38,518.00	-	-	
2019	13,876.00	4,046.00	38,518.00	-	-	
2020	13,876.00	4,046.00	38,518.00	-	-	
2021	13,876.00	4,046.00	38,518.00	-	-	
2022	13,876.00	4,046.00	38,518.00	-	-	
2023	13,876.00	4,046.00	38,518.00	-	-	
2024	13,876.00	4,046.00	38,518.00	-	-	
2025	13,876.00	4,046.00	38,518.00	-	-	
2026	13,876.00	4,046.00	38,518.00	-	-	
2027	13,876.00	4,046.00	38,518.00	-	-	
2028	13,876.00	4,046.00	38,518.00	-	-	
2029	13,876.00	4,046.00	38,518.00	-	-	
2030	13,876.00	4,046.00	38,518.00	-	-	
2031	13,876.00	4,046.00	38,518.00	-	-	
2032	13,876.00	4,046.00	38,518.00	-	-	
2033	13,876.00	4,046.00	38,518.00	-	-	
2034	13,876.00	4,046.00	38,518.00	-	-	
2035	13,876.00	4,046.00	38,518.00	-	-	
2036	13,876.00	4,046.00	38,518.00	-	-	
2037	-	-	38,518.00	-	-	
2038	-	-	38,518.00	-	-	
2039	-	-	-	-	-	-
Totals	499,536.00	145,656.00	1,463,684.00	130,332.00	-	-

*Balance of loan as of 10-01-01 is $93,368.73. This loan will be paid off with proceeds from the Series 2001 bonds.

** Does not consider annual earnings on the DSR fund.

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

The following is a summary of certain provisions of the Resolution. The summary does not purport to be a comprehensive statement of the terms and provisions thereof, for which reference is made to the complete text of the Resolution, copies of which may be obtained from the Underwriter.

Application of Series 2001 Bond Proceeds

The amount of the Series 2001 Bond proceeds representing interest accrued on the Series 2001 Bonds from the date thereof to the date of delivery to the Underwriter shall be deposited in the Series 2001 Bond Sinking Fund established with the Bond Commission and used to pay interest on the Series 2001 Bonds next coming due.

An amount of the proceeds of the Series 2001 Bonds equal to the Series 2001 Bonds Reserve Requirement shall be remitted to the Bond Commission for deposit in the Series 2001 Bond Reserve Account.

The balance of the proceeds of the Series 2001 Bonds shall be deposited with the Depository Bank in the Construction Fund and in the Costs of Issuance Fund and shall be drawn out, used and applied by the District solely to pay costs of the Project and to pay costs of issuance of the Series 2001 Bonds. All such costs of issuance shall be paid within 60 days of the Closing Date. Moneys not to be applied immediately to pay such costs of issuance and financing may be invested in accordance with the Resolution, subject however to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to such purpose within 6 months after the Closing Date, the District shall transfer such unapplied proceeds to the Series 2001 Bonds Redemption Account. The District shall transfer all such proceeds to the Series 2001 Bonds Redemption Account. All such proceeds shall constitute a trust fund for such purposes, and there is hereby created a lien upon such moneys until so applied in favor of the Holders of the Series 2001 Bonds from which such proceeds are derived.

Application of System Revenues

The Gross Revenues derived from the operation of the System and all parts thereof are to be deposited in the Revenue Fund established with the Depository Bank.

System Revenues; Flow of Funds

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

(1) The District shall first, on the first day of each month, (i) commencing 6 months prior to the first interest payment date of the Series 2001 Bonds, apportion and set apart out of the Revenue Fund and remit to the Bond Commission for deposit in the Series 2001 Bond Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2001 Bonds, on parity with the District's existing indebtedness, on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2001 Bond Sinking Fund and the next ensuing semiannual interest payment date is more or less than 6 months, then such monthly payments shall be decreased or increased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date; provided further that, the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2001 Bond Sinking Fund shall be reduced by the amount of accrued interest on the Series 2001 Bonds deposited therein, and (ii) commencing 12 months prior to the first principal payment date or mandatory Redemption Date of the Series 2001 Bonds, apportion and set apart out of the Revenue Fund and remit to the Bond Commission for deposit in the Series 2001 Bond Sinking Fund and in the Series 2001 Bonds Redemption Account therein in the case of the Term Bonds which are to be redeemed, a sum equal to 1/12th of the amount of principal which will mature or be redeemed and become due on the Series 2001 Bonds, on parity with the District's existing indebtedness, on the next ensuing annual principal payment date or mandatory Redemption Date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2001 Bond Sinking Fund and the next ensuing annual principal payment date or mandatory Redemption Date is more or less than 12 months, then such monthly payments shall be decreased or increased proportionately to provide, 1 month prior to the next ensuing annual principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date.

(2) The District shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Bond Commission for deposit in the Series 2001 Bond Reserve Account, an amount sufficient to remedy any decrease in value of the Series 2001 Bond Reserve Account below the Series 2001 Bonds Reserve Requirement or any withdrawal from the Series 2001 Bond Reserve Account, beginning with the first full calendar month following the date on which (i) the valuation of investments in the Series 2001 Bond Reserve Account results in a determination that the amount of moneys and the value of the Qualified Investments deposited to the credit of the Series 2001 Bond Reserve Account is less than the Series 2001 Bonds Reserve Requirement, or (ii) any amount is withdrawn from the Series 2001 Bond Reserve Account for deposit into the Series 2001 Bond Sinking Fund. To the extent Gross Revenues and any other legally available funds are available therefor, the amount so deposited shall be used to restore the amount of moneys on deposit in the Series 2001 Bond Reserve Account to an amount equal to the Series 2001 Bonds Reserve Requirement to the full extent that such Gross Revenues are available; provided however, that if the shortfall in the Series 2001 Bond Reserve Account is due to a decrease in value of investments therein, such shortfall shall be replenished by not less than 6 equal monthly payments, and if such shortfall is due to a withdrawal from the Series 2001 Bond Reserve Account, such shortfall shall be replenished by not less than 12 equal monthly payments, and provided further, that no payments shall be required to be made into the Series 2001 Bond Reserve Account whenever and as long as the amount on deposit therein shall be equal to the Series 2001 Bonds Reserve Requirement.

Amounts in the Series 2001 Bond Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2001 Bonds when due, when amounts in the Series 2001 Bond Sinking Fund are insufficient therefor and for no other purpose.

(3) The District shall next, each month, pay from the Revenue Fund the Operating Expenses of the System.

(4) The District shall next, each month, from the moneys remaining in the Revenue Fund, transfer to the Depreciation Fund, a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any reserve account. All funds in the Depreciation Fund shall be kept apart from all other funds of the District or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII thereof. Withdrawals and disbursements may be made from the Depreciation Fund for replacements, emergency 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.

Revenues shall be used solely for the purposes of the System.

Investments

The District shall invest and reinvest, and shall instruct the Bond Commission and the Depository Bank to invest and reinvest, any moneys held as a part of the funds and accounts created by this Resolution in Qualified Investments to the fullest extent possible under applicable laws, the Resolution, the need for such moneys for the purposes set forth therein and the specific restrictions and provisions set forth in this section.

Except as provided below, 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 District 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 District may make any and all investments permitted by this section through the trust department of the Depository Bank. The Depository Bank shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The following specific provisions shall apply with respect to any investments made under this section:

(A) Qualified Investments acquired for the Series 2001 Bond Reserve Account shall mature or be subject to retirement at the option of the holder within not more than 5 years from the date of such investment.

(B) The District shall, or shall cause the Bond Commission to semiannually transfer from the Series 2001 Bond Reserve Account to the Series 2001 Bond Sinking Fund, any earnings on the moneys deposited therein and any other funds in excess of the Series 2001 Bonds Reserve Requirement; provided, however, that there shall at all times remain on deposit in the Series 2001 Bond Reserve Account an amount at least equal to the Series 2001 Bonds Reserve Requirement.

(C) In computing the amount in any fund or account, Qualified Investments shall be valued at the lower of the cost or the market price, exclusive of accrued interest. Valuation of all funds and accounts shall occur annually, except in the event of a withdrawal from the Series 2001 Bond Reserve Account, whereupon it shall be valued immediately after such withdrawal. If amounts on deposit in the Series 2001 Bond Reserve Account shall, at any time, be less than the Series 2001 Bonds Reserve Requirement, such deficiency shall be made up from the first available Gross Revenues after required deposits to the Series 2001 Bond Sinking Fund and otherwise in accordance with Section 4.03 hereof.

(D) All amounts representing accrued and capitalized interest shall be held by the Bond Commission, pledged solely to the payment of interest on the Series 2001 Bonds and invested only in Government Obligations maturing at such times and in such amounts as are necessary to match the interest payments to which they are pledged.

(E) Notwithstanding the foregoing, all moneys deposited in the Series 2001 Bond Sinking Fund may be invested by the Bond Commission in the West Virginia "consolidated fund" managed by the West Virginia Investment Management Board pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended.

General Covenants

Enforcement of Collections. The District has covenanted diligently to enforce and collect all fees, rates, 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, rates, rentals or other charges that become delinquent to the full extent permitted or authorized by State law. The District will shut off and discontinue the supplying of water service for the nonpayment of the rates or charges for said water service to the full extent permitted or authorized by State law.

Completion, Operation and Maintenance. The District will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the Revenues of the System in the manner provided in the Resolution.

Sale of the System. The System may be sold, mortgaged, leased or otherwise disposed of only as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to defease the pledge created by the Resolution as provided by Section 9.01. The proceeds from such sale, mortgage, lease or other disposition of the System shall be immediately

remitted to the Bond Commission for deposit in the Series 2001 Bond Sinking Fund, and otherwise as prescribed by Section 9.01. Any balance remaining after such defeasance shall be remitted to the District by the Bond Commission unless necessary for the payment of other obligations of the District payable out of the Revenues of the System.

The foregoing provision notwithstanding, the District 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 is not in excess of $50,000, the District shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the District 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 shall be in excess of $50,000 but not in excess of $200,000, the District 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, approve and 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. Payment of such proceeds into the Depreciation Fund shall not reduce the amounts required to be paid into said fund by other provisions of the Resolution.

No sale, lease or other disposition of the properties of the System shall be made by the District if the proceeds to be derived therefrom shall be in excess of $200,000 and insufficient to defease the pledge created by the Resolution, as provided by Section 9.01, without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of 60% in amount of Bonds then Outstanding. The District shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. The District shall not issue any other obligations whatsoever payable from the Revenues of the System, which rank prior to, or equally, as to lien on and source of and security for payment from the Revenues with, the Bonds, provided that additional Bonds on parity with the Bonds may be issued as provided in the Resolution. See "SECURITY FOR THE SERIES 2001 BONDS-Additional Parity Bonds." All obligations issued by the District payable from the Revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from Revenues and in all other respects, to the Bonds.

The District shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or, except with respect to additional parity Bonds, upon any of the income and Revenues of the System pledged for payment of the Bonds and the interest thereon in the Resolution, or upon the System or any part thereof.

Insurance. The District will carry, with a reputable insurance carrier or carriers, procure and maintain insurance and bonds and workers' compensation coverage with a reputable insurance carrier or carriers or bonding company or companies covering the following risks and in the following amounts:

A. FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In 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 damages 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 acquisition and construction of any additions, betterments and improvements to the System in the full insurable value thereof.

B. PUBLIC LIABILITY INSURANCE, with limits of not less than $1,000,000 per occurrence to protect the District 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 District from claims arising out of operation or ownership of motor vehicles of or for the System.

C. WORKERS' COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT OR COMPLETION BONDS, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing directly with the District 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 any additions, betterments or improvements to the System in compliance with West Virginia Code Section 38-2-39.

D. FLOOD INSURANCE, to extent available at reasonable cost to the District.

E. BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the District.

F. FIDELITY BONDS will be provided as to every officer and employee of the District 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.

Services Rendered to the District. The District will not render or cause to be rendered any free services of any nature by its System; and, in the event the District or any department, agency, instrumentality, officer or employee of the District shall avail himself 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 District and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the District shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. The revenues so received shall

be deemed to be Revenues derived from the operation of the System and shall be deposited and accounted for in the same manner as other Revenues derived from the operation of the System.

No Competing Franchise. To the extent legally allowable, the District 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.

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 any registered owner of the Bonds shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the District relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles to the extent allowable under and in accordance with the rules and regulations of the Public Service Commission of West Virginia and the Act. The District shall maintain separate control accounting records.

The Public Service Board shall file with the Consulting Engineers and the Underwriter, and shall mail in each year to any registered owner of the Bonds requesting the same, an annual report containing a statement of Revenues, operating expenses and Net Revenues derived from the System, and a balance sheet statement showing all deposits in the funds and accounts provided for in the Resolution and the status of all said funds.

The District shall also, at least once a year, cause the books, records and accounts of the System to be audited by independent certified public accountants and shall mail upon request, and make available generally, the report of said independent certified public accountants, or a summary thereof, to any registered owner of the Bonds, and shall file said report with the Underwriter. As required by statute, such audited annual report shall be filled with the Braxton County Commission and the Public Service Commission of West Virginia.

Restrictions as to Arbitrage Bonds. The District shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the District to be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any bond to be an "arbitrage bond" as defined in Section 148 of the Internal Revenue Code of 1986, as amended, and any regulations thereunder, and an authorized officer of the District shall deliver his certificate, based upon this covenant, with regard thereto to the Underwriter.

Operating Budget. The Public Service Board shall annually, prior to the beginning of each fiscal year, prepare and adopt by resolution a detailed budget of the estimated expenditures for operation and maintenance of the System during the succeeding fiscal year. No expenditures for the operation and maintenance of the System shall be made in any fiscal year in excess of the amounts provided therefor in such budget without the unanimous written approval the Public Service Board. The District shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Registrar and shall

make available such budgets and resolutions to the Registrar and to any registered owner of the Bonds or anyone acting for and in behalf of such registered owner who requests the same.

Amendment. No materially adverse modification or amendment to the Resolution or any supplemental resolution may be made without the written consents of the registered owners of sixty percent in aggregate principal amount of the Bonds then outstanding, provided that no modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter the terms of payment of the principal of or interest on, any Bond without the express written consent of the registered owner thereof. No amendment or modification shall be made that would reduce the percentage of Bonds required for consent to any such amendment or modification.

Defeasance. If the District shall pay or cause to be paid, or there shall otherwise be paid, to the registered owners of all Bonds the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Resolution, then the respective pledges of the Revenues and other moneys and securities pledged under the Resolution, and all covenants, agreements and other obligations of the District on behalf of the registered owners of the Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due will provide moneys which, together with the moneys, if any, deposited with the paying agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on such Bonds, shall be deemed to have been paid within the meaning and with the effect expressed in the preceding paragraph. All Bonds shall, prior to the maturity thereof, be deemed to have been paid if there shall have been deposited with the Bond Commission either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Bond Commission at the same or earlier time, shall be sufficient to pay when due the principal of and interest due and to become due on the Bonds on and prior to the maturity dates thereof. Neither securities nor moneys so deposited with the Bond Commission nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the respective principal of and interest on the Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Bond Commission, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and interest to become due on the Bonds on and prior to such maturity dates thereof, and interest earned from such reinvestments shall be paid over to the District as received by the Bond Commission free and clear of any trust, lien or pledge. The Bond Commission may appoint an escrow trustee to hold such moneys or securities. With respect to defeasance, the term securities includes only Government Obligations.

Default and Remedies

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

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

B. If default occurs in the District's observance of any of the covenants, agreements or conditions on its part in the Resolution or any supplemental resolution or in the Bonds, and such default shall have continued for a period of thirty (30) days after the District shall have been given written notice of such default, requiring the same to be remedied, by any registered owner of the Bonds;

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

Remedies. Upon the happening and continuance of any Event of Default, any registered owner of the Bonds 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 proceedings enforce all rights of the registered owners of the Bonds, including the right to require the District to perform its duties under the Act and the Resolution; (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the District to account as if it were the trustee of an express trust for the registered owners of the Bonds; and (v) by action or bill in equity enjoin any acts in violation of the Resolution or the rights of the registered owners of the Bonds.

Appointment of Receiver. If there be any Event of Default existing and continuing, any registered owner of the Bonds shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the District, with power to charge rates, fees and other charges sufficient to provide for the payment of operating expenses of the System, the payment of the Bonds and the deposits into the funds and accounts established with respect to the Bonds and to apply such rates, fees, charges or other Revenues in conformity with the provisions of the Resolution and the Act.

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

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

Such receiver, in the performance of the powers conferred upon him, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to

the order and decrees of such court and may be removed thereby, and a successor receiver may be appointed in the discretion of such court. Nothing contained in the Resolution 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 in the Resolution.

Any receiver appointed as provided in the Resolution shall hold and operate the System in the name of the District and for the joint protection and benefit of the District and registered owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage, or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System for the sole purpose of the protection of both the District and registered owners of the Bond, and the curing and making good of any default under the provisions of the Resolution, and the title to and ownership of the System shall remain in the District, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System.

TAX MATTERS

In the opinion of Goodwin & Goodwin, LLP, Charleston, West Virginia, Bond Counsel, under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, interest on the Series 2001 Bonds is excludable from gross income of the holders thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. It should be noted, however, that for purposes of computing the alternative minimum tax on corporations, such interest is taken into account in determining adjusted current earnings.

The initial public offering prices of some or all of the Series 2001 Bonds may be less than the amount payable on such Series 2001 Bonds at maturity (the Series 2001 Bonds of such maturities are referred to herein as "Discount Bonds"). The difference between the initial public offering price at which a substantial amount of the Discount Bonds of the same maturity was sold and the principal amount of such Discount Bonds payable at maturity constitutes "original issue discount." A portion of such Original Issue Discount, depending upon the holding period of any Discount Bond, upon disposition of such Discount Bond (including sale, redemption or payment at maturity), will be treated as interest on the Series 2001 Bonds for purposes of federal income taxation to the same extent as interest on the Series 2001 Bonds. Such interest on a Discount Bond is considered to be accreted actuarially in accordance with the constant interest method over the life of the Discount Bond, taking into account the semiannual compounding of accrued interest at the yield to maturity on such Discount Bond. For the purpose of determining the adjusted basis of a Discount Bond, the holder thereof will increase the holder's adjusted basis of the Discount Bond by the amount of Original Issue Discount, which will have economically accrued under the constant interest method during the period such Discount Bond was held by the holder. The adjusted basis will be used to determine taxable gain or loss upon disposition (including redemption or payment at maturity).

The Code imposes certain requirements as a condition to exclusion from gross income of the interest on the Series 2001 Bonds for federal income tax purposes, including a requirement that the District rebate to the United States Treasury certain arbitrage earnings. The District will covenant or certify that it will comply with all applicable requirements of the Code. Failure of the District to comply with such requirements could result in interest on the Series 2001 Bonds being included in gross income for federal income tax purposes from the date of issue.

Ownership of the Series 2001 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, property and casualty insurance companies, S corporations with "excess net passive income," individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Series 2001 Bonds.

Bond Counsel is further of the opinion that under the laws of the State of West Virginia, as presently written and applied, the Series 2001 Bonds and the interest thereon are exempt from direct taxation by the State of West Virginia and the other taxing bodies of the State.

APPROVAL OF LEGALITY

Legal matters incident to the authorization, sale and issuance of the Series 2001 Bonds are subject to the unqualified approving opinion of Goodwin & Goodwin, LLP, Charleston, West Virginia, Bond Counsel. H. Wyatt Hanna, III, South Charleston, West Virginia, Counsel for the District will pass upon certain legal matters for the District. Goodwin & Goodwin, LLP, Charleston, West Virginia, as Counsel to the Underwriter, will pass upon certain legal matters.

ABSENCE OF MATERIAL LITIGATION

There is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, public board or body, now pending or, to the best knowledge of the District, threatened or affecting the District (or, to the District's knowledge, any basis therefor) wherein an unfavorable decision, ruling or finding would have a material adverse affect on the District's financial position or on the validity of the Series 2001 Bonds, the Resolution or any agreement to which the District is a party and which is a part of the issuance of the Series 2001 Bonds.

NEGOTIABLE INSTRUMENTS

Pursuant to State law, the Series 2001 Bonds are and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia. See "THE SERIES 2001 BONDS - General."

UNDERWRITING

The Underwriter named on the cover of this Official Statement is purchasing the Series 2001 Bonds. The Purchase Contract provides that the Underwriter will purchase all the Series 2001 Bonds, if any are purchased, at a purchase price equal to the initial public offering prices set forth on the cover page hereof less an Underwriter's discount of $_____ plus accrued

interest. The obligation to make such purchase is subject to the terms and conditions set forth in the Purchase Contract, including the approval of certain legal matters by counsel. The Underwriter may change the initial public offering prices from time to time. The Underwriter may offer and sell Series 2001 Bonds to certain dealers (including dealers depositing Series 2001 Bonds into investment trusts) and certain dealer banks acting as agents at prices lower than the public offering prices stated on the cover page hereof.

FINANCIAL STATEMENTS

Included herein as Appendix B are the audited financial statements of the System as of and for the fiscal year ended June 30, 2000, and the report with respect to the audited financial statements as of and for the fiscal year ended June 30, 2000, dated March 21, 2001, of Ralph W. Bassett, Jr., Certified Public Accountant. The general purpose financial statements and the combined and individual fund and account group financial statements of the District (which include the System) have been audited by Ralph W. Bassett, Jr. to the extent and for the period indicated in his report.

CONTINUING DISCLOSURE

The District has agreed in the Resolution to execute and deliver contemporaneously with the issuance of the Series 2001 Bonds a certificate or agreement to undertake for the benefit of the Registered Owners of the Series 2001 Bonds to provide certain financial and operating information of the System (the "Annual Information") not later than one hundred fifty (150) days following the end of the fiscal year of the Authority, commencing in 2002, and to provide the Annual Information to each National Recognized Municipal Securities Information Repository ("National Repository") and any State Information Depository ("State Depository") and to provide notice of the occurrence of the enumerated events to each National Repository or the Municipal Securities Rulemaking Board ("MSRB") and to any State Depository.

This continuing disclosure obligation is being undertaken by the District to assist the Underwriter in complying with Rule 15c2-12 promulgated by the SEC. The District has agreed to give notice in a timely manner to each National Repository, or the MSRB, and to each State Depository of any failure to supply the requested information. However, any such failure will not constitute a default under the terms of the Series 2001 Bonds. Registered Owners may contact the District's General Manager at P.O. Box 677, Sutton, West Virginia 26601 for more information.

MISCELLANEOUS

The foregoing summaries, explanations and quotations do not purport to be complete and are expressly made subject to the exact provisions of the complete documents. Purchasers are referred to the Act and the Resolution for full and complete statements of their provisions.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representation of fact. This Official Statement is not to be construed as a contract or agreement between the District and the

purchasers or owners of any of the Series 2001 Bonds. The District has authorized the execution and distribution of this Official Statement.

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

By: _____
Chairman

APPENDIX A

GENERAL INFORMATION REGARDING THE DISTRICT

BRAXTON COUNTY, WV

Braxton is one of 55 counties in West Virginia. It is not part of a Metropolitan Area. Its 1998 population of 13,220 ranked 40th in the State.

Per Capita Personal Income

In 1998, Braxton had a per capita personal income (PCPI) of $15,880. This PCPI ranked 35th in the State, and was 79 percent of the State average, $20,185, and 58 percent of the national average, $27,203. In 1988, the PCPI of Braxton was $10,243 and ranked 42nd in the State. The average annual growth of PCPI over the past 10 years was 4.5 percent. The average annual growth for the State was 4.7 percent and for the nation was 4.6 percent.

Earnings By Industry

Earnings of persons employed in Braxton increased from $78,863,000 in 1988, to $110,190,000 in 1998, an average annual growth rate of 3.4 percent. The largest industries in 1998 were services, 21.3 percent of earnings; state and local government, 19.0 percent; and retail trade, 17.0 percent. In 1988, the largest industries were mining, 23.4 percent and retail trade, 13.6 percent. Of the industries that accounted for at least 5 percent of earnings in 1998, the slowest growing from 1988 to 1998 was transportation and public utilities (10.1 percent of earnings in 1998), which increased at an average annual rate of 2.9 percent; the fasted was services, which increased at an average annual rate of 10.1 percent.

Source: Regional Economic Information Systems, Bureau of Economic Analysis

Population

	Braxton County	*State of WV*
Population, 2000	14,702	1,808,344
Population, percent change, 1990 to 2000	13.1%	0.8%
Persons under 5 years old, percent, 2000	5.3%	5.6%
Persons under 18 years old, percent, 2000	22.8%	22.3%
Persons 65 years old and over, percent, 2000	15.8%	15.3%
White persons, percent, 2000 (a)	98.0%	95.0%
Black or African American persons, percent, 2000	0.7%	3.2%
American Indian and Alaska Native persons, percent, 2000	0.3%	0.2%
Asian persons, percent, 2000	0.1%	0.5%
Persons reporting some other race, percent, 2000 (a)	0.1%	0.2%
Persons reporting two or more races, percent, 2000	0.7%	0.9%
Female population, percent, 2000	49.4%	51.4%
Persons of Hispanic or Latino origin, percent, 2000	0.4%	0.7%
White persons, not of Hispanic/Latino origin, percent, 2000	97.6%	94.6%
High school graduates, persons 25 years and over, 1990	4,874	773,239
College graduates, persons 25 years and over, 1990	697	144,518
Housing units, 2000	7,374	844,623
Homeownership rate, 2000	78.2%	75.2%
Households, 2000	5,771	736,481
Persons per household, 2000	2.46	2.40
Households with persons under 18 years, percent, 2000	33.4%	31.8%
Median household money income, 1997 model-based estimate	$23,427	$27,432
Persons below poverty, percent, 1997 model-based estimate	21.5%	16.8%
Children below poverty, percent, 1997 model-based estimate	32.2%	24.7%

Population, continued

	Braxton County	*State of WV*
Business Facts		
Private nonfarm establishments with paid employees, 1998	331	41,703
Private nonfarm employment, 1998	3,158	547,234
Private nonfarm employment, percent change 1990-1998	26.8%	13.4%
Nonemployer establishments, 1997,	649	79,608
Manufacturers shipments, 1997 ($1000)	NA	$18,293,309
Retail sales, 1997 ($1000)	$111,123	$14,057,933
Retail sales per capital, 1997	$8,402	$7,743
Minority-owned firms, 1992	NA	2,070
Women-owned firms, 1992	247	30,644
Housing units authorized by building permits, 1999	0	4,233
Federal funds and grants, 1999 ($1000)	83,806	11,028,115
Local government employment - full-time equivalent, 1997	519	59,926
Geography		
Land area, 2000 (square miles)	513	24,078
Persons per square mile, 2000	28.7	75.1

Source: US Bureau of the Census, 2000 Census

Significant Employers in Braxton County

Braxton County serves as a home base to several employers within the state. A combination of competitive training programs and favorable labor supply makes Braxton County a competitive business location.

Weyerhaeuser's Eastern Oriented Strand Board (OSB) Plant set records in the facility's first year of operation producing 43 million square feet of OSB as well as totaling $50 million in sales in 1997.

Appalachian Timber Services is the first company in the United States to manufacture roof supports for the coal mining industry. Due to location and growing support throughout the community, Appalachian Timber Services has now expanded into international markets.

Companies like GTR are making headway in Braxton County. GTR designs and manufactures high frequency power supplies for x-ray equipment. The technology field in West Virginia is expanding, GTR relies heavily on highly–skilled employees for software development and assembly.

Other notable employers throughout the County are the Board of Education, State and local government, and construction operations.

Source: West Virginia Development Office

Top Ten Employers in Braxton County

1) Braxton County Board of Education
2) Weyerhaeuser Company
3) Go-Mart, Inc.
4) Braxton County Memorial Hospital
5) Braxton County Senior Citizen Center, Inc
6) Sutton Days Inn and Flatwoods Discount
7) West Virginia Regional Jail Corrections Facility
8) Coastal Lumber of Virginia, Inc.
9) Shoney's of Flatwoods
10) Bi-Con Services, Inc.

Source: Bureau of Employment Security, State of WV

Nearby Metropolitan Cities Distance (miles)

Charleston, WV:	72
Pittsburgh, PA:	172
Washington, D.C.:	301

Area Background Facts

Public Schools

Elementary 6
Vocational Schools 0
Middle or Jr. High 1
High Schools 1
Number of 1998-99 Public High School Graduates: 17

Higher Education

Glenville State College (Gilmer County)

Libraries

Number 3 Total Volumes 39,551

Utilities and Services

Electricity: Allegheny
Natural Gas: Bazzle Gas, Hope Gas Equitable Gas

Recreational Facilities

Auditorium 3 Stadiums 1
Baseball-Softball Fields 21
Basketball Courts No. Lighted 1
Indoor 6 Tennis Courts
Outdoor 6 Indoor 0
Swimming Pools 2 Outdoor 2
Country Clubs 0 Theaters, Indoor 1
Golf Courses 0 Outdoor 0
Parks 5 Playgrounds 8

Health Care

Hospitals:	1
Beds:	40
Doctors:	12
Dentists:	4

Licensed Day Care Centers: 1

Transportation

Highway Servicing Area I-79
US Routes 19
WV Routes 5, 4
Railroads CSXT, Elk River RR

Motor Freight Carriers Available
Airport Services: Braxton County, Sutton/Meadows (public), Gassaway (private)
River, Nearest Navigable: Kanawha

Communications

Newspapers 3
Radio Stations 2
TV Stations 0
Telephone Service: Verizon, Citizens Mountain State
Cellular Telephone Service: Yes

Climate

Mean Annual Average: 53 F
Jan. Averages: High 39 F Low 21
July Averages: High 87 F Low 64
Mean Ann. Snowfall Range (in.) 25-35
Long Term Precipitation (inches):
January 2.35
July 3.53
Annual 37.5

Financial

Banks (including branches): 6

Economic Indicators

Per Capita Income (1998):	$22,234
Total Personal Income (1998):	$1,579,000,000

Source: Bureau of Employment Security, State of WV

Employment and Wages Covered by Unemployment Compensation Programs (1999)

Employment, Annual Average	3,900
Total Wages, Annual	$79,258,547
Annual Wage, Annual Average	$20,322
Weekly Wage, Annual Average	$390.82

Employment and Unemployment Statistics Annual Averages

	1995	*1996*	*1997*	*1998*	*1999*
Civilian Labor Force	5910	5520	5210	5180	5380
Total Employment	4500	4860	4620	4630	4800
Total Unemployment	700	660	580	560	580
Unemployment Rate	13.4%	11.9%	11.2%	10.8%	10.8%

Source: Bureau of Employment Security, State of WV

APPENDIX B

FINANCIAL STATEMENTS

AUDIT REPORT OF

FLATWOODS CANOE RUN PUBLIC SERVICE DISTRICT

For the Fiscal Year Ended June 30, 2000

Ralph W. Bassett, Jr.
Certified Public Accountant
1156 S. Main Street
Milton, WV 25541
(304) 743-5573

Flatwoods Canoe Run PUBLIC SERVICE DISTRICT

TABLE OF CONTENTS

PAGE

Auditor's Report.....1

Water Fund

Balance Sheet.....2

Statement of Revenues, Expenses, and Changes in Retained Deficit.....3

Cash Flow Statement.....4

Sewer Fund

Balance Sheet.....5

Statement of Revenues, Expenses, and Changes in Retained Deficit.....6

Cash Flow Statement.....7

Notes to Financial Statements.....8-17

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 18-19

Schedule of Findings and Questioned Costs.....20

RALPH W. BASSETT, JR.
Certified Public Accountant
1156 South Main Street
Milton, West Virginia 25541
Phone 304-743-5573
Fax 304-743-1150

March 21, 2001

INDEPENDENT AUDITOR'S REPORT

To the Commissioners
Flatwoods Canoe Run Public Service District

We have audited the accompanying financial statements of Flatwoods Canoe Run Public Service District, as of and for the year ended June 30, 2000, as listed in the table of contents. These financial statements are the responsibility of Flatwoods Canoe Run Public Service District management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Accounts receivable from customers were not confirmed by us.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we confirmed accounts receivable, the financial statements referred to above present fairly, in all material respects, the financial position of Flatwoods Canoe Run Public Service District, as of June 30, 2000, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2001, on our consideration of Flatwoods Canoe Run Public Service District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Ralph W. Bassett, Jr.
Milton, West Virginia
March 21, 2001

WATER FUND

Flatwoods Canoe Run Public Service District - Water
Balance Sheet
June 30, 2000

	2000	(Memorandum Only) 1999
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 31,164	$ 32,140
Accounts Receivable, Net	77,718	72,316
Total Current Assets	108,882	104,456
Restricted Assets		
Cash	87,548	305,209
Investments	62,035	57,712
Total Restricted Assets	149,583	362,921
Property, Plant, and Equipment		
Propety, Plant, and Equipment	3,438,554	3,384,376
Accumulated Depreciation	(730,435)	(630,931)
Net Property, Plant, and Equipment	2,708,119	2,753,445
Other Assets		
Due from Sewer Fund	-0-	30,420
Bond Issuance Costs	9,449	9,961
Total Other Assets	9,449	40,381
TOTAL ASSETS	$ 2,976,033	$ 3,261,203
LIABILITIES AND EQUITY		
Current Liabilities		
Notes Payable, Current Portion	$ 46,797	$ 45,272
Current Portion of Compensated Absences	-0-	942
Accounts Payable	16,734	316,052
Accrued Interest Payable	942	22,797
Accrued Wages & Benefits	11,470	7,148
Customer Deposits	13,550	11,587
Payable to Sewer Fund	4,580	-0-
Accrued Taxes	642	4,608
Total Current Liabilities	94,715	408,406
Long Term Debt		
Notes Paybale, Net of Current Portion	1,236,208	1,250,279
Compensated Absences	15,497	24,331
Total Long Term Debt	1,251,705	1,274,610
Equity		
Contributions in Aid	1,711,224	1,663,804
Retained Deficit	(81,611)	(85,617)
Total Equity	1,629,613	1,578,18[illegible]
TOTAL LIABILITIES AND EQUITY	$ 2,976,033	$ 3,261,203

See accountant's report and notes to financial statements

Flatwoods Canoe Run Public Service District - Water
Statement of Revenues, Expenses, and Changes in Retained Deficit
For the Year Ended June 30, 2000

	2000	(Memorandum Only) 1999
Revenues		
Residential Customers	$ 263,140	$ 261,868
Commercial Customers	150,895	139,356
Industrial Customers	171,167	106,148
Public Authorities	23,658	24,073
Tap Fees	-0-	9,000
Miscellaneous Revenue	10,807	4,969
Total Revenues	619,667	545,414
Operating Expenses		
Source of Supply	54,602	48,483
Pumping	202,661	118,611
Water Treatment	56,634	39,816
Transmission and Distribution	42,349	41,586
Customer Accounts	46,979	32,826
Administrative and General	102,550	191,636
Depreciation and Amortization	100,017	77,103
Total Operating Expenses	605,792	550,061
Income from Operations	13,875	(4,647)
Other Income and Expenses		
Interest Income	5,931	9,466
Interest Expense	(15,800)	(15,045)
Total Other Income and Expenses	(9,869)	(5,579)
Retained Deficit - Beginning	(85,617)	(75,391)
Retained Deficit - Ending	$ (81,611)	$ (85,617)

See accountant's report and notes to financial statements

Flatwoods Canoe Run Public Service District - Water
Statement of Cash Flows
For the Year Ended June 30, 2000

	2000	(Memorandum Only) 1999
Cash flows from operating activities		
Net Income	$ 13,875	$ (4,647)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	100,017	76,814
(Increase) decrease in accounts receivable	(5,402)	(30,700)
(Increase) decrease in other assets	-0-	(9,961)
Increase (decrease) in accounts payable	(299,319)	229,110
Increase (decrease) in customer deposits	1,963	1,350
Increase (decrease) in accrued wages	679	1,169
Increase (decrease) in compensated absences	(9,776)	(31,394)
Increase (decrease) in accrued liabilities	(323)	34
Total adjustments	(212,161)	236,422
Net cash provided (used) by operating activities	(198,286)	231,775
Cash flows from capital and related financing Activities:		
Acquisition and construction of capital assets	(54,178)	(1,684,176)
Proceeds from issuance of capital debt	34,702	987,914
Repayment of capital debt	(47,248)	(2,15
Interest paid on capital debt	(37,655)	6,64
Contributed capital	47,420	549,151
Residual equity transfers	35,000	45,000
Net cash provided (used) by financing activities	(21,959)	(97,618)
Cash flow from investing activities:		
Withdraw (purchase) of investments	(4,323)	(9,453)
Investment earnings	5,931	9,466
Net cash provided (used) by investing activities	1,608	13
Net increase (decrease) in cash and equivalents	(218,637)	134,170
Cash and equivalents, beginning of year	337,349	203,179
Cash and equivalents, end of year	$ 118,712	$ 337,349
Supplemental disclosure of cash flow information:		
Interest income	$ 5,931	$ 9,466
Interest expense	(15,800)	(15,04

See accountant's report and notes to financial statements

SEWER FUND

Flatwoods Canoe Run Public Service District - Sewer
Balance Sheet
June 30, 2000

	2000	(Memorandum Only) 1999
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 44,953	$ 10,738
Accounts Receivable, Net	104,867	82,141
Total Current Assets	149,820	92,879
Restricted Assets		
Cash	51,312	17,421
Investments	168,259	381,808
Total Restricted Assets	219,571	399,229
Property, Plant, and Equipment		
Utility Plant - Sewer	13,799,627	13,847,621
Accumulated Depreciation	(2,162,044)	(1,811,806)
Net Property, Plant, and Equipment	11,637,583	12,035,815
Other Assets		
Due from Water Fund	4,580	-0-
Total Other Assets	4,580	-0-
TOTAL ASSETS	$ 12,011,554	$ 12,527,923
LIABILITIES AND EQUITY		
Current Liabilities		
Notes Payable, Current Portion	$ 75,747	$ 203,329
Loans Payble	103,661	317,298
Accounts Payable	6,150	76,289
Due to Water Fund	-0-	30,420
Accrued Condemnation Settlements	44,000	129,000
Accrued Interest Payable	46,096	43,492
Accrued Wages & Benefits	6,908	4,523
Customer Deposits	11,504	9,594
Accrued Taxes	2,193	11,757
Total Current Liabilities	296,259	825,702
Long Term Debt		
Notes Payable, Net of Current Portion	4,828,459	4,903,419
Compensated Absences	8,261	8,796
Total Long Term Debt	4,836,720	4,912,215
Equity		
Contributions in Aid	8,391,767	8,192,174
Retained Deficit	(1,513,192)	(1,402,168)
Total Equity	6,878,575	6,790,006
TOTAL LIABILITIES AND EQUITY	$ 12,011,554	$ 12,527,923

See accountant's report and notes to financial statements

Flatwoods Canoe Run Public Service District - Sewer
Statement of Revenues, Expenses, and Changes in Retained Deficit
Fore the Year Ended June 30, 2000

	2000	(Memorandum Only) 1999
Revenues		
Residential Customers	$ 328,548	$ 342,408
Commercial Customers	419,860	399,815
Industrial Customers	9,600	45,578
Public Authorities	15,985	18,899
Tap Fees	-0-	1,750
Miscellaneous Revenue	23,041	26,476
Total Revenues	797,034	834,926
Operating Expenses		
Collecting	31,554	49,096
Pumping	75,495	66,659
Treatment and Disposal	108,083	97,175
Customer Accounts	70,520	43,617
Administrative and General	84,441	136,266
Depreciation	350,238	349,753
Total Operating Expenses	720,331	742,566
Income From Operations	76,703	92,360
Other Income and Expenses		
Interest Income	13,427	18,155
Interest Expense	(211,232)	(192,943)
Other	-0-	(1,410)
Total Other Income and Expenses	(197,805)	(176,198)
Net Income (Loss)	(121,102)	(83,838)
Prior Period Adjustment	10,078	-0-
Retained Deficit - Beginning	(1,402,168)	(1,318,330)
Retained Deficit - Ending	$ (1,513,192)	$ (1,402,168)

See accountant's report and notes to financial statements

Flatwoods Canoe Run Public Service District - Sewer
Statement of Cash Flows
For the Year Ended June 30, 2000

	2000	(Memorandum Only) 1999
Cash flows from operating activities		
Net Income	$ 76,703	$ 92,360
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	350,238	349,753
(Increase) decrease in accounts receivable	(22,726)	(24,481)
Increase (decrease) in accounts payable	(22,145)	(15,069)
Increase (decrease) in customer deposits	1,910	1,019
Increase (decrease) in accrued wages	874	253
Increase (decrease) in compensated absences	(535)	(1,297)
Increase (decrease) in accrued liabilities	(8,053)	(1,693)
Increase (decrease) in accrued condemnation	(85,000)	0
Total adjustments	214,563	308,485
Net cash provided (used) by operating activities	291,266	400,845
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	0	(33,517)
Proceeds from issuance of capital debt	0	56,833
Repayment of capital debt	(416,179)	(201,734)
Interest paid on capital debt	(208,628)	(198,80
Contributed capital	199,593	0
Residual equity transfers	(35,000)	(45,000)
Condemnation settlement	0	(1,000)
Proceeds from flood damage	0	7,591
Net cash used by capital and related financing activities:	(460,214)	(415,632)
Cash flow from investing activities:		
Purchase of investments	213,549	(88,656)
Investment earnings	13,427	18,155
Net cash provided (used) by investing activities	226,976	(70,501)
Net increase (decrease) in cash and equivalents	58,028	(85,288)
Prior Period Adjustment	10,078	0
Cash and equivalents, beginning of year	28,159	113,447
Cash and equivalents, end of year	$ 96,265	$ 28,159
Supplemental disclosure of cash flow information:		
Interest income	$ 13,427	$ 18,155
Interest expense	(211,232)	(192,94

See accountant's report and notes to financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Reporting Entity

Flatwoods Canoe Run Public Service District (the "District") serves approximately 1,200 Water and 1,200 Sewer customers within Braxton county, West Virginia. It is a governmental entity and a body corporate, created by the Braxton County Commission (the "Commission") under the provisions of Chapter 16, Article 13A of the West Virginia Code, as amended, and known as the Public Service Commission Law of West Virginia. The District's purpose includes the following, all of which relate to the preservation, protection, improvement and management of the purity and quality of water in the area which it serves:

1. The diversion, development, pumping, impounding, treatment, storage, distribution or furnishing of water for industrial, public, private or other uses;

2. The collection, treatment, purification or disposal of liquid or solid wastes whether it be sewage or industrial.

The District receives no operating appropriations from the Commission nor is the Commission able to impose its will over the District; therefore, the District is not considered to be a component unit of the Commission.

Basis of Presentation

The activities of the District are accounted for in an Enterprise Fund.

Enterprise funds are used to account for operations that are financed and operated in a manner similar to the private business enterprises - where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

All enterprise funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on the balance sheet. The reported fund equity (net total assets) is segregated into contributed capital and retained earnings (accumulated deficit) components. Enterprise fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Depreciation of all exhaustible fixed assets used by enterprise fund types is charged as an expense against their operations. Accumulated depreciation is netted against fixed assets and reported on the balance sheet. Depreciation has been provided over the estimated useful lives of depreciable assets using the straight line method.

Long term debt financed by revenue bonds is accounted for as a long term liability on the balance sheet, as prescribed by GAAP.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying general purpose financial statements of the District conform with GAAP for governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for governmental accounting and financial reporting. As an enterprise fund, the District uses the flow of economic resource measurement focus and the accrual method of accounting. Under this method of accounting, revenues are recorded when earned and expenses are recorded when incurred.

Cash and Cash Equivalents

For the purpose of balance sheet as well as cash flow reporting, cash includes cash held on deposit in bank accounts, and cash equivalents include investments with original maturities of fewer than ninety (90) days.

Allowance for Doubtful Accounts

The District uses the allowance method to account for uncollectible accounts receivable.

Investments

Investments are reported at fair value.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued:

Restricted Assets

Monies accumulated in reserve accounts are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

Fixed Assets

Fixed assets are stated at cost. Maintenance and repairs that neither materially add to the value of a fixed asset nor appreciably prolong its life are charged against income in the year incurred. Depreciation is computed using the straight line method over the estimated useful lives of the assets. The estimated useful lives of the assets are as follows:

Utility Plant	40 years
Transportation Equipment	10 years
Structures and Improvements	10 years
Office Furniture and Fixtures	5 years
Other Equipment	10 years

Compensated Absences

Accumulated vacation leave is recorded as an expense and a liability as the benefits accrue to employees. The liability for accumulated vacation leave has been recorded in accordance with GASB No. 16.

District employees earn sick leave benefits which accumulate, but do not vest. When separated from employment, an employee's sick leave benefits are considered ended and no reimbursement is provided. However, an employee may convert, at the time of retirement, any accumulated sick leave to pay a portion of an employee's post employment health care insurance premium. If this option is not selected, the leave amount may be applied toward an increase in the employee's retirement benefits with such sick leave constituting additional credited service in computation of such benefits. The liability for accumulated sick leave for employees has been recorded in accordance with GASB Statement No.16, using the vesting payment method.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued:

Estimates

The preparation of general purpose financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the general purpose financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Comparative Data

The immediate prior year, 1999, was audited by Smith, Cochran, and Hicks, PLLC, and has been presented in the District's financial statements in order to provide an understanding of changes in the District's financial position and operations.

2. CASH AND INVESTMENTS

Cash

Cash consisted of the following at June 30, 2000:

	Water Fund	Sewer Fund	Totals (Memorandum Only)
Unrestricted:			
Cash in Bank	$ 31,164	$ 44,953	$ 76,117
Restricted:			
Cash in Bank	87,548	51,312	138,860
Total Cash	$ 118,712	$ 96,265	$ 214,977

At June 30, 2000, the District had $139,932 in deposits that were not covered by FDIC Insurance or other securities held by the banking institution.

Investments

In accordance with GASB Statement No. 3, the District's investments are classified as to the level of risk by the three categories described below:

Category 1 includes investments that are insured or registered, or for which the securities are held by the District or its agent in the District's name.

2. CASH AND INVESTMENTS - Continued

Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name.

Category 3 includes uninsured and unregistered investments of which the securities are held by the counterparty's trust department or agent but not in the District's name.

Investments at June 30, 2000, by security type and level of risk category as defined by GASB Statement No. 3, are as follows:

	Category				
	1	2	3	Carrying Amount	Fair Value
Certificates of Deposit	$28,001	-0-	-0-	$ 28,001	$28,001
Municipal Bond Commission restricted pool with the West Virginia State Board of Investments				$ 202,293	
Total				$ 230,294	

In accordance with GASB Statement No. 3, investments included in the Municipal Bond Commission restricted pool with the Investment Management Board through the West Virginia State Treasurer have not been classified as to the level of risk because they are not evidenced by securities that exist in physical or book entry form. Additionally, since these investments are commingled with the investments of other entities, the fair value at June 30, 2000, is not readily determinable and therefore, has not been disclosed.

3. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2000, consisted of the following:

	Water Fund	Sewer Fund	Totals (Memorandum Only)
Customer Accounts Receivable	$ 80,418	$ 116,967	$ 197,385
Less: Allowance for Doubtful Accounts	(2,700)	(12,100)	(14,800)
Accounts Receivable, Net of Allowance for Doubtful Accounts	$ 77,718	$ 104,867	$ 182,585

4. RESTRICTED ASSETS

To comply with its bond ordinances, the district is required to establish a reserve account, and to fund such account until the sum of one year's principal and interest payments are accumulated in the account. At June 30, 2000, the water fund reserve deposits totaled $87,934, of which $34,034 is on deposit with the Municipal Bond Commission, $28,001 is invested in certificates of deposit, and $25,899 is on deposit at a local bank. At June 30, 2000, the sewer fund reserve deposits totaled $176,911, of which $168,259 is on deposit with the Municipal Bond Commission and $8,652 is on deposit at a local bank.

As of June 30, 2000, restricted assets consisted of:

	Water Fund	Sewer Fund	Totals (Memorandum Only)
Reserve Accounts	$ 87,934	$ 176,911	$ 264,845
Construction Projects	61,649	42,660	104,309
Total Restricted Assets	$ 149,583	$ 219,571	$ 369,154

The accompanying auditor's report is an integral part of these notes.

5. FIXED ASSETS

Fixed assets consisted of the following at June 30, 2000:

	Water Fund	Sewer Fund	Totals (Memorandum Only)
Utility Plant	$ 3,187,592	$ 13,748,281	$ 16,935,873
Transportation Equip.	55,260	35,688	90,948
Structures & Improve.	44,248	1,590	45,838
Office Furniture & Equip.	2,473	7,966	10,439
Other Equipment	148,981	6,102	155,08
Total Fixed Assets	3,438,554	13,799,627	17,238,181
Less: Accumulated Depr.	(730,435)	(2,162,044)	(2,892,479)
Fixed Assets, Net	$ 2,708,119	$11,637,583	$ 14,345,702

Depreciation expense for the water fund and the sewer fund for the year ended June 30, 2000, was $99,504 and $350,238 respectively.

6. NOTES PAYABLE

Notes payable at June 30, 2000, consisted of the following:

	Water Fund	Sewer Fund	Totals (Memorandum Only)
Revenue bonds payable (8.10%) to West Virginia Water Development Authority, due through 2029, payable in annual installments of $98,066, including interest	$ ___	$ 1,093,673	$ 1,093,673
Supplemental revenue bonds payable (0%) to West Virginia Water Development Authority, due through 2029, payable in annual installments of $1,364	___	40,928	40,928
Revenue bonds payable (7.75%) to West Virginia Water Development Authority, due through 2031, payable in annual installments of $22,314, including interest	___	261,502	261,502

6. NOTES PAYABLE - Continued

	Water Fund	Sewer Fund	Totals (Memorandum Only)
Supplemental revenue bonds payable (0%) to West Virginia Water Development Authority, due through 2031, payable in annual installments of $236	—	7,544	7,544
Note payable (5.0%) to United States Department of Agriculture - Farmers Home Administration, due through 2030, payable in monthly installments of $5,490, including interest	—	935,467	935,467
Revenue bonds payable (0%) to West Virginia Division of Environmental Protection (Water Pollution Control Revolving Fund Loan), due through 2014, payable in quarterly installments of $38,105	—	2,210,092	2,210,092
Revenue bonds payable (4.875%) to United States Department of Agriculture - Farmers Home Administration, due through 2036, monthly interest installments first 24 months, then payable in monthly installments of $1,160, including interest	234,286	—	234,286
Revenue bonds payable (4.875%) to United States Department of Agriculture - Farmers Home Administration, due through 2036, monthly interest installments first 24 months, then payable in monthly installments of $334, including interest	68,317	—	68,317
Revenue bonds payable (0%) to West Virginia Division of Environmental Protection (Water Pollution Control Revolving Fund Loan), due through 2018, payable in quarterly installments of $5,000	—	355,000	355,000
Revenue bonds payable (3%) to West Virginia Infrastructure Fund, due through 2004, payable in quarterly installments of $8,645, including interest	129,884	—	129,884

6. NOTES PAYABLE - Continued

	Water Fund	Sewer Fund	Totals (Memorandum Only)
Revenue bonds payable (3%) to West Virginia Infrastructure Fund, due through 2038, payable in quarterly installments of $9,666, including interest	850,518		850,518
Total long term debt	1,283,005	4,904,206	6,187,211
Less current portion	46,797	75,747	122,544
Long term debt, net of current portion	$ 1,236,208	$ 4,828,459	$ 6,064,667

Maturities of long term debt as of June 30, 2000 are as follows:

Year Ended June 30	Water Fund	Sewer Fund	Total
2000	$ 46,797	$ 75,747	$ 122,544
2001	48,281	77,672	125,953
2002	49,813	79,722	129,535
2003	51,397	81,907	133,304
2004	18,059	84,236	102,295
Thereafter	1,068,658	4,504,922	5,573,580
Total	$ 1,283,005	$ 4,904,206	$ 6,187,211

Interest expense for the year ended June 30, 2000, was $15,800 for the water fund and $211,232 for the sewer fund.

7. LOANS PAYABLE

Loans payable at June 30, 2000, consisted of the following:

	Water Fund	Sewer Fund	Totals (Memorandum Only)
The District has a $103,661 construction line-of-credit which supports borrowing arrangements from the State Revolving Loan Fund. The interest rate on the line-of-credit is 11% per annum. The line-of-credit is unsecured.	$	$ 103,661	$ 103,661
Total Loans Payable	$ -0-	$ 103,661	$ 103,661

8. PENSION PLAN

The District contributes to a cost-sharing multiple-employer defined benefit pension plan administered by the West Virginia Public Employee's Retirement System (PERS). It provides retirement, disability and death benefits to plan members an beneficiaries. State statutes establish benefit provisions.

The West Virginia Consolidated Public Retirement Board issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to:

Consolidated Public Retirement Board
Building 5
1900 Kanawha Boulevard East
Charleston, West Virginia 25305-0720

The District and plan members are required to contribute 9.5% and 4.5%, respectively, of annual covered salaries. The contribution requirements of the District and plan members are established and may be amended by State statute. The District's contributions to PERS for the years ended June 30, 2000, 1999, and 1998 were $43,378, $33,453, and $29,382.

9. ACCRUED CONDEMNATION SETTLEMENTS - SEWER FUND

As of June 30, 2000, the District was involved in twelve property condemnation proceedings. Based upon local real estate appraisals, management estimates that the total settlement costs relating to these property condemnation proceedings will be $44,000.

10. PRIOR PERIOD ADJUSTMENT

At the year ended June 30, 1999, it was noted that the accrued taxes were over stated. An adjustment has been made to that year to reflect a decrease in accrued taxes of $10,078.

RALPH W. BASSETT, JR.
Certified Public Accountant
1156 South Main Street
Milton, West Virginia 25541
Phone 304-743-5573
Fax 304-743-1150

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Commissioners
Flatwoods Canoe Run Public Service District

We have audited the financial statements of Flatwoods Canoe Run Public Service District for the year ended June 30, 2000, and have issued our report thereon dated March 21, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing* Standards, issued by the Comptroller General of the United States.

Compliance

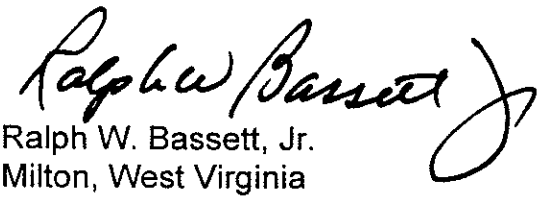
As part of obtaining reasonable assurance about whether Flatwoods Canoe Run Public Service District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings as 00-1.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Flatwoods Canoe Run Public Service District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not

be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weakness.

This report is intended for the information of the District's Commissioners, management, and state agencies and is not intended to be and should not be used by anyone other than these specified parties.



Ralph W. Bassett, Jr.
Milton, West Virginia
March 21, 2001

Flatwoods Canoe Run Public Service District
Schedule of Findings and Questioned Costs
For The Year Ended June 30, 2000

Item #00-1

CRITERIA

The District's debt covenants require that the sewer fund's renewal and replacement fund be funded at a certain amount.

CONDITION

The renewal and replacement fund is underfunded by $41,856.

EFFECT

The District is in noncompliance with the terms of the debt covenants.

CAUSE

Insufficient monitoring of the status of the funding level of the renewal and replacement fund.

RECOMMENDATION

We recommend the District's general manager closely monitor renewal and replacement fund additions in comparison to the required amount on an ongoing basis throughout the year and report to the Board the District's status with respect to whether the renewal and replacement fund has been adequately funded.

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

October 18, 2001

Flatwoods-Canoe Run Public Service District
P.O. Box 677
Sutton, WV 26601

Crews & Associates, Inc.
300 Summers Street, Suite 930
Charleston, WV 25301

Re: $2,240,000
Flatwoods-Canoe Run Public Service District
Water Improvement and Refunding Revenue Bonds
Series 2001 (Bluefield Area Extension Project)

Gentlemen:

I have examined a record of proceedings relating to the issuance by the Flatwoods-Canoe Run Public Service District (the "Issuer") of its Water Improvement and Refunding Revenue Bonds, Series 2001 (Bluefield Area Extension Project), in the principal amount of $2,240,000, bearing interest on the unpaid principal balance from date of delivery at the rates specified therein per annum, and dated on the date hereof (the "Bonds").

The Bonds have been authorized by a Bond Resolution duly adopted by the Public Service Board of the Issuer, which is the governing body of the Issuer, on July 18, 2001 (the "Bond Resolution"), and offered for sale pursuant to the terms of an Offering Statement dated October __, 2001.

Principal and interest on the Bonds are payable in semi-annual installments for _____ (__) years after delivery of the Bonds, the final installment to be in the sum of the unpaid principal and interest due on the date thereof. Principal installments upon the Bonds are subject to payment in advance as provided therein and in the Bond Resolution.

The Bond Resolution and the Bonds provide that the issue is for the purpose of financing a portion of the costs associated with improvements to the existing water system (the "System") of the Issuer. In addition, a small portion of the bond proceeds will be used to refinance certain existing indebtedness.

In rendering this opinion, we have relied, in part, upon the General Certificate of the Issuer.

It is our opinion that:

1. The Issuer is a duly organized and presently existing public service district and is a public corporation and a political subdivision of the State of West Virginia with full power and authority to incur debts of the System and issue and sell the Bonds, all under the provisions of Chapter 16, Article 13A (the "Act"), of the Code of West Virginia of 1931, as amended, and other applicable provisions of law.

2. The Issuer, through its Public Service Board, has legally and effectively adopted the Bond Resolution in connection with the bond issue and issued, sold and delivered the Bonds to The Depository Trust Company, for credit to Crews and Associates, Inc., as the Underwriter.

3. As of this date, the Bonds are in due and proper form and have been duly executed and delivered and constitute a valid and legally enforceable special obligation of the Issuer secured by and payable solely from a statutory lien with the Bonds, as described in the Bond Resolution, and a pledge of the net revenues of the System, all in accordance with the terms of the Bonds and the Bond Resolution.

4. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as described for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. The Bonds and the interest thereon are, under the Act, exempt from taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

6. It is to be understood that the rights of the holder of the Bonds and the enforceability of the Bonds and the Bond Resolution, and the liens and pledges set forth therein, may be subject to and this opinion is limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally

applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully submitted,

GOODWIN & GOODWIN, LLP

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT
as Issuer,

Dated as of October 18, 2001

TABLE OF CONTENTS

		PAGES
RECITALS		
Section 1.	Definitions; Scope of this Certificate	1
Section 2.	Disclosure of Information	3
Section 3.	Amendment or Modification	6
Section 4.	Miscellaneous	6
	SIGNATURES	8
	EXHIBIT A - Nationally Recognized Municipal Securities Information Repositories	9

THIS CONTINUING DISCLOSURE CERTIFICATE (the "Certificate") is made and entered into as of the 18 day of October, 2001, by FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT (the "Issuer).

RECITALS:

WHEREAS, the Issuer has issued or will issue its $2,240,000 Water Improvement and Refunding Revenue Bonds, Series 2001 (Bluefield Area Extension Project) (the "Bonds"), pursuant to a Bond Resolution approved on July 18, 2001 (the "Resolution"), to (i) finance the design, acquisition, construction and equipping of extensions to an existing water system; (ii) fund a debt service reserve for the Bonds; and (iii) to pay costs relating to the issuance of the Bonds; and

WHEREAS, the Bonds have been offered and sold pursuant to a Preliminary Official Statement dated October __, 2001, and an Official Statement dated October __, 2001 (collectively, the "Offering Document"); and the Issuer has entered into a Bond Purchase Agreement, dated as of October __, 2001 (the "Bond Purchase Agreement"), with respect to the sale of the Bonds, with the Participating Underwriter, as hereinafter defined; and

WHEREAS, the Issuer wishes to provide for the disclosure of certain information concerning the Bonds and other matters on a continuing basis as set forth herein for the benefit of the Bondholders in accordance with the provisions of Securities and Exchange Commission Rule 15c2-12, as amended from time to time (the "Rule");

NOW, THEREFORE, in consideration of the mutual promises and agreements made herein and in the Resolution, the receipt and sufficiency of which consideration is hereby mutually acknowledged, the parties hereto agree as follows:

Section 1. Definitions; Scope of this Certificate.

(A) All terms capitalized but not otherwise defined herein shall have the meanings assigned to those terms in the Resolution, as amended and supplemented from time to time. In addition, the following capitalized terms shall have the following meanings:

"Annual Financial Information" shall mean annual financial information and operating data customarily prepared by the Issuer and which is publicly available and which appears in the Offering Document. The Issuer customarily prepares audited annual financial information using generally accepted accounting procedures, provided however, that the Issuer may change the accounting principles used for preparation of such financial information so long as the Issuer includes as information provided to the public a statement to the effect that different accounting principles are being used, stating the reason for such change and how to compare the financial information provided by the differing financial accounting principles. This Annual Financial Information is customarily available to the public.

"Disclosure Representative" shall mean the Chairman of the Issuer, and any successor thereto, or such other person as the Issuer may from time to time designate in writing.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Material Event" shall mean, as to the Issuer, any of the events listed in items (i) through (xii) below, the occurrence of which the Issuer and/or the Disclosure Representative obtains knowledge, and which the Issuer or Disclosure Representative determines would constitute material information for Bondholders, provided, that the occurrence of an event described in clauses (iii), (v), (vi), (vii), (x), (xi) and (xii) shall always be deemed to be material. The following events, if material, shall constitute Material Events:

(i) any delinquency in the payment of principal of or interest on the Bonds;

(ii) any nonpayment related Event of Default under the Resolution;

(iii) the occurrence of any unscheduled draws on any debt service reserve fund or account under the Resolution reflecting financial difficulties;

(iv) the occurrence of any unscheduled draws on credit enhancements reflecting financial difficulties;

(v) any substitution of credit or liquidity providers or the failure of any such credit or liquidity providers to perform;

(vi) any adverse tax opinions or other events affecting the exclusion from gross income of the interest on the Bonds;

(vii) any modifications of the rights of any Bondholder;

(viii) the notice to the Bondholders of any optional or other unscheduled redemption;

(ix) the defeasance of any Bonds;

(x) the release, substitution or sale of property securing the repayment of the Bonds;

(xi) any change in any rating provided by a nationally recognized municipal securities rating agency on the Bonds; and

(xii) any other material event affecting the Bonds or the Issuer.

"NRMSIR" shall mean all of the Nationally Recognized Municipal Securities Information Repositories as of the date hereof, as set forth in EXHIBIT A hereto, and all future Nationally Recognized Municipal Securities Information Repositories approved by the SEC from time to time.

"Participating Underwriter" shall mean the original underwriter of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Release" shall mean Securities and Exchange Commission Release No. 34-34961.

"SEC" shall mean the Securities and Exchange Commission.

"SID" shall mean the state information depository, as such term is used in the Release, if and when a SID is created for the State.

"State" shall mean the State of West Virginia.

"Turn Around Period" shall mean two (2) business days with respect to Material Event occurrences disclosed by the Issuer to the Disclosure Representative, or, which otherwise become known to the Disclosure Representative.

(B) This Certificate applies to the Bonds and any additional bonds or other obligations issued under the Resolution or any supplement thereto.

(C) The Disclosure Representative shall have no obligation to make disclosure in connection with the Bonds or the Project except as expressly provided herein; provided that nothing herein shall limit the duties or obligations of the Disclosure Representative under any other agreement with the Issuer.

Section 2. Disclosure of Information.

(A) General Provisions. This Certificate governs the Issuer's direction to the Disclosure Representative, with respect to information to be made public and in its actions under this Certificate.

(B) Information Provided to the Public. Except to the extent this Certificate is modified or otherwise altered in accordance with Section 3 hereof, the Issuer shall make or cause the Disclosure Representative to make public the information set forth in subsections (1) and (2) below:

(1) Annual Financial Information. Annual Financial Information of the Issuer at least annually not later than December 31 (the "Disclosure Date"), beginning with the fiscal year ending June 30, 2001, and continuing with each fiscal year thereafter, shall be subject to disclosure. The Disclosure Representative shall, on behalf of the Issuer, provide Annual Financial Information to the NRMSIR and SID not later than the Disclosure Date referenced above. The Annual Financial Information may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Financial Information.

(2) Material Events Notices. Notice of the occurrence of a Material Event.

(C) Information Provided by Disclosure Representative to Public.

(1) The Issuer directs the Disclosure Representative on its behalf to make public in accordance with subsection (D) of this Section 2 and within the time frame set forth in clause (3) below, and the Disclosure Representative agrees to act as the Issuer's agent in so making public, as regards the operations of the Issuer, the following:

(a) Annual Financial Information;

(b) Material Event occurrences; and

(c) such other information as the Issuer shall determine to make public through the Disclosure Representative.

The Issuer shall provide such information to the Disclosure Representative in the form required by subsection (C)(2) of this Section 2. If the Issuer chooses to include any information in any financial information report or in any notice of occurrence of a Material Event, in addition to that which is specifically required by this Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future financial information report or notice of occurrence of a Material Event.

(2) The information, which the Issuer has agreed to make public, shall be in the following form:

(a) as to all notices, reports and financial statements to be provided to the Disclosure Representative by the Issuer, in the form of notice required by the Resolution, this Certificate or other applicable document or agreement; and

(b) as to all other notices or reports, in such form as the Disclosure Representative shall deem suitable for the purpose of which such notice or report is given.

(3) The Disclosure Representative shall make public the Annual Financial Information and Material Event occurrences within the applicable Turn Annual Period. Notwithstanding the foregoing, Material Events shall be made public on the same day as notice thereof is given to the Bondholders of outstanding Bonds, if required, and shall not be made public before the date of such notice. If on any such date, information required to be provided by the Issuer to the Disclosure Representative has not been provided on a timely basis, the Disclosure Representative shall make such information public as soon thereafter as it is provided to the Disclosure Representative.

(D) Means of Making Information Public.

(1) Information shall be deemed to be made public by the Issuer or the Disclosure Representative under this Certificate if it is transmitted to one or more of the following as provided in subsection (D)(2) of this Section 2:

(a) to the Bondholders of outstanding Bonds, by the method prescribed by the Resolution;

(b) to each NRMSIR, by (i) electronic facsimile transmissions confirmed by first class mail, postage prepaid, or (ii) first class mail, postage prepaid; provided that the Issuer or the Disclosure Representative is authorized to transmit information to a NRMSIR by whatever means are mutually acceptable to the Disclosure Representative or the Issuer, as applicable, and the NRMSIR;

(c) to the SID (if a SID is established for the State), by (i) electronic facsimile transmissions confirmed by first class mail, postage prepaid, or (ii) first class mail, postage prepaid; provided that the Issuer or the Disclosure Representative is authorized to transmit information to a SID by whatever means are mutually acceptable to the Disclosure Representative or the Issuer, as applicable, and the SID;

(d) to the MSRB, by (i) electronic facsimile transmissions confirmed by first class mail, postage prepaid, or (ii) first class mail, postage prepaid; provided that the Issuer or the Disclosure Representative is authorized to transmit information to the MSRB by whatever means are mutually acceptable to the Disclosure Representative or the Issuer, as applicable, and the MSRB; and/or

(e) to the SEC, by (i) electronic facsimile transmissions confirmed by first class mail, postage prepaid, or (ii) first class mail, postage prepaid; provided that the Issuer or the Disclosure Representative is authorized to transmit information to the SEC by whatever means are mutually acceptable to the Disclosure Representative or the Issuer, as applicable, and the SEC.

(2) Information shall be transmitted to the following:

(a) all Material Events shall be made available to each NRMSIR or the MSRB and to the SID (if a SID is established for the State);

(b) any notice of a failure by the Issuer to provide required Annual Financial Information, on or before the date required by this Certificate shall be made available to each NRMSIR or the MSRB and to the SID (if a SID is established for the State);

(c) any other information which the Issuer decides to make public shall be made available to each NRMSIR or the MSRB and to the SID (if a SID is established for the State); and

(d) all information described in clauses (a) and (b) shall be made available to any Bondholder upon request, but need not be transmitted to the Bondholders who do not so request.

Nothing in this subsection shall be construed to relieve the Registrar and Paying Agent under the Resolution, of its obligation to provide notices to the holders of all Bonds if such notice

is required by the Resolution, but nothing herein shall be construed to require the them to take any actions other than those set forth in the Resolution.

Nothing in this Certificate shall be construed to require the Disclosure Representative to interpret or provide an opinion concerning the information made public. If the Disclosure Representative receives a request for an interpretation or opinion, the Disclosure Representative may refer such request to the Issuer for response.

Section 3. Amendment or Modification.

Notwithstanding any other provision of this Certificate, the Issuer may amend this Certificate (and the Disclosure Representative shall agree to any amendment so requested by the Issuer) and any provision of this Certificate may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel expert in federal securities laws acceptable to the Issuer to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

Section 4. Miscellaneous.

(A) Compliance with Prior Continuing Disclosure Certificates. The Issuer certifies that, except as is set forth in the Preliminary Official Statement and the Official Statement, it is as of the date hereof in compliance with the provisions of all continuing disclosure certificates or similar agreements or certificates heretofore delivered in connection with the issuance of any prior bonds.

(B) Representations. The Issuer represents and warrants (i) that it has duly authorized the execution and delivery of this Certificate by its Chairman, (ii) that it has all requisite power and authority to execute and deliver, and perform this Certificate under its organizational documents and any resolutions now in effect, (iii) that the execution and delivery of this Certificate, and performance of the terms hereof, does not and will not violate any law, regulation, ruling, decision, order, resolution, decree, agreement or instrument by which it is bound, and (iv) that it is not aware of any litigation or proceeding pending, or, to the best of its knowledge, threatened, contesting or questioning its existence, or its power and authority to enter into this Certificate, or its due authorization, execution and delivery of this Certificate, or otherwise contesting or questioning the issuance of the Bonds.

(C) Governing Law. This Certificate shall be governed by and interpreted in accordance with the laws of the State; provided that, to the extent that the SEC, the MSRB or any other federal or state agency or regulatory body with jurisdiction over the Bonds shall have promulgated any rule or regulation governing the subject matter hereof, this Certificate shall be interpreted and construed in a manner consistent therewith.

(D) Severability. If a court of competent jurisdiction hereof shall hold any provision invalid or unenforceable, the remaining provisions hereof shall survive and continue in full force and effect.

(E) Counterparts. This Certificate may be executed in one or more counterparts, each and all of which shall constitute one and the same instrument.

(F) Termination. This Certificate may be terminated by the Issuer upon thirty days' written notice of termination, provided that notice of the termination of this Certificate is provided to each NRMSIR, the appropriate SID, if any, and/or the MSRB and further provided that nationally recognized bond counsel provides an opinion that the new continuing disclosure certificate is in compliance with all State and Federal Securities laws; provided, however, the termination of this Certificate is not effective until the Issuer, or its successor, enters into a new continuing disclosure certificate and agrees to continue to provide, to each NRMSIR, SID and/or the MSRB and the Bondholders of the Bonds, all information required to be communicated pursuant to the rules promulgated by the SEC or the MSRB.

This Certificate shall terminate when all of the Bonds are or are deemed to be no longer outstanding by reason of redemption or defeasance or at maturity, or if the Rule should be changed so as to no longer require this Certificate.

(G) Defaults: Remedies. The Issuer shall be in default of its obligations hereunder if it fails to carry out or perform its obligations hereunder.

If a default occurs and continues beyond a period of thirty (30) days following notice of default given in writing to the Issuer, the Participating Underwriter or the holders of at least 25% aggregate principal amount of Outstanding Bonds shall, or any Bondholder may, take such actions as may be necessary and appropriate, including seeking an action in mandamus or specific performance to cause the Issuer to comply with its obligations under this Certificate. The Issuer acknowledges that monetary damages will not be an adequate remedy at law for any default hereunder; and, therefore, agrees that the remedy of specific performance shall be the sole remedy available in any proceeding to enforce this Certificate. The occurrence of any event of default as provided in this Certificate shall not constitute an event of default under the Resolution.

(H) Beneficiaries. This Certificate shall inure solely to the benefit of the Issuer, the Disclosure Representative, the Participating Underwriter and Bondholders and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, the Issuer has caused it duly authorized officer to execute this Certificate as of the day, month and year first have been written.

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

By: _____
Chairman

EXHIBIT A

Nationally Recognized Municipal Securities Information Repositories approved by the Securities and Exchange Commission as of October 1, 2001:

Bloomberg Municipal Repositories
P.O. Box 840
Princeton, NJ 08542-0840
Phone: (609) 279-3225
FAX: (609) 279-5962
E-mail: Munis@Bloomberg.com

Interactive Data
Attn: Repository
100 Williams Street
New York, NY 10038
Phone: (212) 771-6899
FAX: (212) 771-7390
E-mail: NRMSIR@interactivedata.com

Standard & Poor's J.J. Kenny Repository
55 Water Street
45th Floor
New York, NY 10038
Phone: (212) 438-4595
FAX: (212) 438-3975
E-mail: nrmsir_repository@sandp.com

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
FAX: (201) 947-0107
E-mail: nrmsir@dpcdata.com

Sticker to be added to
Official Statement for
$2,240,000
Flatwoods-Canoe Run Public Service District
Water Improvement and Refunding Revenue Bonds
Series 2001 (Bluefield Area Extension Project)
March 20, 2002

Sinking Fund Redemption

The Series 2001 Bonds maturing October 1, 2006, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2001 Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2003, and on each October 1 thereafter to and including October 1, 2006, in annual principal amounts as follows:

Year	Amount	Year	Amount
2003	$35,000	2005	$40,000
2004	40,000	2006*	40,000

The principal amount of Series 2001 Bonds maturing October 1, 2006, delivered to or purchased by the Commission shall reduce pro tanto the principal amount of Series 2001 Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2001 Bonds maturing October 1, 2011, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2001 Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2007, and on each October 1 thereafter to and including October 1, 2011, in annual principal amounts as follows:

Year	Amount	Year	Amount
2007	$40,000	2010	$50,000
2008	45,000	2011*	50,000
2009	45,000		

The principal amount of Series 2001 Bonds maturing October 1, 2011, delivered to or purchased by the Commission shall reduce pro tanto the principal amount of Series 2001 Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2001 Bonds maturing October 1, 2016, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2001 Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2012, and on each October 1 thereafter to and including October 1, 2016, in annual principal amounts as follows:

Year	Amount	Year	Amount
2012	$55,000	2015	$65,000
2013	55,000	2016*	65,000
2014	60,000		

The principal amount of Series 2001 Bonds maturing October 1, 2016, delivered to or purchased by the Commission shall reduce pro tanto the principal amount of Series 2001 Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2001 Bonds maturing October 1, 2021, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2001 Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2017, and on each October 1 thereafter to and including October 1, 2021, in annual principal amounts as follows:

Year	Amount	Year	Amount
2017	$70,000	2020	$80,000
2018	75,000	2021*	85,000
2019	80,000		

The principal amount of Series 2001 Bonds maturing October 1, 2021, delivered to or purchased by the Commission shall reduce pro tanto the principal amount of Series 2001 Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2001 Bonds maturing October 1, 2026, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2001 Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2022, and on each October 1 thereafter to and including October 1, 2026, in annual principal amounts as follows:

Year	Amount	Year	Amount
2022	$90,000	2025	$105,000
2023	95,000	2026*	110,000
2024	100,000		

The principal amount of Series 2001 Bonds maturing October 1, 2026, delivered to or purchased by the Commission shall reduce pro tanto the principal amount of Series 2001 Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2001 Bonds maturing October 1, 2031, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2001 Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the

$2,240,000
Flatwoods-Canoe Run Public Service District
Water Improvement and Refunding Revenue Bonds
Series 2001 (Bluefield Area Extension Project)

BOND PURCHASE AGREEMENT

October 11, 2001

Flatwoods-Canoe Run Public Service District
P.O. Box 677
Sutton, WV 26601

Ladies and Gentlemen:

Crews & Associates, Inc. (the "Underwriter") hereby offers to enter into this Bond Purchase Agreement with the Flatwoods-Canoe Run Public Service District (the "Issuer") for the sale by the Issuer and the purchase by the Underwriter of the Issuer's Water Improvement and Refunding Revenue Bonds Series 2001 (Bluefield Area Extension Project) in the aggregate principal amount of $2,240,000 (the "Bonds") described herein and in the Official Statement (defined herein), which are being issued by the Issuer. Upon your acceptance of this offer and your execution and delivery of this Bond Purchase Agreement (hereinafter referred to as the "Bond Purchase Agreement"), this Bond Purchase Agreement will be binding upon you and the Underwriter. This offer is made subject to your acceptance, evidenced by your execution and delivery of this Bond Purchase Agreement to the Underwriter, at or prior to 11:30 p.m., New York, New York time, on the date hereof, and will expire if not so accepted at or prior to such time (or such later time as the Underwriter may agree to in writing).

1. Definitions. The capitalized terms used in this Bond Purchase Agreement shall have the meanings assigned to them herein or, if not defined herein, shall have the meanings set forth in the Bond Resolution approved by the Issuer on July 18, 2001 (the "Resolution"). This Bond Purchase Agreement, the Official Statement, the Preliminary Official Statement, the Tax Regulatory Agreement and the Continuing Disclosure Certificate are sometimes herein referred to as the "Bond Documents."

2. Closing. Delivery and acceptance of the Bonds and payment therefor (the "Closing") will take place in Charleston, West Virginia, at the offices of Goodwin & Goodwin, LLP, 300 Summers Street, Suite 1500, on October 18, 2001 (the "Closing Date") by 1:00 p.m. or at such other place or time as may be mutually agreed upon by you and the Underwriter. The Bonds will be available in definitive form at the offices of The Depository Trust Company (or the Registrar, if "DTC-Fast" delivery is used) not less than twenty-four hours prior to the Closing Date.

3. Purchase and Sale.

3.1 Subject to the terms and conditions set forth in this Bond Purchase Agreement, and upon the basis of the representations hereinafter set forth, the Underwriter hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell to the Underwriter when, as and if issued, all (but not less than all) of the Bonds identified in Exhibit A attached hereto for a total purchase price equal to the Net Purchase Price set forth in Exhibit A, in immediately available funds.

3.2 The Bonds will (i) be issued pursuant to the Resolution and (ii) have the payment related terms (that is, dated dates, principal or issuance amounts, maturity dates, interest rates and yield to maturity) set forth in Exhibit A attached hereto, and will otherwise correspond to the description thereof contained in the Official Statement referred to in Section 3.3.

3.3 Within seven business days of its acceptance hereof, the Issuer shall deliver to the Underwriter a reasonable number of copies of a final Official Statement of the Issuer of even date herewith, executed by the Issuer (the "Official Statement"). The Official Statement shall be in substantially the same form as that of the Preliminary Official Statement of the Issuer dated October 5, 2001 (the "Preliminary Official Statement"), previously distributed with respect to the Bonds.

4. Concurrent Matters.

4.1 Your acceptance, execution and delivery of this Bond Purchase Agreement will constitute your acknowledgment that the Underwriter (a) proposes to make a public offering of the Bonds at the initial offering prices or yields set forth in the Official Statement (which such initial offering prices or yields may be changed by the Underwriter, in its sole discretion), (b) may effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market and may discontinue such stabilizing, if commenced, at any time and (c) may change the offering prices of the Bonds from time to time and may offer the Bonds to certain dealers and others at prices lower than the public offering prices shown on the front cover (or inside front cover) of the Official Statement.

4.2 Your acceptance, execution and delivery of this Bond Purchase Agreement will constitute (i) your consent and authorization to the use by the Underwriter, in connection with the public offering and sale of the Bonds, of copies of the Official Statement and the information, contained therein, and (ii) your ratification of the use by the Underwriter, in connection with such offering and sale, of the Preliminary Official Statement and the information contained therein.

5. Representations and Warranties.

5.1 The Issuer hereby makes the following representations and warranties to the Underwriter:

(a) The Issuer is a body corporate and political subdivision of the State of West Virginia, created, by the County Commission of Braxton County, West Virginia, and authorized to issue the Bonds pursuant to Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act").

(b) On July 18, 2001, the Issuer adopted the Resolution, and since that time the

Resolution has not been rescinded, amended or modified.

(c) When delivered to the Underwriter against payment therefor in accordance with the provisions of this Bond Purchase Agreement, the Bonds will have been duly authorized, executed, authenticated, issued and delivered.

(d) The execution and delivery by the Issuer of the Bond Documents and the consummation by the Issuer of the transactions contemplated thereby are not prohibited by, do not violate any provision of, and will not result in the breach of or default under the Act, or, to its knowledge, any applicable law, rule, regulation, judgment, decree, order or other requirement, or any material contract, indenture, agreement or commitment to which the Issuer is a party or by which it is bound.

(e) The Issuer is not in breach of or in default under any existing law, court or administrative regulation, judgment, decree, order, agreement, mortgage, lease, loan agreement or other instrument to which it is a party or by which it is bound. No event has occurred or is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under the Bond Documents or any other agreement or instrument to which the Issuer is a party, or by which it may be bound or to which any of its property is or may be subject.

(f) The Issuer has duly authorized all necessary action to be taken by it for (i) the issuance and sale of the Bonds by the Issuer upon the terms and conditions set forth herein, in the Official Statement and in the Resolution and the approval of the Official Statement, the Resolution and the Bonds, and (ii) the execution, delivery and receipt of the Bond Documents and any and all such other agreements and documents as may be required to be executed, delivered and received by the Issuer in order to carry out, effectuate and consummate the transactions contemplated in the Bond Documents.

(g) The information contained in the Preliminary Official Statement and the Official Statement relating to the Issuer and its properties, operations and financial and other affairs, including Appendices A and B, and the project to be financed with proceeds of the Bonds, is true and correct in all respects and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(h) Except as may be described in the Preliminary Official Statement and the Official Statement, there is no legal action, or other proceeding, or any investigation or inquiry (before or by any court, agency, arbitrator or other entity or person) pending or, to the knowledge of the Issuer, threatened against or affecting the Issuer or any of its officials, in their respective capacities as such, which would restrain or enjoin the issuance or delivery of any of the Bonds or the collection of Revenues pledged under the Resolution or in any way would contest or affect the organization or existence of the Issuer or the entitlement of any officers of the Issuer to their respective offices or which may reasonably be expected to have a material and adverse effect upon (A) the due performance by the Issuer of the transactions contemplated by the Bond Documents, (B) the validity or enforceability of the Bonds, the Resolution, the Bond Documents, or any other agreement or

instrument to which the Issuer is a party and that is used or contemplated for use in consummation of the transactions contemplated hereby and thereby or (C) the exclusion of the interest on the Bonds from gross income for federal income tax purposes and the exemption from State income taxation of the Bonds and interest thereon as set forth in the Official Statement. The Issuer is not is subject to any judgment, decree or order entered in any lawsuit or proceeding brought against it that may reasonably be expected to have such an effect.

(i) The Issuer has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the Issuer is an issuer whose arbitrage certifications may not be relied upon.

(j) The Bond Documents, when executed and delivered by, the Issuer, will be, and this Bond Purchase Agreement constitutes, the legal, valid and binding obligations of the Issuer, enforceable in accordance with their terms, except as enforceability thereof may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and as to the availability of equitable remedies.

(k) When the Bonds are issued, sold and delivered to the Underwriter, the representations and certifications of the Issuer herein and in the other Bond Documents will be true, accurate and complete.

(l) The audited financial statements and other financial information for the year ended June 30, 2000, contained in the Preliminary Official Statement and the Official Statement as Appendix B, present fairly the financial position of the Issuer at the date indicated and the results of operations for the period specified, and such financial statement; have been prepared in conformity with generally accepted accounting principles consistently applied in all material respects to the periods involved, except as otherwise stated in the notes thereto.

(m) Since June 30, 2000, there has been no material adverse change in the financial position or results of operations of the Issuer, nor has the Issuer incurred any material liabilities except as set forth in the Preliminary Official Statement and the Official Statement or disclosed to the Underwriter in writing.

(n) The Issuer deems the Preliminary Official Statement to be final as of its date in accordance with subsection (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Issuer deems the Official Statement to be final and complete as of its date for purposes of subsection (b)(3) of such Rule.

(o) Except as described in the Official Statement and Preliminary Official Statement, the Issuer is in compliance with all continuing disclosure agreements or certificates heretofore delivered by the Issuer in connection with the issuance of any Prior Bonds.

6. Covenants.

6.1 The Issuer hereby makes the following covenants with the Underwriter:

(a) The Issuer will not supplement or amend the Official Statement or cause the Official Statement to be supplemented or amended without the prior written consent of the Underwriter.

(b) Prior to the Closing Date, the Issuer will not amend, terminate or rescind, and will not agree to any amendment, termination or rescission of, the Resolution or the Bond Documents without the prior written consent of the Underwriter.

(c) Prior to the Closing Date, the Issuer will not create, assume or guarantee any indebtedness payable from, or pledge or otherwise encumber, the revenues, assets, properties, funds or interest which will be pledged pursuant to the Resolution or the Bond Documents.

(d) The Issuer will promptly advise the Underwriter of any matter arising or occurring or discovered before Closing or within 90 days after the end of the underwriting period for the Bonds (within the meaning of Rule 15c2-12 under the Exchange Act) that if existing or known at the date hereof would render any of the representations or warranties set forth herein to be untrue or misleading or might adversely affect the correctness or completeness of any statement of a material fact contained in the Official Statement.

(e) If as the result of any matters described in paragraph (d) of this Section it becomes necessary, in the opinion of the Underwriter, to amend or supplement the Official Statement to make the statements contained therein, in light of the circumstances under which they were made, not misleading, the Issuer will, upon notice thereof, promptly prepare and furnish to the Underwriter (at the expense of the Issuer) a reasonable number of copies of an amendment of, or a supplement to, the Official Statement (in form and substance satisfactory to the Underwriter) so that, as amended or supplemented, it will not contain any untrue statement of a material fact or omit to state a material fact that is necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(f) Except as disclosed in the Official Statement, prior to the Closing Date, the Issuer will obtain or cause to be obtained all governmental consents, approvals, orders or authorizations (other than state securities law clearances) of any governmental authority or agency that would constitute a condition precedent to the performance by Issuer of its obligations under the Resolution, the Bond Documents or the Bonds.

(g) The Issuer will not voluntarily undertake any course of action inconsistent with the satisfaction of the requirements applicable to it as set forth in the Bond Documents.

(h) The Issuer will cooperate with the Underwriter in the qualification of the Bonds for offering and sale and the determination of their eligibility for investment under the laws of such jurisdictions as the Underwriter might designate, the cost of which will be borne by the Underwriter, as provided in Section 10.2(iii) below.

(i) The Issuer will not, except as required by law, take or omit to take any action which, under existing law, adversely affects the exemption from federal income taxation of the interest on the Bonds, or adversely affects the West Virginia State tax exemptions with respect to the Bonds and the interest thereon, as set forth in the Official Statement.

(j) The Issuer agrees to comply with all provisions of the Continuing Disclosure Certificate.

7. Conditions of Closing.

7.1 The obligations of the Underwriter to consummate the transactions contemplated hereby are subject to receipt by the Underwriter of the items described in Section 7.2 hereof and to the satisfaction (unless waived by the Underwriter in its sole discretion) of the following conditions:

(a) The representations and warranties made by the Issuer in this Bond Purchase Agreement shall be true and correct as of the Closing Date as if made on such date.

(b) The Issuer shall have performed and complied with all agreements and conditions required by this Bond Purchase Agreement to be performed or complied with prior to closing.

(c) The Bond Documents each shall have been executed and delivered by each of the parties thereto, shall be in full force and effect on and as of the Closing Date and shall not have been amended, modified or supplemented prior to the Closing Date except as may have been agreed to in writing by the Underwriter.

(d) The proceeds of the sale of the Bonds shall be applied as described in the Official Statement.

7.2 In addition to the conditions set forth in Section 7.1, the obligations of the Underwriter to consummate the transactions on the Closing Date contemplated hereby are subject to receipt by the Underwriter of the following items:

(a) An approving opinion of Goodwin & Goodwin, LLP, Bond Counsel, in form and substance satisfactory to the Underwriter, dated the Closing Date with respect to the validity and tax-exempt nature of the Bonds, and a supplementary opinion of Bond Counsel, dated the date of Closing, addressed to the Underwriter, to the effect that: (i) this Bond Purchase Agreement has been duly authorized, executed and delivered by the Issuer, (ii) the Official Statement has been duly approved, signed and delivered by the Issuer, (iii) assuming due authorization, execution and delivery by the other parties thereto, the Bond Documents have been duly authorized, executed, acknowledged and delivered by the Issuer, and are legal, valid and binding agreements of the Issuer enforceable in accordance with their respective terms (except as enforcement of remedies may be limited by bankruptcy, insolvency or other laws and equitable principles affecting the right of creditors), (iv) the statements contained in the Official Statement under the captions "Introduction," "The Series 2001 Bonds," "Security for the Series 2001 Bonds," "Summary of Certain Provisions of the Resolution," "Tax Matters," and "Appendix C - Form of Opinion of Bond Counsel" do not contain any untrue statement of a material fact or omit to state a material fact necessary to make such statements, in light of the circumstances under which they were made, not misleading in any material respect, and (v) the Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Resolution is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended.

(b) An opinion of Hanna & Bonham, Counsel to the Issuer, addressed to, among others, Bond Counsel and the Underwriter, in form and substance satisfactory to Bond Counsel and the Underwriter, dated the Closing Date, to the effect that: (i) no litigation is pending or, to his knowledge, threatened (a) to restrain or enjoin the issuance or delivery of any of the Bonds or the collection of Revenues pledged under the Resolution, (b) in any way contesting the power or the authority of the Issuer for the issuance of the Bonds or the validity of the Bonds, or the Bond Documents, (c) in any way contesting the existence or powers of the Issuer relating to the issuance of the Bonds, (ii) to the best of his knowledge, no event affecting the Issuer has occurred since the date of the Official Statement that should be disclosed in the Official Statement for the purpose for which it is to be used or that is necessary to disclose therein in order to make the statements and information therein with respect to the Issuer not misleading in any material respect, (iii) the Issuer is a body corporate and politic (constituting a governmental agency of the State and existing under the provisions of the Act, pursuant to which the Issuer has full legal right, power and authority to enter into the Bond Documents and each constitutes the legal, valid and binding agreement of the Issuer enforceable in accordance with its respective terms (subject to bankruptcy, insolvency and other laws affecting the rights of creditors generally and to general principles of equity), and compliance with the provisions of each thereof will not conflict with or constitute a violation or breach of or default under any existing law or administrative rule or regulation, or any court order or decree or any agreement, contract or other instrument, to which the Issuer is party or otherwise subject or bound, (v) the Official Statement has been duly approved, executed and delivered by the Issuer, and (vi) the statements contained in the Official Statement under the captions "Financing Plan," "Absence of Material Litigation," "Management's Discussion," and "Continuing Disclosure" (as such information pertains to the Issuer) (do not contain any untrue statement of a material fact or omit to state a material fact necessary to make such statements, in light of the circumstances under which they were made, not misleading in any material respect.

(c) An opinion of Goodwin & Goodwin, LLP, Counsel to the Underwriter, in form and substance satisfactory to the Underwriter.

(d) A certificate of the Issuer, dated the Closing Date, signed by an officer of the Issuer to the effect that (i) the representations and warranties made by the Issuer in this Bond Purchase Agreement are true and correct as of the Closing Date with the same effect as if made on the Closing Date; (ii) the Issuer has performed and complied with all agreements and conditions required by this Bond Purchase Agreement to be performed or complied with by it at or prior to the Closing Date; (iii) since the respective dates as of which information is given in the Official Statement, and except as set forth therein, there has not been any material or adverse change in the Issuer's condition, financial or otherwise; (iv) the Official Statement, insofar as it relates to the Issuer, does not include any untrue statement of a material fact or omit to state any material fact required to be stated therein, or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, (v) that subsequent to June 30, 2000, the date of the Issuer's most recent audited financial statements included as Appendix B of the Official Statement, there has been no material adverse change in the financial position or results of operations of the Issuer, (vi) that no litigation is pending or, to the knowledge of the Issuer, threatened against the Issuer or its officers (A) to restrain or enjoin issuance or delivery of any of the Bonds or the collection of Revenues pledged under the Resolution, (B) in any way contesting or

affecting any authority for the issuance of the Bonds, or the validity of the Bonds, or the Bond Documents, (C) in any way contesting or affecting the existence or powers of the Issuer or its ability to perform its obligations under the Bond Documents, or (D) that may materially adversely affect the financial condition or operations of the Issuer, (vii) that the Issuer has satisfied all conditions pertaining to the issuance of the Bonds pursuant to the Resolution and all other applicable provisions, and (viii) that no event affecting the Issuer or the transactions contemplated by the Official Statement or the Bond Documents has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used, or which it is necessary to disclose therein in order to make the statements and information therein, in the light of the circumstances under which they were made, not misleading.

(e) A Certificate dated as of the Closing Date signed by an authorized officer of the Issuer, sufficient in form and substance to show to the satisfaction of Bond Counsel and the Underwriter that the Bonds will not be arbitrage bonds under Section 148 of the Code and the regulations thereunder, which certificate shall conform to the requirements of said regulations.

(f) A certified copy of the Resolution authorizing the execution and delivery by the Issuer of the Bond Documents, certified by its Secretary.

(g) One executed original of each of the Bond Documents.

(h) The executed IRS Form 8038-G to be filed with the Internal Revenue Service.

(i) Such additional legal opinions, certificates and other documents as the Underwriter or Bond Counsel reasonably may deem necessary to evidence the truth and accuracy as of the Closing Date of the representations and warranties of the Issuer herein contained and of the Official Statement, and to evidence compliance by the Issuer with this Bond Purchase Agreement and all applicable legal requirements, and the due performance and satisfaction by the Issuer at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by either of them.

7.3 If any of the conditions set forth in Section 7.1 or 7.2 has not been met on the Closing Date, the Underwriter may, in its sole discretion, terminate this Bond Purchase Agreement or proceed to Closing upon waiving any rights under this Bond Purchase Agreement with respect to any such condition. If this Bond Purchase Agreement is terminated pursuant to this Section, neither party will have any rights or obligations to the other, except as provided in Sections 10 and 11 herein.

8. Actions and Events at the Closing. The following events will take place at closing:

(a) The Issuer will direct the Registrar to authenticate and deliver the Bonds to the Underwriter, at the place established pursuant to Section 2 herein. Each of the Bonds so delivered will be in definitive form or, with the consent of the Underwriter, in temporary form, duly executed on behalf of the Issuer, in denominations or maturity amounts of five thousand dollars ($5,000) or any integral multiple thereof, and will be fully registered in such names and amounts as the Underwriter will request at least four (4) business days prior to the Closing Date. In the event the

Bonds are delivered in temporary form, the Issuer shall deliver the Bonds in definitive form on such date as the Underwriter may reasonably require.

(b) The Issuer will deliver or cause to be delivered at Closing to the Underwriter the documents described in Section 7.2 hereof.

(c) The Underwriter will deliver to the Depository Bank, for the account of the Issuer, immediately available funds in an amount equal to the purchase price of the Bonds set forth as the Net Purchase Price in Exhibit A hereto.

9. Termination of Bond Purchase Agreement. The Underwriter may terminate this Bond Purchase Agreement without liability therefor (except as provided under Section 10) by noticing the Issuer at any time at or prior to the Closing if:

(a) Any legislation is introduced in, or enacted by, the United States Congress, or shall have been reported out of committee, or any decision is rendered by any court of competent jurisdiction or any ruling or regulation, temporary regulation, release or announcement shall have been issued or proposed by the Treasury Department of the United States, the Internal Revenue Service, or any other agency of the government of the United States that, in the reasonable opinion of the Underwriter, has the purpose or effect of subjecting interest on the Bonds to inclusion in gross income for federal income tax purposes or has a material and adverse effect upon the ability of the Underwriter to sell the Bonds at the contemplated offering prices;

(b) Any legislation, ordinance, rule or regulation is introduced in, or enacted by, any governmental body, department or agency of the State of West Virginia, or shall have been reported out of committee, or a decision by any court of competent jurisdiction within the State of West Virginia is rendered, that, in the reasonable opinion of the Underwriter, has the purpose or effect of subjecting the Bonds or the interest thereon to West Virginia State income taxation or otherwise has a material and adverse effect upon the ability of the Underwriter to sell the Bonds at the contemplated offering prices;

(c) Any other action or event shall exist or have transpired which has the purpose or effect, directly or indirectly, of materially adversely affecting the federal or West Virginia income tax consequences of the transactions contemplated by the Official Statement, and in the reasonable opinion of the Underwriter, materially adversely affects the market for the Bonds or the sale at the contemplated offering prices by the Underwriter of the Bonds;

(d) Any fact exists or any event occurs that, in the reasonable opinion of the Underwriter, makes untrue or incorrect in any material respect any statement or information in the Official Statement or causes the Official Statement to contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading for the purposes for which the Official Statement is to be used;

(e) Any amendment of or supplement to the Official Statement is distributed (whether or not such amendment or supplement was approved by the Underwriter prior to its distribution)

which, in the reasonable opinion of the Underwriter, has a material and adverse effect upon the ability of the Underwriter to sell the Bonds at the contemplated offering prices;

(f) There shall have occurred any outbreak, continuation or resumption of hostilities, whether declared or undeclared, or other national or international calamity or crisis, which, in the reasonable opinion of the Underwriter, has a material and adverse effect upon the ability of the Underwriter to sell the Bonds at the contemplated offering prices;

(g) Any legislation is introduced in, or enacted by the United States Congress, or any action is taken by, or on behalf of, the Securities and Exchange Commission, that in the opinion of the Underwriter has the effect of requiring (i) the registration of a security under the Securities Act of 1933, as amended, or the qualification of an indenture under the Trust Indenture Act of 1939, as amended, in connection with the offering and sale of the Bonds or (ii) any governmental consents, approvals, orders or authorizations for the consummation of the transactions contemplated by this Bond Purchase Agreement, the Official Statement, or the other Bond Documents, which cannot, without undue expense, be obtained prior to the Closing Date;

(h) There shall have occurred a general suspension of trading on the New York Stock Exchange, or a general banking moratorium is declared by the United States or by the State of West Virginia authorities, that, in the reasonable opinion of the Underwriter, has a material and adverse effect upon the ability of the Underwriter to sell the Bonds at the contemplated offering prices; or

(i) Any fact exists or any event occurs that is not disclosed in the Preliminary Official Statement, which after disclosure in the Official Statement affects the ability of the Underwriter to sell the Bonds at the contemplated offering prices.

10. Expenses.

10.1 The Issuer will pay or cause to be paid from proceeds of the Bonds or otherwise (i) fees and expenses of bond counsel, counsel to the Issuer, and Underwriter's counsel; (ii) initial fees of the Registrar and Paying Agent; (iii) fee for obtaining "CUSIP Numbers" for the Bonds; (iv) costs of preparing, printing, mailing and delivering the Preliminary Official Statement and the Official Statement and any amendments or supplements thereto; and (v) any other costs and expenses of the issue not set forth in Section 10.2 below.

10.2 The Underwriter will pay (i) sales commissions associated with marketing the Bonds; (ii) costs of qualification of the Bonds for sale under the securities or "Blue Sky" laws of various jurisdictions; (iii) initial fees relating to The Depository Trust Company; and (iv) costs and expenses incurred by the Underwriter in connection with the preparation, offering and distribution of the Bonds, including but not limited to advertising, local and long distance telephone, and travel expenses, as well as management fees in connection with such offering.

10.3 In the event that the Issuer or the Underwriter shall have temporarily paid obligations of the other as set forth in this Section, appropriate adjustments will promptly be made.

10.4 Nothing herein will limit the rights of the Issuer to take action against the Underwriter for default of its responsibilities hereunder or for its actions or inactions regarding the matters contemplated herein.

11. Indemnification.

11.1 To the extent permitted by the laws of the State, the Issuer agrees to indemnify and hold harmless the Underwriter, each director, officer, attorney, agent or employee of the Underwriter, and each person, if any, who controls the Underwriter within the meaning of the Securities Act of 1933, as amended, or within the meaning as determined by the Office of the Comptroller of the Currency (each hereafter, an "Indemnified Party"), from and against all losses, claims, damages, liabilities, settlements and expenses, joint or several, to which each Indemnified Party may become subject, under federal laws or regulations or otherwise, insofar as such losses, claims, damages, liabilities, settlements and expenses, or actions in respect thereof (i) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact pertaining to the Issuer as set forth in the Official Statement, or any amendment or supplement thereto, or the Preliminary Official Statement, or arise out of or are based upon the omission or alleged omission to state therein a material fact pertaining to the Issuer required to be stated therein or necessary to make the statements therein not misleading, or (ii) arise out of or are based upon any claim that the issuance of the Bonds violated any requirements contained in pre-existing bond documents, and the Issuer will assume the defense of any action against any Indemnified Party based upon allegations of any such loss, claim, damage, liability or action, including the retaining of counsel approved by the Indemnified Party (which approval shall not be unreasonably withheld) and the payment of counsel fees and all other expenses relating to such defense, provided, however, that each Indemnified Party may retain separate counsel in any such action and may participate in the defense thereof (at its expenses, unless the retention of such counsel has been specifically authorized by the Issuer); and provided further, that the Issuer will not be liable to the Underwriter or any Indemnified Party related to it, in any such case to the extent that any such loss, claim, damage, liability and expense arises out of or is based upon any untrue statement or alleged untrue statement or omission or alleged omission made in any such documents under the caption "Underwriting."

11.2 Promptly after receipt by an Indemnified Party under this Bond Purchase Agreement of notice of the commencement of any action, such Indemnified Party will, if a claim in respect thereof is to be made against the Issuer under this Bond Purchase Agreement, notify the Issuer of the commencement thereof, but failure to give such notice shall not relieve the Issuer of its indemnification obligations under this Bond Purchase Agreement unless and to the extent that such failure causes actual harm or prejudice to the Issuer. In case any such action is brought against any Indemnified Party, and it notifies the Issuer of the commencement thereof, the Issuer (i) will assume the defense thereof if and as required under this Bond Purchase Agreement, with counsel satisfactory to the Indemnified Party or (ii) if not required to assume the defense, will be entitled to participate in, and, to the extent that it may wish, jointly with any other Indemnifying Party similarly notified, to assume the defense thereof, with counsel satisfactory to such Indemnified Party. After notice from the Issuer to such Indemnified Party of its assumption of the defense, the Issuer will not be liable to such Indemnified Party in connection with the defense thereof other than for reasonable expenses incurred by the Indemnified Party and its counsel, reimbursement of out-of-pocket expenses and other reasonable costs of investigation or participation in the defense of the claim.

12. Miscellaneous.

12.1 All notices, demands and formal actions hereunder will be written and mailed, telegrammed or delivered to the following address or such other address as either of the parties shall specify:

IF TO THE ISSUER:

Flatwoods-Canoe Run Public Service District
P.O. Box 677
Sutton, WV 26601
Attention: Chairman

IF TO THE UNDERWRITER:

Crews & Associates, Inc.
300 Summers Street, Suite 930
Charleston, WV 25301

12.2 This Bond Purchase Agreement will inure to the benefit of and be binding upon the parties hereto and their successors and will not confer any rights upon any other person. The term "successor" will not include any purchaser of any of the Bonds from the Underwriter merely because of such purchase. All representations, warranties and agreements in this Bond Purchase Agreement shall remain operative and in full force and effect, regardless of (a) delivery of and payment for the Bonds hereunder, and (b) any termination of this Bond Purchase Agreement including, but not limited to, the indemnity agreements contained in Section 11 and the continuing disclosure agreement contained in Section 6.1.

12.3 This Bond Purchase Agreement may not be assigned by any of the parties hereto.

12.4 If any provision of this Bond Purchase Agreement is held or deemed to be or is, in fact, inoperative, invalid or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provision of any constitution, statute, rule of public policy, or any other reason, such circumstances will not have the effect of rendering the provision in question inoperable or unenforceable in any other case or circumstance or of rendering any other provision or provisions of this Bond Purchase Agreement invalid, inoperative or unenforceable to any extent whatever.

12.5 The payment for, acceptance of, and delivery and execution of any receipt for the Bonds and any other instruments upon or in connection with the closing by the Underwriter will be valid and sufficient for all purposes and binding upon the Underwriter. No such action by the Underwriter will impose any obligation or liability upon the Underwriter, other than as may arise as expressly set forth in this Bond Purchase Agreement.

12.6 Whenever any action contemplated by this Bond Purchase Agreement requires the consent or approval of the Underwriter, it is acknowledged that the Underwriter may not unreasonably withhold such approval.

12.7 This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the State of West Virginia applicable to agreements to be performed wholly therein. The parties hereto intend to be legally bound hereby.

12.8 This Bond Purchase Agreement may be executed in several counterparts, each of which will be regarded as an original and all of which will constitute one and the same document.

12.9 No personal recourse shall be had for any claim based on this Bond Purchase Agreement or the Bonds against any member, officer, agent or employee, past, present or future, of the Issuer or any successor body or entity as such, either directly or through the Issuer or any such successor body or entity, under any constitutional provision, statute, or rule of law or by the enforcement of an assessment or penalty or otherwise.

CREWS & ASSOCIATES, INC.

By: _____
Vice President

Accepted as of the date first above written:

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

By: _____
~~Chairman~~ Secretary

EXHIBIT A

$2,240,000
Flatwoods-Canoe Run Public Service District
Water Improvement and Refunding Revenue Bonds
Series 2001 (Bluefield Area Extension Project)

Dated Date: October 1, 2001

Closing Date: October 18, 2001

Year (October 1)	Maturity Amount	Yield	Price	CUSIP
2006	$155,000	4.25%	100%	
2011	230,000	5.00	100	
2016	300,000	5.25	100	
2021	390,000	5.40	95.873	
2026	500,000	5.50	94.805	
2031	665,000	5.65	93.838	

Redemption Provisions

The Bonds are subject to redemption prior to their stated maturities.

Optional Redemption

The Bonds maturing on and after October 1, 2012, are subject to redemption, on or after October 1, 2011, at the option of the Issuer, in whole at any time or in part on any interest payment date, from any moneys available for such purpose, at the applicable Redemption Price (expressed as percentages of the principal amount to be so redeemed) set forth in the table below, plus interest, if any, accrued to the date fixed for redemption.

Optional Redemption Period (both dates inclusive)	Redemption Price
October 1, 2011 to September 30, 2012	102%
October 1, 2012 to September 30, 2013	101
October 1, 2013 and thereafter	100

Net Purchase Price:

Par Amount	$2,240,000.00
Less: Underwriter's Discount	(56,000.00)
Less: Original Issue Discount	(83,047.60)
Net Bond Proceeds	$2,100,952.40
Plus: Accrued Interest	5,665.25
Net Purchase Price	$2,106,617.60

CONTINUING DISCLOSURE CERTIFICATE

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT
as Issuer,

Dated as of October 18, 2001

TABLE OF CONTENTS

		PAGES
RECITALS		
Section 1.	Definitions; Scope of this Certificate	1
Section 2.	Disclosure of Information	3
Section 3.	Amendment or Modification	6
Section 4.	Miscellaneous	6
	SIGNATURES	8
	EXHIBIT A - Nationally Recognized Municipal Securities Information Repositories	9

THIS CONTINUING DISCLOSURE CERTIFICATE (the "Certificate") is made and entered into as of the 18th day of October, 2001, by FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT (the "Issuer).

RECITALS:

WHEREAS, the Issuer has issued or will issue its $2,240,000 Water Improvement and Refunding Revenue Bonds, Series 2001 (Bluefield Area Extension Project) (the "Bonds"), pursuant to a Bond Resolution approved on July 18, 2001 (the "Resolution"), to (i) finance the design, acquisition, construction and equipping of extensions to an existing water system; (ii) fund a debt service reserve for the Bonds; and (iii) to pay costs relating to the issuance of the Bonds; and

WHEREAS, the Bonds have been offered and sold pursuant to a Preliminary Official Statement dated October 5, 2001, and an Official Statement dated October 11, 2001 (collectively, the "Offering Document"); and the Issuer has entered into a Bond Purchase Agreement, dated as of October 11, 2001 (the "Bond Purchase Agreement"), with respect to the sale of the Bonds, with the Participating Underwriter, as hereinafter defined; and

WHEREAS, the Issuer wishes to provide for the disclosure of certain information concerning the Bonds and other matters on a continuing basis as set forth herein for the benefit of the Bondholders in accordance with the provisions of Securities and Exchange Commission Rule 15c2-12, as amended from time to time (the "Rule");

NOW, THEREFORE, in consideration of the mutual promises and agreements made herein and in the Resolution, the receipt and sufficiency of which consideration is hereby mutually acknowledged, the parties hereto agree as follows:

Section 1. Definitions; Scope of this Certificate.

(A) All terms capitalized but not otherwise defined herein shall have the meanings assigned to those terms in the Resolution, as amended and supplemented from time to time. In addition, the following capitalized terms shall have the following meanings:

"Annual Financial Information" shall mean annual financial information and operating data customarily prepared by the Issuer and which is publicly available and which appears in the Offering Document. The Issuer customarily prepares audited annual financial information using generally accepted accounting procedures, provided however, that the Issuer may change the accounting principles used for preparation of such financial information so long as the Issuer includes as information provided to the public a statement to the effect that different accounting principles are being used, stating the reason for such change and how to compare the financial information provided by the differing financial accounting principles. This Annual Financial Information is customarily available to the public.

"Disclosure Representative" shall mean the Chairman of the Issuer, and any successor thereto, or such other person as the Issuer may from time to time designate in writing.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Material Event" shall mean, as to the Issuer, any of the events listed in items (i) through. (xii) below, the occurrence of which the Issuer and/or the Disclosure Representative obtains knowledge, and which the Issuer or Disclosure Representative determines would constitute material information for Bondholders, provided, that the occurrence of an event described in clauses (iii), (v), (vi), (vii), (x), (xi) and (xii) shall always be deemed to be material. The following events, if material, shall constitute Material Events:

(i) any delinquency in the payment of principal of or interest on the Bonds;

(ii) any nonpayment related Event of Default under the Resolution;

(iii) the occurrence of any unscheduled draws on any debt service reserve fund or account under the Resolution reflecting financial difficulties;

(iv) the occurrence of any unscheduled draws on credit enhancements reflecting financial difficulties;

(v) any substitution of credit or liquidity providers or the failure of any such credit or liquidity providers to perform;

(vi) any adverse tax opinions or other events affecting the exclusion from gross income of the interest on the Bonds;

(vii) any modifications of the rights of any Bondholder;

(viii) the notice to the Bondholders of any optional or other unscheduled redemption;

(ix) the defeasance of any Bonds;

(x) the release, substitution or sale of property securing the repayment of the Bonds;

(xi) any change in any rating provided by a nationally recognized municipal securities rating agency on the Bonds; and

(xii) any other material event affecting the Bonds or the Issuer.

"NRMSIR" shall mean all of the Nationally Recognized Municipal Securities Information Repositories as of the date hereof, as set forth in EXHIBIT A hereto, and all future Nationally Recognized Municipal Securities Information Repositories approved by the SEC from time to time.

"Participating Underwriter" shall mean the original underwriter of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Release" shall mean Securities and Exchange Commission Release No. 34-34961.

"SEC" shall mean the Securities and Exchange Commission.

"SID" shall mean the state information depository, as such term is used in the Release, if and when a SID is created for the State.

"State" shall mean the State of West Virginia.

"Turn Around Period" shall mean two (2) business days with respect to Material Event occurrences disclosed by the Issuer to the Disclosure Representative, or, which otherwise become known to the Disclosure Representative.

(B) This Certificate applies to the Bonds and any additional bonds or other obligations issued under the Resolution or any supplement thereto.

(C) The Disclosure Representative shall have no obligation to make disclosure in connection with the Bonds or the Project except as expressly provided herein; provided that nothing herein shall limit the duties or obligations of the Disclosure Representative under any other agreement with the Issuer.

Section 2. Disclosure of Information.

(A) General Provisions. This Certificate governs the Issuer's direction to the Disclosure Representative, with respect to information to be made public and in its actions under this Certificate.

(B) Information Provided to the Public. Except to the extent this Certificate is modified or otherwise altered in accordance with Section 3 hereof, the Issuer shall make or cause the Disclosure Representative to make public the information set forth in subsections (1) and (2) below:

(1) Annual Financial Information. Annual Financial Information of the Issuer at least annually not later than December 31 (the "Disclosure Date"), beginning with the fiscal year ended June 30, 2001, and continuing with each fiscal year thereafter, shall be subject to disclosure. The Disclosure Representative shall, on behalf of the Issuer, provide Annual Financial Information to the NRMSIR and SID not later than the Disclosure Date referenced above. The Annual Financial Information may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Financial Information.

(2) Material Events Notices. Notice of the occurrence of a Material Event.

(C) Information Provided by Disclosure Representative to Public.

(1) The Issuer directs the Disclosure Representative on its behalf to make public in accordance with subsection (D) of this Section 2 and within the time frame set forth in clause (3) below, and the Disclosure Representative agrees to act as the Issuer's agent in so making public, as regards the operations of the Issuer, the following:

(a) Annual Financial Information;

(b) Material Event occurrences; and

(c) such other information as the Issuer shall determine to make public through the Disclosure Representative.

The Issuer shall provide such information to the Disclosure Representative in the form required by subsection (C)(2) of this Section 2. If the Issuer chooses to include any information in any financial information report or in any notice of occurrence of a Material Event, in addition to that which is specifically required by this Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future financial information report or notice of occurrence of a Material Event.

(2) The information, which the Issuer has agreed to make public, shall be in the following form:

(a) as to all notices, reports and financial statements to be provided to the Disclosure Representative by the Issuer, in the form of notice required by the Resolution, this Certificate or other applicable document or agreement; and

(b) as to all other notices or reports, in such form as the Disclosure Representative shall deem suitable for the purpose of which such notice or report is given.

(3) The Disclosure Representative shall make public the Annual Financial Information and Material Event occurrences within the applicable Turn Annual Period. Notwithstanding the foregoing, Material Events shall be made public on the same day as notice thereof is given to the Bondholders of outstanding Bonds, if required, and shall not be made public before the date of such notice. If on any such date, information required to be provided by the Issuer to the Disclosure Representative has not been provided on a timely basis, the Disclosure Representative shall make such information public as soon thereafter as it is provided to the Disclosure Representative.

(D) Means of Making Information Public.

(1) Information shall be deemed to be made public by the Issuer or the Disclosure Representative under this Certificate if it is transmitted to one or more of the following as provided in subsection (D)(2) of this Section 2:

(a) to the Bondholders of outstanding Bonds, by the method prescribed by the Resolution;

(b) to each NRMSIR, by (i) electronic facsimile transmissions confirmed by first class mail, postage prepaid, or (ii) first class mail, postage prepaid; provided that the Issuer or the Disclosure Representative is authorized to transmit information to a NRMSIR by whatever means are mutually acceptable to the Disclosure Representative or the Issuer, as applicable, and the NRMSIR;

(c) to the SID (if a SID is established for the State), by (i) electronic facsimile transmissions confirmed by first class mail, postage prepaid, or (ii) first class mail, postage prepaid; provided that the Issuer or the Disclosure Representative is authorized to transmit information to a SID by whatever means are mutually acceptable to the Disclosure Representative or the Issuer, as applicable, and the SID;

(d) to the MSRB, by (i) electronic facsimile transmissions confirmed by first class mail, postage prepaid, or (ii) first class mail, postage prepaid; provided that the Issuer or the Disclosure Representative is authorized to transmit information to the MSRB by whatever means are mutually acceptable to the Disclosure Representative or the Issuer, as applicable, and the MSRB; and/or

(e) to the SEC, by (i) electronic facsimile transmissions confirmed by first class mail, postage prepaid, or (ii) first class mail, postage prepaid; provided that the Issuer or the Disclosure Representative is authorized to transmit information to the SEC by whatever means are mutually acceptable to the Disclosure Representative or the Issuer, as applicable, and the SEC.

(2) Information shall be transmitted to the following:

(a) all Material Events shall be made available to each NRMSIR or the MSRB and to the SID (if a SID is established for the State);

(b) any notice of a failure by the Issuer to provide required Annual Financial Information, on or before the date required by this Certificate shall be made available to each NRMSIR or the MSRB and to the SID (if a SID is established for the State);

(c) any other information which the Issuer decides to make public shall be made available to each NRMSIR or the MSRB and to the SID (if a SID is established for the State); and

(d) all information described in clauses (a) and (b) shall be made available to any Bondholder upon request, but need not be transmitted to the Bondholders who do not so request.

Nothing in this subsection shall be construed to relieve the Registrar and Paying Agent under the Resolution, of its obligation to provide notices to the holders of all Bonds if such notice

is required by the Resolution, but nothing herein shall be construed to require the them to take any actions other than those set forth in the Resolution.

Nothing in this Certificate shall be construed to require the Disclosure Representative to interpret or provide an opinion concerning the information made public. If the Disclosure Representative receives a request for an interpretation or opinion, the Disclosure Representative may refer such request to the Issuer for response.

Section 3. Amendment or Modification.

Notwithstanding any other provision of this Certificate, the Issuer may amend this Certificate (and the Disclosure Representative shall agree to any amendment so requested by the Issuer) and any provision of this Certificate may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel expert in federal securities laws acceptable to the Issuer to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

Section 4. Miscellaneous.

(A) Compliance with Prior Continuing Disclosure Certificates. The Issuer certifies that, except as is set forth in the Preliminary Official Statement and the Official Statement, it is as of the date hereof in compliance with the provisions of all continuing disclosure certificates or similar agreements or certificates heretofore delivered in connection with the issuance of any prior bonds.

(B) Representations. The Issuer represents and warrants (i) that it has duly authorized the execution and delivery of this Certificate by its Chairman, (ii) that it has all requisite power and authority to execute and deliver, and perform this Certificate under its organizational documents and any resolutions now in effect, (iii) that the execution and delivery of this Certificate, and performance of the terms hereof, does not and will not violate any law, regulation, ruling, decision, order, resolution, decree, agreement or instrument by which it is bound, and (iv) that it is not aware of any litigation or proceeding pending, or, to the best of its knowledge, threatened, contesting or questioning its existence, or its power and authority to enter into this Certificate, or its due authorization, execution and delivery of this Certificate, or otherwise contesting or questioning the issuance of the Bonds.

(C) Governing Law. This Certificate shall be governed by and interpreted in accordance with the laws of the State; provided that, to the extent that the SEC, the MSRB or any other federal or state agency or regulatory body with jurisdiction over the Bonds shall have promulgated any rule or regulation governing the subject matter hereof, this Certificate shall be interpreted and construed in a manner consistent therewith.

(D) Severability. If a court of competent jurisdiction hereof shall hold any provision invalid or unenforceable, the remaining provisions hereof shall survive and continue in full force and effect.

(E) Counterparts. This Certificate may be executed in one or more counterparts, each and all of which shall constitute one and the same instrument.

(F) Termination. This Certificate may be terminated by the Issuer upon thirty days' written notice of termination, provided that notice of the termination of this Certificate is provided to each NRMSIR, the appropriate SID, if any, and/or the MSRB and further provided that nationally recognized bond counsel provides an opinion that the new continuing disclosure certificate is in compliance with all State and Federal Securities laws; provided, however, the termination of this Certificate is not effective until the Issuer, or its successor, enters into a new continuing disclosure certificate and agrees to continue to provide, to each NRMSIR, SID and/or the MSRB and the Bondholders of the Bonds, all information required to be communicated pursuant to the rules promulgated by the SEC or the MSRB.

This Certificate shall terminate when all of the Bonds are or are deemed to be no longer outstanding by reason of redemption or defeasance or at maturity, or if the Rule should be changed so as to no longer require this Certificate.

(G) Defaults: Remedies. The Issuer shall be in default of its obligations hereunder if it fails to carry out or perform its obligations hereunder.

If a default occurs and continues beyond a period of thirty (30) days following notice of default given in writing to the Issuer, the Participating Underwriter or the holders of at least 25% aggregate principal amount of Outstanding Bonds shall, or any Bondholder may, take such actions as may be necessary and appropriate, including seeking an action in mandamus or specific performance to cause the Issuer to comply with its obligations under this Certificate. The Issuer acknowledges that monetary damages will not be an adequate remedy at law for any default hereunder; and, therefore, agrees that the remedy of specific performance shall be the sole remedy available in any proceeding to enforce this Certificate. The occurrence of any event of default as provided in this Certificate shall not constitute an event of default under the Resolution.

(H) Beneficiaries. This Certificate shall inure solely to the benefit of the Issuer, the Disclosure Representative, the Participating Underwriter and Bondholders and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, the Issuer has caused it duly authorized officer to execute this Certificate as of the day, month and year first have been written.

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

By: _____
Chairman

EXHIBIT A

Nationally Recognized Municipal Securities Information Repositories approved by the Securities and Exchange Commission as of October 1, 2001:

Bloomberg Municipal Repositories
P.O. Box 840
Princeton, NJ 08542-0840
Phone: (609) 279-3225
FAX: (609) 279-5962
E-mail: Munis@Bloomberg.com

Interactive Data
Attn: Repository
100 Williams Street
New York, NY 10038
Phone: (212) 771-6899
FAX: (212) 771-7390
E-mail: NRMSIR@interactivedata.com

Standard & Poor's J.J. Kenny Repository
55 Water Street
45th Floor
New York, NY 10038
Phone: (212) 438-4595
FAX: (212) 438-3975
E-mail: nrmsir_repository@sandp.com

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
FAX: (201) 947-0107
E-mail: nrmsir@dpcdata.com

Book-Entry-Only Municipal Bonds

Letter of Representations

[To be Completed by Issuer and Agent]

Flatwoods-Canoe Run Public Service District

[Name of Issuer]

The City National Bank of West Virginia, as Registrar

[Name of Agent]

October 10, 2001

[Date]

Attention: Underwriting Department
The Depository Trust Company
55 Water Street 19th Floor
New York, NY 10041-0099

Re: $2,240,000 Flatwoods-Canoe Run Public Service District

Water Improvement and Refunding Revenue Bonds

Series 2001 (Bluefield Area Extension Project)

[Issue description (the "Securities")]

Ladies and Gentlemen:

This letter sets forth our understanding with respect to certain matters relating to the Securities. Agent shall act as trustee, paying agent, fiscal agent, or other agent of Issuer with respect to the Securities. The Securities have been issued pursuant to a trust indenture, bond resolution, or other such document authorizing the issuance of the Securities dated October 1, 2001 (the "Document"). Crews & Associates, Inc. is distributing the Securities

["Underwriter"]

through The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with its Rules with respect to the Securities, Issuer and Agent, if any, make the following

representations to DTC:

1. Prior to closing on the Securities on 10-18-01, there shall be deposited with DTC one or more Security certificates registered in the name of DTC's nominee, Cede & Co., for each stated maturity of the Securities in the face amounts set forth on Schedule A hereto, the total of which represents 100% of the principal amount of such Securities. If, however, the aggregate principal amount of any maturity exceeds $400 million, one certificate shall be issued with respect to each $400 million of principal amount and an additional certificate shall be issued with respect to any remaining principal amount. Each Security certificate shall bear the following legend:

> Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

Issuer represents: ***[Note: Issuer must represent one of the following, and shall cross out the other.]***

~~[The Security certificate(s) shall remain in Agent's custody as a "Balance Certificate" subject~~ to the provisions of the Balance Certificate Agreement between Agent and DTC currently in effect.

On each day on which Agent is open for business and on which it receives an instruction originated by a DTC participant ("Participant") through DTC's Deposit/Withdrawal at Custodian ("DWAC") system to increase the Participant's account by a specified number of Securities (a "Deposit Instruction"), Agent shall, no later than 6:30 p.m. (Eastern Time) that day, either approve or cancel the Deposit Instruction through the DWAC system.

On each day on which Agent is open for business and on which it receives an instruction originated by a Participant through the DWAC system to decrease the Participant's account by a specified number of Securities (a "Withdrawal Instruction"), Agent shall, no later than 6:30 p.m. (Eastern Time) that day, either approve or cancel the Withdrawal Instruction through the DWAC system.

Agent agrees that its approval of a Deposit or Withdrawal Instruction shall be deemed to be the receipt by DTC of a new reissued or reregistered certificated Security on registration of transfer to the name of Cede & Co. for the quantity of Securities evidenced by the Balance Certificate ~~after the Deposit or Withdrawal Instruction is effected.]~~

[The Security certificate(s) shall be custodied with DTC.]

2. Issuer: (a) understands that DTC has no obligation to, and will not, communicate to its Participants or to any person having an interest in the Securities any information contained in the Security certificate(s); and (b) acknowledges that neither DTC's Participants nor any person having

an interest in the Securities shall be deemed to have notice of the provisions of the Security certificate(s) by virtue of submission of such certificate(s) to DTC.

3. In the event of any solicitation of consents from or voting by holders of the Securities, Issuer or Agent shall establish a record date for such purposes (with no provision for revocation of consents or votes by subsequent holders) and shall send notice of such record date to DTC no fewer than 15 calendar days in advance of such record date. Notices to DTC pursuant to this Paragraph by telecopy shall be directed to DTC's Reorganization Department, Proxy Unit at (212) 855-5181 or (212) 855-5182. If the party sending the notice does not receive a telecopy receipt from DTC confirming that the notice has been received, such party shall telephone (212) 855-5187. Notices pursuant to this Paragraph, by mail or by any other means, shall be sent to:

Supervisor, Proxy Unit
Reorganization Department
The Depository Trust Company
55 Water Street 50th Floor
New York, NY 10041-0099

4. In the event of a full or partial redemption or an advance refunding of part of the outstanding Securities, Issuer or Agent shall send a notice to DTC specifying: (a) the amount of the redemption or refunding; (b) in the case of a refunding, the maturity date(s) established under the refunding; and (c) the date such notice is to be mailed to beneficial owners or published (the "Publication Date"). Such notice shall be sent to DTC by a secure means (*e.g.,* legible telecopy, registered or certified mail, overnight delivery) and in a timely manner designed to assure that such notice is in DTC's possession no later than the close of business on the business day before or, if possible, two business days before the Publication Date. Issuer or Agent shall forward such notice either in a separate secure transmission for each CUSIP number or in a secure transmission for multiple CUSIP numbers (if applicable) which includes a manifest or list of each CUSIP submitted in that transmission. (The party sending such notice shall have a method to verify subsequently the use of such means and the timeliness of such notice.) The Publication Date shall be no fewer than 30 days nor more than 60 days prior to the redemption date or, in the case of an advance refunding, the date that the proceeds are deposited in escrow. Notices to DTC pursuant to this Paragraph by telecopy shall be directed to DTC's Call Notification Department at (516) 227-4164 or (516) 227-4190. If the party sending the notice does not receive a telecopy receipt from DTC confirming that the notice has been received, such party shall telephone (516) 227-4070. Notices to DTC pursuant to this Paragraph, by mail or by any other means, shall be sent to:

Call Notification Department
The Depository Trust Company
711 Stewart Avenue
Garden City, NY 11530-4719

5. In the event of an invitation to tender the Securities, notice by Issuer or Agent to Security holders specifying the terms of the tender and the Publication Date of such notice shall be sent to DTC by a secure means (*e.g.,* legible telecopy, registered or certified mail, overnight delivery) in a timely manner designed to assure that such notice is in DTC's possession no later than the close of business on the business day before or, if possible, two business days before the Publication Date. Issuer or Agent shall forward such notice either in a separate secure transmission for each CUSIP number or in a secure transmission for multiple CUSIP numbers (if applicable) which includes a

manifest or list of each CUSIP number submitted in that transmission. (The party sending such notice shall have a method to verify subsequently the use and timeliness of such notice.) Notices to DTC pursuant to this Paragraph and notices of other actions (including mandatory tenders, exchanges, and capital changes) by telecopy shall be directed to DTC's Reorganization Department at (212) 855-5488. If the party sending the notice does not receive a telecopy receipt from DTC confirming that the notice has been received, such party shall telephone (212) 855-5135. Notices to DTC pursuant to this Paragraph, by mail or by any other means, shall be sent to:

Manager, Reorganization Department
Reorganization Window
The Depository Trust Company
55 Water Street 50th Floor
New York, NY 10041-0099

6. All notices and payment advices sent to DTC shall contain the CUSIP number of the Securities.

7. In the event of a change in the interest rate, Agent shall send notice to DTC of such change and Agent shall indicate the stated coupon rate. Such notice, which shall include Agent contact's name and telephone number, by telecopy shall be directed to DTC's Dividend Department at (212) 855-4555. If the party sending the notice does not receive a telecopy receipt from DTC confirming that the notice has been received, such party shall telephone (212) 855-4550. Notices to DTC pursuant to this Paragraph, by mail or by any other means, shall be sent to:

Manager, Announcements
Dividend Department
The Depository Trust Company
55 Water Street 25th Floor
New York, NY 10041-0099

8. Issuer or Agent shall provide a written notice of interest payment information, including stated coupon rate information, to DTC as soon as the information is available. Issuer or Agent shall provide this information directly to DTC electronically, as previously arranged by Issuer or Agent and DTC. If electronic transmission has not been arranged, absent any other arrangements between Issuer or Agent and DTC, such information shall be sent by telecopy to DTC's Dividend Department at (212) 855-4555 or (212) 855-4556. If the party sending the notice does not receive a telecopy receipt from DTC confirming that the notice has been received, such party shall telephone (212) 855-4550. Notices to DTC pursuant to this Paragraph, by mail or by any other means, shall be sent to:

Manager, Announcements
Dividend Department
The Depository Trust Company
55 Water Street 25th Floor
New York, NY 10041-0099

9. Interest payments and principal payments that are part of periodic principal-and-interest payments shall be received by Cede & Co., as nominee of DTC, or its registered assigns in same-day funds no later than 2:30 p.m. (Eastern Time) on the payment date. Issuer shall remit by

1:00 p.m. (Eastern Time) on the payment date all such interest payments due Agent, or at such earlier time as required by Agent to guarantee that DTC shall receive payment in same-day funds no later than 2:30 p.m. (Eastern Time) on the payment date. Absent any other arrangements between Issuer or Agent and DTC, such funds shall be wired to the Dividend Deposit Account number that will be stamped on the signature page hereof at the time DTC executes this Letter of Representations.

10. Agent shall provide DTC's Dividend Department, no later than 12:00 noon (Eastern Time) on the payment date, automated notification of CUSIP-level detail. If circumstances prevent the funds paid to Cede & Co., as nominee of DTC, by 2:30 p.m. (Eastern Time) from equaling the dollar amount associated with the detail payments by 12:00 noon (Eastern Time), Issuer or Agent must provide CUSIP-level reconciliation to DTC no later than 2:30 p.m. (Eastern Time). Reconciliation must be provided by either automated means or written format. Such reconciliation notice, if sent by telecopy, shall be directed to DTC's Dividend Department at (212) 855-4633, and receipt of such reconciliation notice shall be confirmed by telephoning (212) 855-4430.

11. Maturity and redemption payments shall be received by Cede & Co., as nominee of DTC, or its registered assigns, in same-day funds no later than 2:30 p.m. (Eastern Time) on the payment date. Issuer shall remit by 1:00 p.m. (Eastern Time) on the payment date, all maturity and redemption payments due Agent, or at such earlier time as required by Agent to guarantee that DTC shall receive payment in same-day funds no later than 2:30 p.m. (Eastern Time) on the payment date. Absent any other arrangements between Issuer or Agent and DTC, such funds shall be wired to the Redemption Deposit Account number that will be stamped on the signature page hereof at the time DTC executes this Letter of Representations.

12. Principal payments (plus accrued interest, if any) as a result of optional tenders for purchase effected by means of DTC's Repayment Option Procedures shall be received by Cede & Co., as nominee of DTC, or its registered assigns, in same-day funds no later than 2:30 p.m. (Eastern Time) on the payment date. Issuer shall remit by 1:00 p.m. (Eastern Time) on the payment date all such reorganization payments due Agent, or at such earlier time as required by Agent to guarantee that DTC shall receive payment in same-day funds no later than 2:30 p.m. (Eastern Time) on the payment date. Absent any other arrangements between Issuer or Agent and DTC, such funds shall be wired to the Reorganization Deposit Account number that will be stamped on the signature page hereof at the time DTC executes this Letter of Representations.

13. DTC may direct Issuer or Agent to use any other telephone number or address as the number or address to which notices or payments may be sent.

14. In the event of a redemption, acceleration, or any other similar transaction (*e.g.*, tender made and accepted in response to Issuer's or Agent's invitation) necessitating a reduction in the aggregate principal amount of Securities outstanding or an advance refunding of part of the Securities outstanding, DTC, in its discretion: (a) may request Issuer or Agent to issue and authenticate a new Bond certificate, or (b) may make an appropriate notation on the Bond certificate indicating the date and amount of such reduction in principal except in the case of final maturity, in which case the certificate will be presented to Issuer or Agent prior to payment if required.

15. In the event that Issuer determines that beneficial owners of Securities shall be able to obtain certificated Securities, Issuer or Agent shall notify DTC of the availability of Security certificates. In such event, Issuer or Agent shall issue, transfer, and exchange Security certificates in appropriate amounts, as required by DTC and others.

16. DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent (at which time DTC will confirm with Issuer or Agent the aggregate principal amount of Securities outstanding). Under such circumstances, at DTC's request, Issuer and Agent shall cooperate fully with DTC by taking appropriate action to make available one or more separate certificates evidencing Securities to any Participant having Securities credited to its DTC accounts.

17. Nothing herein shall be deemed to require Agent to advance funds on behalf of Issuer.

18. This Letter of Representations may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, but all such counterparts together shall constitute but one and the same instrument.

19. This Letter of Representations shall be governed by, and construed in accordance with, the laws of the State of New York, without giving effect to principles of conflicts of law.

20. The sender of each notice delivered to DTC pursuant to this Letter of Representations is responsible for confirming that such notice was properly received by DTC.

21. Issuer recognizes that DTC does not in any way undertake to, and shall not have any responsibility to, monitor or ascertain the compliance of any transactions in the Securities with the following, as amended from time to time: (a) any exemptions from registration under the Securities Act of 1933; (b) the Investment Company Act of 1940; (c) the Employee Retirement Income Security Act of 1974; (d) the Internal Revenue Code of 1986; (e) any rules of any self-regulatory organizations (as defined under the Securities Exchange Act of 1934); or (f) any other local, state, or federal laws or regulations thereunder.

22. Issuer hereby authorizes DTC to provide to Agent listings of Participants' holdings, known as Security Position Listings ("SPLs") with respect to the Securities from time to time at the request of the Agent. DTC charges a fee for such SPLs. This authorization, unless revoked by Issuer, shall continue with respect to the Securities while any Securities are on deposit at DTC, until and unless Agent shall no longer be acting. In such event, Issuer shall provide DTC with similar evidence, satisfactory to DTC, of the authorization of any successor thereto so to act. Requests for SPLs shall be sent by telecopy to the Proxy Unit of DTC's Reorganization Department at (212) 855-5181 or (212) 855-5182. Receipt of such requests shall be confirmed by telephoning (212) 855-5202. Requests for SPLs sent by mail or by any other means shall be directed to the address indicated in Paragraph 3.

23. Issuer and Agent shall comply with the applicable requirements stated in DTC's Operational Arrangements, as they may be amended from time to time. DTC's Operational Arrangements are posted on DTC's website at "www.DTC.org."

24. The following riders, attached hereto, are hereby incorporated into this Letter of Representations:

The City National Bank of West Virginia is serving as Registrar only pursuant to the Issuer's Bond Resolution approved on July 18, 2001.

Notes:

A. If there is an Agent (as defined in this Letter of Representations), Agent, as well as Issuer, must sign this Letter. If there is no Agent, in signing this Letter Issuer itself undertakes to perform all of the obligations set forth herein.

B. Under the Rules of the Municipal Securities Rulemaking Board relating to "good delivery", a municipal securities dealer must be able to determine the date that a notice of a partial call or of an advance refunding of a part of an issue is distributed or published (the "Publication Date"). The establishment of such a Publication Date is addressed in Paragraph 3 of the Letter.

C. Schedule B contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

Flatwoods-Canoe Run Public Service District

[Issuer]

By: _____

[Authorized Officer's Signature]

Chairman Secretary

The City National Bank of West Virginia, as Registrar

[Agent]

By: _____

[Authorized Officer's Signature]

Assistant Vice President and Trust Officer

Received and Accepted:
THE DEPOSITORY TRUST COMPANY

By: _____

Funds should be wired to:

The Chase Manhattan Bank
ABA # 021 000 021
For credit to a/c Cede & Co.
c/o The Depository Trust Company

[Select Appropriate Account.]

Dividend Deposit Account # 066-026776
Redemption Deposit Account # 066-027306
Reorganization Deposit Account # 066-027608

cc: Underwriter
Underwriter's Counsel

SCHEDULE A

$2,240,000 Flatwoods Canoe Run Public Service District, Water Improvement and Refunding Revenue Bonds Series 2001 (Bluefield Area Extension Project)

[Describe Issue Including Issuer's Name]

CUSIP Number	Principal Amount	Maturity Date	Interest Rate
33885K AA 4	$155,000	10/1/2006	4.25%
33885K AB 2	230,000	10/1/2011	5.00
33885K AC 0	300,000	10/1/2016	5.25
33885K AD 8	390,000	10/1/2021	5.40
33885K AE 6	500,000	10/1/2026	5.50
33885K AF 3	665,000	10/1/2031	5.65

United States Department of Agriculture

Rural Development

75 High Street, Room 320
Morgantown, WV 26505-7500
(304) 284-4860
FAX (304) 284-4893
TDD (304) 284-5941
(For the Deaf or Hard of Hearing)

$2,240,000
FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2001
(BLUEFIELD AREA EXTENSION PROJECT)

CONSENT TO ISSUANCE OF PARITY BOND AND PARITY LIEN

United States of America, Rural Development (the "Government") represents that it is the sole and only registered owner of the outstanding Water Revenue Bonds, Series 1996 A and Series 1996 B, dated June 12, 1996 (collectively, the "1996 Bonds"), of the Flatwoods-Canoe Run Public Service District, Braxton County, West Virginia (the "District"). The Government does hereby consent to the issuance by the District of parity Water Revenue Bonds, Series 2001, in the amount of $2,240,000 (the "Series 2001 Bonds") to be sold to Crews and Associates, Inc., as Underwriter. The Government hereby further consents that the Series 2001 Bonds may be payable from the revenues of the water system of the District and otherwise secured on a parity basis with the 1996 Bonds.

By the execution of this consent, the undersigned hereby certifies that she is fully empowered and authorized to execute this consent on behalf of the Government.

WITNESS my signature this 10th day of September, 2001.

UNITED STATES OF AMERICA,
RURAL DEVELOPMENT

By: _____
State Director, USDA-Rural Development

Rural Development is an Equal Opportunity Lender, Provider and Employer. Complaints of discrimination should be sent to: USDA, Director, Office of Civil Rights, Washington, D.C. 20250-9410

STATE OF WEST VIRGINIA
WATER DEVELOPMENT AUTHORITY

180 ASSOCIATION DRIVE, CHARLESTON, WV 25311-1571
(304) 558-3612 – (304) 558-0299 (Fax)
Internet: www.wvwda.org – E-mail: contact @ wvwda.org

$2,240,000
FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2001
(BLUEFIELD AREA EXTENSION PROJECT)

CONSENT TO ISSUANCE OF PARITY BOND AND PARITY LIEN

West Virginia Water Development Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council ("WDA"), represents that it is the sole and only registered owner of the outstanding $160,000 Flatwoods-Canoe Run Public Service District, Water Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund), dated September 24, 1998 (the "1998 A Bonds"), and the $890,000 Flatwoods-Canoe Run Public Service District, Water Revenue Bonds (West Virginia Infrastructure Fund), Series 1998 B, dated September 24, 1998 (the "1998 B Bonds"), issued by the Flatwoods-Canoe Run Public Service District, Braxton County, West Virginia (the "District"). In reliance upon the certificate of Smith, Cochran & Hicks, P.L.L.C., CPAs, regarding the District's ability to meet the parity test, a copy of which is attached hereto and incorporated herein by reference, WDA does hereby consent to the issuance by the District of the $2,240,000 Flatwoods-Canoe Run Public Service District, Water Revenue Bonds, Series 2001 (the "Series 2001 Bonds"), on parity with the 1998 B Bonds. WDA hereby further acknowledges that the Series 2001 Bonds will be payable from the net revenues of the water system of the District and otherwise secured on a parity basis with the 1998 B Bonds.

WDA understands that the District intends to repay the principal and interest owed on the 1998 A Bonds from the proceeds of the Series 2001 Bonds, simultaneously with the issuance of the Series 2001 Bonds.

By the execution of this consent, the undersigned hereby certifies that he is fully empowered and authorized to execute this consent on behalf of WDA.

WITNESS my signature this 18th day of October, 2001.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY,
on behalf of the West Virginia Infrastructure and Jobs
Development Council

By: _____
Director

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 18th day of October, 2001, by and between FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia (the "Issuer"), and THE CITY NATIONAL BANK OF WEST VIRGINIA, a national association, having its principal office in Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $2,240,000 aggregate principal amount of Water Improvement and Refunding Revenue Bonds, Series 2001 (Bluefield Area Extension Project) (the "Bonds"), in fully registered form, pursuant to an Resolution adopted by the Issuer and effective on July 18, 2001 (the "Resolution");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Resolution, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Resolution provides for the appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Resolution and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Resolution and to take certain other actions hereinafter set forth.

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of the Registrar, all as set forth in the Resolution, such duties including, among other things, the duties to authenticate, register and deliver the Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar, from time to time, reasonable compensation for services rendered and reimbursement for reasonable expenses incurred in connection therewith.

5. It is intended that this Registrar's Agreement shall carry out and implement the provisions of the Resolution with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Resolution, the terms of the Resolution shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Resolution will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon sixty (60) days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: Flatwoods-Canoe Run Public Service District
Att'n.: Chairman
P.O. Box 677
Sutton, WV 26601

REGISTRAR: The City National Bank of West Virginia
Attention: Assistant Vice President and Trust Officer
3601 MacCorkle Ave., SE
Charleston, WV 25304

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Resolution and instructions provided by the Issuer and the Purchaser thereof.

IN WITNESS WHEREOF, FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT and THE CITY NATIONAL BANK OF WEST VIRGINIA have caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day, month and year first above-written.

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

By: _____
Chairman

CITY NATIONAL BANK OF WEST VIRGINIA

By: _____
Assistant Vice President and Trust Officer

Exhibit A

See Resolution (Tab No. 1)

$2,240,000
FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT
WATER IMPROVEMENT AND REFUNDING REVENUE BONDS
SERIES 2001 (BLUEFIELD AREA EXTENSION PROJECT)

ACCEPTANCE OF DUTIES AS DEPOSITORY BANK

The Bank of Gassaway, a state banking corporation, at its office located in Gassaway, Braxton County, West Virginia, hereby accepts appointment as Depository Bank in connection with a Resolution of the Flatwoods-Canoe Run Public Service District (the "District") duly adopted by the Public Service Board of the District (the "Board") and effective on July 18, 2001 (the "Resolution"), authorizing issuance by the District of its Water Improvement and Refunding Revenue Bonds, Series 2001 (Bluefield Area Extension Project) dated October 18, 2001, in the aggregate principal amount of $2,240,000, and agrees to perform all duties of Depository Bank in connection with the Project Account, all as set forth in the Resolution.

Witness my signature as of the 18th day of October, 2001.

BANK OF GASSAWAY

By: _____

Its: _____

$2,240,000
FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT
WATER IMPROVEMENT AND REFUNDING REVENUE BONDS
SERIES 2001 (BLUEFIELD AREA EXTENSION PROJECT)

ACCEPTANCE OF DUTIES AS REGISTRAR

The City National Bank of West Virginia, a national association, with its principal office located in Charleston, Kanawha County, West Virginia, hereby accepts appointment as Registrar in connection with a Resolution of the Flatwoods-Canoe Run Public Service District (the "District") duly adopted by the Public Service Board of the District (the "Board") and effective on July 18, 2001 (the "Resolution"), authorizing issuance of the Flatwoods-Canoe Run Public Service District, Water Improvement and Refunding Revenue Bonds, Series 2001 (Bluefield Area Extension Project), dated as of October 1, 2001, in the aggregate principal amount of $2,240,000, and agrees to perform all duties of Registrar as set forth in the Resolution.

Witness my signature as of the 18th day of October, 2001.

THE CITY NATIONAL BANK OF WEST VIRGINIA

By: _____
Assistant Vice President and Trust Officer

$2,240,000
FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT
WATER IMPROVEMENT AND REFUNDING REVENUE BONDS
SERIES 2001 (BLUEFIELD AREA EXTENSION PROJECT)

CERTIFICATE OF REGISTRATION OF BOND

I, Jody M. DeWees, Assistant Vice President and Trust Officer of The City National Bank of West Virginia, as Registrar (the "Registrar"), under a Registrar's Agreement between the Registrar and the Flatwoods-Canoe Run Public Service District (the "District") dated as of the date hereof, hereby certify that on the 18th day of October, 2001, the bonds of the District in the principal amount of $2,240,000 designated "Flatwoods-Canoe Run Public Service District, Water Improvement and Refunding Revenue Bonds, Series 2001 (Bluefield Area Extension Project)", and numbered R-1, dated as of the date hereof, were registered as to principal and interest in the name of "The Depository Trust Company", on the books of the Registrar kept for that purpose at our office, by a duly authorized officer on behalf of the Registrar.

WITNESS my signature as of the 18th day of October, 2001.

THE CITY NATIONAL BANK OF WEST VIRGINIA,
as Registrar

By: Jody M. DeWees
Assistant Vice President and Trust Officer

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Internal Revenue Service Center
Ogden, UT 84201

COMPLETE THIS SECTION ON DELIVERY

A. Received by *(Please Print Clearly)* | B. Date of Delivery

C. Signature

X

☐ Agent
☐ Addressee

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

FS - OSC
SERVICE CTR
OGDEN UT 84201

OCT 24 2001

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? *(Extra Fee)* ☐ Yes

2. Article Number *(Copy from service label)*
7001 0360 0003 5225 4271

PS Form 3811, July 1999 Domestic Return Receipt 102595-00-M-0952

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

201 THIRD STREET
PARKERSBURG, WEST VIRGINIA 26101
(304) 485-2345

P.O. BOX 349
500 CHURCH STREET
RIPLEY, WEST VIRGINIA 25271
(304) 372-2651

COPY

Charleston

October 18, 2001

Via Certified Mail-Return Receipt
Requested No. 7001 0360 0003 5225 4271
Internal Revenue Service Center
Ogden, UT 84201

Re: $2,240,000 Flatwoods-Canoe Run Public Service District
Water Improvement and Refunding Revenue Bonds
Series 2001 (Bluefield Area Extension Project)

Gentlemen:

Enclosed is Form 8038-G filed on behalf of the Flatwoods-Canoe Run Public Service District, Sutton, West Virginia, which provides the information required by Section 149(e) of the Internal Revenue Code of 1986, as amended. We have also enclosed a file copy to be returned to our office (after acknowledging receipt of the same) in the enclosed self-addressed, stamped envelope.

Sincerely yours,

W. K. Bragg, Jr.

William K. Bragg, Jr.

WKB/aks
Enclosure

Form **8038-G** (Rev. November 2000)

Department of the Treasury Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ Under Internal Revenue Code section 149(e)

▶ See separate instructions.

Caution: *If the issue price is under $100,000, use Form 8038-GC.*

OMB No. 1545-0720

Part I Reporting Authority — If **Amended Return**, check here ▶ ☐

1 Issuer's name: Flatwoods-Canoe Run Public Service District

2 Issuer's employer identification number: 55 0532503

3 Number and street (or P.O. box if mail is not delivered to street address): P.O. Box 677 — Room/suite:

4 Report number: 32001-1

5 City, town, or post office, state, and ZIP code: Sutton, WV 26601

6 Date of issue: 10/18/01

7 Name of issue: $2,240,000 Flatwoods-Canoe Run Public Service District Water Improvement and Refunding Revenue Bonds, Series 2001

8 CUSIP number: 33885K

9 Name and title of officer or legal representative whom the IRS may call for more information: W.K. Bragg, Jr., Bond Counsel

10 Telephone number of officer or legal representative: (304) 346-7000

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule

11	☐ Education	11	
12	☐ Health and hospital	12	
13	☐ Transportation	13	
14	☐ Public safety	14	
15	☐ Environment (including sewage bonds)	15	
16	☐ Housing	16	
17	☒ Utilities	17	2,240,000
18	☐ Other. Describe ▶	18	
19	If obligations are TANs or RANs, check box ▶ ☐ If obligations are BANs, check box ▶ ☐		
20	If obligations are in the form of a lease or installment sale, check box ▶ ☐		

RECEIVED OCT 24 2001 OGDEN, UT

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	10/1/31	$ 665,000	$ Par	19.484 years	5.79595 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest		22	$ 5,665
23	Issue price of entire issue (enter amount from line 21, column (b))		23	2,240,000
24	Proceeds used for bond issuance costs (including underwriters' discount)	24 96,000		
25	Proceeds used for credit enhancement	25		
26	Proceeds allocated to reasonably required reserve or replacement fund	26 158,482		
27	Proceeds used to currently refund prior issues	27 62,804		
28	Proceeds used to advance refund prior issues	28		
29	Total (add lines 24 through 28)		29	317,286
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)		30	1,928,379

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)

31	Enter the remaining weighted average maturity of the bonds to be currently refunded ▶	1.068 years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded ▶	years
33	Enter the last date on which the refunded bonds will be called ▶	9/18/01
34	Enter the date(s) the refunded bonds were issued ▶ 9/24/98	

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a	
b	Enter the final maturity date of the guaranteed investment contract ▶		
37	Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a	
b	If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the name of the issuer ▶ _____ and the date of the issue ▶ _____		
38	If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ ☐		
39	If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐		
40	If the issuer has identified a hedge, check box ▶ ☐		

Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

James Rogers — 10/18/01

Signature of issuer's authorized representative — Date — James Rogers, Chairman — Type or print name and title

WV MUNICIPAL BOND COMMISSION
8 Capitol Street, Suite 500
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM
Date of Report: October 16, 2001
(See Reverse for Instructions)

ISSUE: Flatwoods-Canoe Run Public Service District
Water Improvement and Refunding Revenue Bonds
Series 2001 (Bluefield Area Extension Project)
ADDRESS: P.O. Box 677
Sutton, WV 26601 COUNTY: Braxton
PURPOSE: New Money X
OF ISSUE: Refunding X Refunds issue dated: September 24, 1998
ISSUE DATE: October 18, 2001 CLOSING DATE: October 18, 2001
ISSUE AMOUNT: $2,240,000 RATE: 5.488458%
1ST DEBT SERVICE DUE: April 1, 2002 1ST PRINCIPAL DUE: October 1, 2002
1ST DEBT SERVICE AMT.:$59,985.00 PAYING AGENT: Municipal Bond Commission

---

BOND COUNSEL: Goodwin & Goodwin, LLP
Contact Person: W.K. Bragg, Jr.
Phone: 346-7000

REGISTRAR: The City National Bank of West Virginia
Contact Person: Jody M. DeWees
Phone: 926-3381

KNOWLEDGEABLE ISSUER CONTACT:
Contact Person: Steve Sanders
Position: General Manager
Phone: (304) 765-2300

----------DEPOSITS TO MBC AT CLOSE----------

_X_ Accrued Interest: $5,665.25
_X_ Capitalized Interest: 104,017.37
By _X_ Wire _X_ Reserve Account: $158,482.50
___ Check _X_ Other: $62,803.99 to refund Series 1998 A Bonds

----------REFUNDS & TRANSFERS BY MBC AT CLOSE----------

___ To Escrow Trustee: $____
By ___ Wire ___ To Issuer: $____
___ Check ___ To Cons. Invest. Fund:$____
___ IGT ___ Other: _____ $____

Notes: _____

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS
REQUIRED:_____
TRANSFERS
REQUIRED:_____

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
9.12.01
By Commission Order

Entered: September 5, 2001

CASE NO. 00-1572-PWD-CN

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT,
a public utility.
Application for a certificate of convenience and necessity to construct a water line extension to serve approximately two hundred new customers north of Gassaway, along Little Otter Creek, Rush Fork, Brushy Branch, Walnut Fork and the Left Fork of Steer Creek, all located within the boundaries of the District, in Braxton County.

RECOMMENDED DECISION

On May 23, 2001, Flatwoods-Canoe Run Public Service District (District), a public utility, filed an application for a certificate of convenience and necessity to construct a water line extension to serve approximately two hundred new customers north of Gassaway, along Little Otter Creek, Rush Fork, Brushy Branch, Walnut Fork and the Left Fork of Steer Creek, all located within the boundaries of the District, in Braxton County. The project will consist of approximately one 50 GPM booster pump station; a 54,000 gallon water storage tank; 18,500 linear feet (LF) of 8-inch water line (1050 LF DIP); 33,800 linear feet of 6-inch water line (600 LF DIP); 5,000 linear feet of 4-inch water line; 4,900 linear feet of 2-inch water line; 8,000 linear feet of 3/4-inch and 1-inch copper service line; 27 creek crossings; 200 individual water meters; 45 gate valves; 3 Universal air release valves; 14 fire hydrants; 15 blowoff assemblies; and all other necessary appurtenances, at an estimated construction cost of $3,490,000.

By Notice of Filing Order dated May 30, 2001, the District was ordered to give notice of the filing of its application by publishing a copy of the Notice of Filing Order once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Braxton County, making due return to the Commission of proper certification of publication immediately after publication. Said Order also provided that anyone desiring to make objection to said application must do so, in writing, within thirty days after publication of the Notice.

By Order May 31, 2001, the District was ordered to publish a corrected Notice of Filing attached to said Order as Appendix A, in place of the Commission's Notice of Filing Order of May 30, 2001.

On June 13, 2001, the District filed an affidavit of publication verifying that the correct Notice of Filing was published in The Braxton Democrat-Central, Inc., a newspaper published and generally circulated in Braxton County, on June 8, 2001. The 30-day protest period expired on July 8, 2001, with no protests having been filed.

By Order dated July 12, 2001, this matter was referred to the Division of Administrative Law Judges for a decision to be rendered on or before December 26, 2001.

On August 9, 2001, the District filed a copy of a Water Sales Agreement between the District and West Virginia-American Water Company (WVAWC). Additionally, the District requested a waiver of its tap fee for all customers who connect during construction.

On August 13, 2001, the District filed a certificate from Dunn Engineers, Inc., that the project includes meter settings for 199 habitable dwellings or businesses that were in existence on the date of the Health Department's approval of the project. The project does not include meter settings on vacant lots or undeveloped properties.

On August 29, 2001, Staff Attorney Cassius H. Toon filed the Final Joint Staff Memorandum to which was attached the Final Internal Memorandum prepared by Mr. Christopher B. Farrish, Engineering Technician, and Ms. Audra L. Blackwell, Engineer-In-Training II, Engineering Division, and Mr. William A. Nelson, Utilities Analyst, Water and Wastewater Division. Staff recommended approval of the application for a certificate of convenience and necessity, including the water purchase agreement, the funding of the project and Staff's recommended rates and charges.

According to Staff, the estimated project costs are $3,490,000, as follows:

Construction	$2,475,000
Engineering - Design	152,930
Engineering - Construction	162,650
Land & Right-of-Way	6,000
Legal & Administrative	66,000
Financing	117,537
Accounting	10,000
Other Contingency	42,935
Refinance IJDC Loan	100,000
Reserve Fund	155,528
Project Contingency	201,420

The District currently serves 1,214 existing customers with an additional 199 customers to be added as a result of this project. The cost per customer is $17,537, which Staff opined is extremely high for the provision of water service, while the customer density for the project area is approximately seventeen customers per mile, which is slightly low; however, as a result of this extension, the District anticipates development in surrounding areas due to water service being provided to the areas included in this project. The District was issued Permit No. 14,583 by the West Virginia Office of Environmental Health Service on August 3, 2000.

The customers to be served by the project will be provided with water purchased from WVAWC. The District has submitted a water sales agreement for approval with this application. The agreement is standard and outlines each party's responsibilities with regard to construction of this project, the quality and quantity of water to be supplied, future extensions and representations and warranties associated with this agreement. The proposed agreement appears to be mutually beneficial to both parties and should be approved.

The District proposes to finance the project through a Small Cities Block Grant (SCBG) of $1,250,000 and a private bond issue through Crews & Associates, Inc. (C&A), of $2,240,000. The C&A bond issue will accrue at an interest rate of 5.5% for a period of 30 years and will require annual principal and interest payments of $144,731. The C&A bond reserve is being prefunded as a part of this project. In addition, the District is refinancing its 1999 Infrastructure Council loan as part of this project. The District's renewal and replacement reserve, equal to 2.5% of operating revenues, has been adjusted by approximately $6,486 based on the additional revenues of $259,421 generated by this project. Funding commitments for the SCBG and the C&A loan have been submitted with the District's application.

Staff recommended a 25.3% increase in rates and charges which will generate additional annual operating revenues of approximately $211,963 over per books revenues. Staff opined that this amount of additional revenues will cover the project-related expenses and provide a proforma surplus of approximately $15,275 and debt service coverage of 120.57%. This amount of surplus and debt coverage are sufficient to meet the District's capital needs and the bondholder's coverage requirement of 115.00%. The project, with the rate revisions proposed by Staff, is financially feasible and should be approved. The Staff-recommended increase in the reconnection fee from $15 to $20 is consistent with the amount charged by similar Districts and is considered reasonable.

According to Staff, the proposed extension will supply properly treated water to an area that is currently using wells. Any problems associated with wells such as iron or gas contamination and the potential for surface water contamination will be eliminated by this project for these new customers. Staff also recommended that the requested temporary waiver of the tap fee be granted.

FINDINGS OF FACT

1. On May 23, 2001, Flatwoods-Canoe Run Public Service District, a public utility, filed an application for a certificate of convenience and necessity to construct a water line extension to serve approximately one hundred and ninety-nine new customers north of Gassaway, along Little Otter Creek, Rush Fork, Brushy Branch, Walnut Fork and the Left Fork of Steer Creek, in Braxton County, consisting of approximately one 50 GPM booster pump station; a 54,000 gallon water storage tank; 18,500 LF of 8-inch; 33,800 LF of 6-inch; 5,000 LF of 4-inch and 4,900 LF of 2-inch water line; 8,000 LF of 3/4-inch and 1-inch copper service line; 27 creek crossings; 200 individual water meters; 45 gate valves; 3 Universal air release valves; 14 fire hydrants; 15 blowoff assemblies; and all other

necessary appurtenances, at an estimated construction cost of $3,490,000. (See, Application).

2. The project will be financed through a Small Cities Block Grant of $1,250,000 and a private bond issue through Crews & Associates, Inc., of $2,240,000. The C&A bond issue will accrue at an interest rate of 5.5% for a period of thirty years and will require annual principal and interest payments of $144,731. The District is refinancing its 1999 Infrastructure Council loan as part of the project. Funding commitments for the SCBG and the C&A loan have been submitted. (See, Final Joint Staff Memorandum filed August 29, 2001).

3. Staff recommended a 25.3% increase in rates and charges which will generate additional annual operating revenues of approximately $211,963, which will cover the project related expenses and provide a proforma surplus of approximately $15,275 and debt service coverage of 120.57% and is sufficient to meet the District's capital needs and the bondholder's coverage requirement of 115.00%. (See Final Joint Staff Memorandum filed August 29, 2001).

4. The Flatwoods-Canoe Run Public Service District filed a proper affidavit of publication, as required by the Commission. No protests were received to the publication within the thirty-day protest period, or as of the date of this Order. (See, Affidavit of Publication filed June 13, 2001; case file generally).

5. The project will use water purchased from WVAWC under a water sales agreement. Staff has recommended approval of that agreement. (See, Final Joint Staff Memorandum filed August 29, 2001).

6. The proposed project will greatly benefit the public health in the area. The proposed extension will supply properly treated water to an area that is currently using well systems. Any problems associated with the current well systems such as contamination by iron or gas and the potential hazards of contamination by surface water intrusion will be eliminated by this project. (See, Final Joint Staff Memorandum filed August 29, 2001).

7. Commission Staff recommended approval of the application since it has received the necessary permits; the plans and specifications appear to be in conformance with the Commission's rules and regulations; and the project will benefit the residents of the area to be served. (See Final Joint Staff Memorandum filed August 29, 2001).

CONCLUSIONS OF LAW

1. The public convenience and necessity require the proposed project.

2. The proposed project will provide adequate service.

3. The proposed project is adequately financed and is economically feasible.

4. The Staff-recommended rate increase of 25.3% will generate additional annual operating revenues to meet the District's capital needs, the project costs and the bondholder's coverage requirement of 115.00%, making the project financially feasible, and should be approved. The Staff-recommended increase in the reconnection fee from $15 to $20 is consistent with the amount being charged by similar districts and is reasonable.

5. Good cause has been shown to waive formal hearing in this matter, pursuant to West Virginia Code §24-2-11, since no protests have been received to the proposed project.

6. Any changes in the scope of this project and/or its funding shall require further approval of the Public Service Commission.

ORDER

IT IS, THEREFORE, ORDERED that a certificate of convenience and necessity be, and the same hereby is, granted to the Flatwoods-Canoe Run Public Service District to construct a water line extension to serve approximately one hundred ninety-nine new customers north of Gassaway, along Little Otter Creek, Rush Fork, Brushy Branch, Walnut Fork and the Left Fork of Steer Creek, in Braxton County.

IT IS FURTHER ORDERED that the financing, consisting of a Small Cities Block Grant of $1,250,000, and a private bond issue through Crews & Associates, Inc., of $2,240,000, at an interest rate of 5.5% for a term of thirty (30) years, be, and the same hereby is, approved.

IT IS FURTHER ORDERED that the water purchase agreement entered into between the Flatwoods-Canoe Run Public Service District and West Virginia-American Water Company, filed August 9, 2001, be, and the same hereby is, approved, without specifically approving the terms and conditions thereof.

IT IS FURTHER ORDERED that, if there are any changes to the cost, scope, financing or design of this project, as certificated herein, the Flatwoods-Canoe Public Service District shall petition the Commission for approval of such changes prior to commencing construction.

IT IS FURTHER ORDERED that the request of the Flatwoods-Canoe Run Public Service District for a waiver of its tap fee during construction of this project for proposed customers of this project, be, and it hereby is, granted. This waiver will be in effect only during construction and until the time the contractor passes an individual property. Once the contractor has passed a specific property, the District is entitled to charge that customer its approved tap fee.

IT IS FURTHER ORDERED that the Staff-recommended rates, as set forth in Appendix A to this Order, be, and the same hereby are, approved for use by the Flatwoods-Canoe Run Public Service District for all service provided on and after the date that the project certificated herein becomes operational. The District shall file with the Commission the in-service date of this project within ten (10) days thereof.

II IS FURTHER ORDERED that Flatwoods-Canoe Run Public Service District filed with the Commission's Tariff Office a proper tariff reflecting the rates approved herein within thirty (30) days of the date that the project certificated herein becomes operational.

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

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

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

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

Robert W. Glass
Administrative Law Judge

RWG:dfs:mal
001572a.wpd

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT
CASE NO. 00-1572-PWD-CN

APPROVED WATER RATES

APPLICABILITY

Applicable to entire territory served.

AVAILABILITY OF SERVICE

Available for general domestic and commercial service.

RATE

First	2,000 gallons used per month	$ 7.27	per 1,000 gallons
Next	28,000 gallons used per month	$ 4.82	per 1,000 gallons
Next	870,000 gallons used per month	$ 3.76	per 1,000 gallons
Next	8,100,000 gallons used per month	$ 3.13	per 1,000 gallons
Over	9,000,000 gallons used per month	$ 2.51	per 1,000 gallons

MINIMUM CHARGE

The monthly minimum charge will be as follows, according to the size of the meter installed:

5/8 inch meter	$ 14.54 per month
3/4 inch meter	$ 21.81 per month
1 inch meter	$ 36.35 per month
1-½ inch meter	$ 72.70 per month
2 inch meter	$116.32 per month
3 inch meter	$218.10 per month
4 inch meter	$363.50 per month
6 inch meter	$727.00 per month

INDUSTRIAL RATE

$4.97 per 1,000 gallons used per month.

RESALE RATES

$2.86 per 1,000 gallons

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid within twenty (20) days, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

WATER SERVICE CHARGE

A charge of $20.00 shall be made for restoring a discontinued water connection.

CONNECTION CHARGE

Subsequent to completion of construction adjacent to the user' property - $200.00

Public Service Commission
of West Virginia
Charleston

FIRE PROTECTION SCHEDULE

AVAILABILITY OF SERVICE

Available for private fire protection service.

RATE

Where connections, hydrants, sprinklers, etc., on private property are maintained by consumer:

	Per Month
2-inch Service Line with hydrants, sprinklers, and/or hose connections	$ 2.50
3-inch Service Line with hydrants, sprinklers, and/or hose connections	$ 5.65
4-inch Service Line with hydrants, sprinklers, and/or hose connections	$ 9.90
6-inch Service Line with hydrants, sprinklers, and/or hose connections	$ 25.10
8-inch Service Line with hydrants, sprinklers, and/or hose connections	$ 41.15
10-inch Service Line with hydrants, sprinklers, and/or hose connections	$ 73.00
12-inch Service Line with hydrants, sprinklers, and/or hose connections	$102.25

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid within twenty (20) days, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

West Virginia Infrastructure & Jobs Development Council

Public Members:
James D. Williams, Chairman
St. Albans
James L. Harrison, Sr., Vice Chairman
Princeton
Dwight Calhoun
Petersburg
William J. Harman
Grafton

980 One Valley Square
Charleston, West Virginia 25301
Telephone: (304) 558-4607
Facsimile: (304) 558-4609

Katy Mallory, P.E.
Executive Secretary

April 5, 2000

Mr. Steven Sanders, General Manager
Flatwoods-Canoe Run Public Service District
P.O. Box 677
Sutton, West Virginia 26601-0677

Re: Flatwoods-Canoe Run PSD
Water Extension Project **95W-101**

Dear Mr. Sanders:

The West Virginia Infrastructure and Jobs Development Council (the "Council"), at its April 5, 2000 meeting, reviewed the Flatwoods-Canoe Run Public Service District's (the "District") revised preliminary application regarding its proposed project to extend water service to approximately 200 new customers in the Bluefield area. Based on the findings of the Water Technical Review Committee, the 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. The District may need to address certain issues raised in said comments as it proceeds with the project.

Upon consideration of the District's revised preliminary application, the Council recommends that the District utilize a Small Cities Block Grant of $1,250,000, a West Virginia American Water Company contribution of $220,000, and pursue a Drinking Water Treatment Revolving Fund (DWTRF) loan of $1,173,089 to finance the project. Please contact the West Virginia Bureau for Public Health at 558-2981 for specific information on the steps the District needs to follow to apply for the DWTRF loan. **Please note that this letter <u>does not</u> constitute funding approval from the DWTRF.**

If you have any questions regarding this matter, please contact Katy Mallory at the above-referenced telephone number.

Sincerely,

James D. Williams

JDW/rr
Enclosure
cc: Dunn Engineers
Region VII Planning & Development Council
Debbie Legg (w/o enclosure)
Walt Ivey, P.E. (w/o enclosure)

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1996 A and Water Refunding Revenue Bonds, Series 1996 B

BOND RESOLUTION

Table of Contents

Subject		Page
ARTICLE I		
STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS		
Section 1.01	Authority for This Resolution	1
Section 1.02	Findings and Determinations	1
Section 1.03	Bond Legislation Constitutes Contract	4
Section 1.04	Definitions	4
ARTICLE II		
AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT AND REFUNDING		
Section 2.01	Authorization of Acquisition and Construction of the Project	9
Section 2.02	Authorization of Refunding	9
Section 2.03	Approval of Escrow Agreement	9
ARTICLE III		
AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BONDS		
Section 3.01	Authorization of Bonds	11
Section 3.02	Description of Bonds	11
Section 3.03	Negotiability, Registration, Transfer and Exchange of Bonds	11
Section 3.04	Bond Registrar	12
Section 3.05	Execution of Bonds	12
Section 3.06	Bonds Mutilated, Destroyed, Stolen or Lost	12
Section 3.07	Bonds Secured by Pledge of Net Revenues	13

Section 3.08	Form of Bonds	13
	FORM OF 1996 A BOND	14
	FORM OF 1996 B BOND	20

ARTICLE IV
SYSTEM REVENUES AND APPLICATION THEREOF; DISPOSITION OF BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 4.01	Establishment of Funds and Accounts with Depository Bank	26
Section 4.02	Bond Proceeds; Project Construction Account	26
Section 4.03	Covenants of the Issuer as to System Revenues and Funds	27
Section 4.04	Interim Construction Financing	30

ARTICLE V
GENERAL COVENANTS, ETC.

Section 5.01	General Statement	32
Section 5.02	Rates	32
Section 5.03	Sale of the System	32
Section 5.04	Issuance of Additional Parity Bonds or Obligations	32
Section 5.05	Insurance and Bonds	32
Section 5.06	Statutory Mortgage Lien	34
Section 5.07	Events of Default	34
Section 5.08	Enforcement	34
Section 5.09	Fiscal Year; Budget	34
Section 5.10	Compensation of Members of Governing Body	35
Section 5.11	Covenant to Proceed and Complete	35
Section 5.12	Books and Records; Audits	35
Section 5.13	Maintenance of System	35
Section 5.14	No Competition	36

ARTICLE VI
RATES, ETC.

Section 6.01	Initial Schedule of Rates and Charges; Rules	37

ARTICLE VII
MISCELLANEOUS

Section 7.01	Payment of Bonds	38
Section 7.02	Modification or Amendment	38

Section 7.03	Delivery of Bonds	38
Section 7.04	Severability of Invalid Provisions	38
Section 7.05	Conflicting Provisions Repealed	38
Section 7.06	Table of Contents and Headings	38
Section 7.07	Covenant of Due Procedure, Etc.	38
Section 7.08	Effective Time	39
	SIGNATURES	39
	CERTIFICATION	40

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE REFUNDING OF THE WATER SYSTEM REVENUE BONDS, SERIES OF 1971, OF FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT; THE ISSUANCE OF $240,000 WATER REVENUE BOND, SERIES 1996 A, AND $70,000 WATER REFUNDING REVENUE BOND, SERIES 1996 B, OF THE DISTRICT, TO FINANCE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM OF THE DISTRICT AND ALL APPURTENANT FACILITIES AND TO PAY FOR SUCH REFUNDING AND THE COSTS IN CONNECTION THEREWITH, RESPECTIVELY; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF AN ESCROW AGREEMENT AND OTHER DOCUMENTS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITIES FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for This Resolution. This Resolution is adopted pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law. Flatwoods-Canoe Run Public Service District (the "Issuer") is a public corporation and public service district and political subdivision of the State of West Virginia in Braxton County of said State, duly created pursuant to the Act by The County Commission of Braxton County.

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

A. The Issuer currently owns and operates a public waterworks system and desires to finance and acquire, construct, operate and maintain certain additional public service properties consisting of additions, improvements and extensions to such existing waterworks facilities with all appurtenant facilities, within the boundaries of the Issuer to be owned and operated by 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 certain additions, improvements and extensions to the existing waterworks facilities of the Issuer, consisting of a water line extension to serve the Weyerhaeuser Corporation facility located within the Issuer's boundaries and a water storage tank to provide additional storage capacity and emergency fire protection service for the Issuer's existing system at or near Heaters, Braxton County, and 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 existing waterworks facilities of the Issuer, together with the Project and any further additions, extensions or improvements thereto, are herein called the "System." The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

C. The Issuer has heretofore financed the acquisition and construction of the System and certain additions, improvements and extensions thereto by issuance of its Water System Revenue Bonds, Series of 1971, originally issued in the aggregate principal amount of $152,000, of which $95,000 principal amount is presently outstanding (the "Prior Bonds"), pursuant to a resolution adopted by the Issuer on July 19, 1971 (the "Prior Resolution"). The Issuer is authorized and empowered under the Act to issue refunding revenue bonds for the purpose of retiring or refinancing all or any part of the outstanding Prior Bonds. It is hereby determined that it would be to the benefit of the Issuer and its residents to refund the Prior Bonds and to prepay the Prior Bonds as hereinafter set forth.

D. The estimated revenues to be derived in each year from the operation of the System after completion of the Project will be sufficient to pay all the costs of the operation and maintenance of the System, the principal of and interest on the Bonds (hereinafter defined) and all debt service, reserve fund and other payments provided for herein.

E. The estimated maximum cost of the acquisition and construction of the Project and the refunding of the Prior Bonds is $682,000, of which $310,000 will be obtained from the proceeds of sale of the Bonds herein authorized, $322,000 will be obtained from a grant from the Appalachian Regional Commission and $50,000 will be obtained from a contribution to the Issuer from the Weyerhaeuser Corporation.

F. It is necessary for the Issuer to issue its water revenue bonds in the total principal amount of $310,000, in two series, being the 1996 A Bond (hereinafter defined), in the principal amount of $240,000, and the 1996 B Bond (hereinafter defined), in the principal amount of $70,000 (collectively, the "Bonds"), to finance a portion of the cost of such acquisition and construction of the Project and the refunding of the Prior Bonds in the manner hereinafter provided. The cost of such acquisition and construction shall be deemed to include, without being limited to, the acquisition and construction of the Project; the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; interest on the Bonds prior to, during and for six months after completion of such acquisition and construction of the improvements and extensions; engineering, fiscal agents and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the Project, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized, and the acquisition and construction of the properties and the placement of same in operation; provided that, reimbursement to the Issuer for any amounts expended by it for the repayment of indebtedness incurred for costs of the Project by the Issuer shall be deemed costs of the Project.

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

H. On the date of issuance of the Bonds, the Issuer shall defease its Prior Bonds by depositing in the Escrow Fund established by the Escrow Agreement an amount sufficient to prepay the Prior Bonds as hereinafter set forth. Accordingly, as of the date of issuance of the Bonds, there are no other outstanding bonds or obligations of the Issuer which rank prior to or on a parity with the Bonds as to liens, pledge and/or source of and security for payment.

I. It is in the best interest of the Issuer that the Bonds be sold to the Purchaser, pursuant to the terms and provisions of the Letters of Conditions, dated July 24, 1995, and all amendments thereto, if any (collectively, the "Letter of Conditions").

J. The Issuer has complied with all requirements of law relating to the authorization of the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bonds, or will have so complied prior to issuance of the Bonds, including, among other things and without limitation, the consent and approval, pursuant to the Act and other applicable provisions of law, of the Project and the financing thereof by the West Virginia Infrastructure and Jobs Development Council and the obtaining of a certificate of public convenience and necessity and approval of the financing and necessary user rates and charges from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired or shall have been duly waived or otherwise provided for.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Bonds by those who shall be the Registered Owner of the same from time to time, this Resolution (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owner, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Registered Owner of the Bonds.

Section 1.04. Definitions. In addition to capitalized terms defined elsewhere herein, the following terms shall have the following meanings herein unless the text otherwise expressly requires:

"Act" means Chapter 16, Article 13A of the West Virginia Code of 1931, as amended.

"1996 A Bond" means the Water Revenue Bond, Series 1996 A, authorized hereby to be issued pursuant to this Bond Legislation.

"1996 B Bond" means the Water Refunding Revenue Bond, Series 1996 B, authorized hereby to be issued pursuant to this Bond Legislation.

"Bond Legislation" means this Resolution and all resolutions supplemental hereto and amendatory hereof.

"Bond Registrar" means the Issuer, which shall usually so act by its Secretary.

"Bonds" means, collectively, the 1996 A Bond and the 1996 B Bond.

"Chairman" means the Chairman of the Governing Body.

"Consulting Engineer" means Dunn Engineers, Inc., Charleston, 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.

"Depository Bank" means Home National Bank, Sutton, West Virginia, a bank or trust company which is a member of FDIC (herein defined), and its successors and assigns.

"Escrow Agent" means the Escrow Agent under the Escrow Agreement.

"Escrow Agreement" means the agreement to be entered into between the Issuer and the Escrow Agent, providing for the defeasance and ultimate payment of the Prior Bonds, the deposit therein of proceeds of the 1996 B Bonds, the disposition of moneys in any funds and accounts of the Prior Bonds established under the Prior Resolution and other matters in connection therewith.

"Escrow Fund" means the Escrow Fund established pursuant to the Escrow Agreement.

"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 additions, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefor, hereafter at any time constructed or acquired.

"FDIC" means the Federal Deposit Insurance Corporation.

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

"Governing Body" means the Public Service Board of the Issuer.

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

"Grants" means, collectively, the grant from the Appalachian Regional Commission and any other grant received by the Issuer for the Project.

"Herein" or "herein" means in this Bond Legislation.

"Issuer," "Borrower" or "District" means Flatwoods-Canoe Run Public Service District, a public service district and a public corporation and a political subdivision of the State of West Virginia, in Braxton County, West Virginia, and includes the Governing Body.

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated July 24, 1995, and all amendments thereto, if any.

"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 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 Fund and Depreciation Fund have been made to the last monthly payment date prior to the date of such retention.

"Prior Bonds" means the outstanding Water System Revenue Bonds, Series of 1971, of the Issuer described in Section 1.02C hereof.

"Prior Resolution" means the Resolution of the Issuer adopted July 19, 1971, authorizing issuance of the Prior Bonds.

"Project" shall have the meaning stated in Section 1.02B above.

"Purchaser" or "Government" means United States Department of Agriculture, Rural Utilities Service, and any successor thereof, acting for and on behalf of the United States of America.

"Qualified Investments" means and includes any of the following, to the extent such investments are permitted by law:

(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 (hereinbefore defined) 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 State Board of Investments pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended; and

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

"Registered Owner," "Bondholder," "Holder of the Bonds" or any similar term means any person who shall be the registered owner of the Bonds.

"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.

"Surplus Revenues" shall have the meaning set forth in Section 4.03B(v) hereof.

"System" means the existing waterworks of the Issuer as improved, extended, enlarged and expanded by the Project, and includes the complete waterworks system of the

Issuer and all waterworks 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 waterworks system; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the waterworks system of the Issuer.

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

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 neuter 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 AND REFUNDING

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 $612,000, 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 1996 A Bond hereby authorized shall be applied as provided in Article IV hereof.

Section 2.02. Authorization of Refunding. All Prior Bonds Outstanding as of the date of issuance of the 1996 B Bond in the aggregate principal amount of $95,000, are hereby ordered to be refunded pursuant to the terms of the Escrow Agreement, and the pledge of Net Revenues in favor of the Holders of such Prior Bonds imposed by the Prior Resolution, the moneys in the funds and accounts created by the Prior Resolution pledged to payment of the Prior Bonds, and any other funds pledged by the Prior Resolution to payment of the Prior Bonds are hereby ordered terminated, discharged and released upon the payment into the Escrow Fund from the proceeds of the 1996 B Bond and from other moneys available therefor, of the following: (a) if required by the Escrow Agreement, an amount equal to the fiscal and paying agent charges and the Escrow Agent charges to become due and payable in connection with the Prior Bonds; (b) an amount which is sufficient to pay the entire principal amount outstanding and interest accrued on the Prior Bonds on the first permitted prepayment date, all as set forth in the Escrow Agreement. Contemporaneously with the deposit of the proceeds of the 1996 B Bond and other moneys into the Escrow Fund, the amounts on deposit in the sinking fund, including the reserve account therein, created and maintained on behalf of the Prior Bonds shall be released from the lien created by the Prior Resolution and deposited in the Escrow Fund, the Reserve Fund or such other fund or account as shall be set forth in the Escrow Agreement and invested as provided therein.

Section 2.03. Approval of Escrow Agreement. The Escrow Agreement by and between the Issuer and the West Virginia Municipal Bond Commission, as Escrow Agent, to be dated as of the date of delivery of the 1996 B Bond, substantially in the form submitted to this meeting shall be and the same is hereby approved. The Chairman shall execute and deliver the Escrow Agreement with such changes, insertions and omissions as may be approved by the Chairman and the Secretary is hereby authorized and directed to affix the seal of the Issuer thereto and to attest the seal. Execution of the Escrow Agreement by the Chairman shall be conclusive evidence of any approval required by this

Section. The Issuer does hereby appoint and direct the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Escrow Agent under the Escrow Agreement.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BONDS

Section 3.01. Authorization of Bonds. Subject and pursuant to the provisions of the Bond Legislation, the Bonds of the Issuer, to be known as "Water Revenue Bond, Series 1996 A" and "Water Refunding Revenue Bond, Series 1996 B," are hereby authorized to be issued in the respective principal amounts of $240,000 and $70,000 for a total aggregate principal amount of not exceeding $310,000 for the purposes of financing a portion of the cost of the acquisition and construction of the Project and refunding the Prior Bonds, respectively.

Section 3.02. Description of Bonds. A. The 1996 A Bond shall be issued in single form, numbered AR-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The 1996 A Bond shall bear interest from the date of delivery, payable monthly at the rate of 4.875% per annum, and shall be sold for the par value thereof.

B. The 1996 B Bond shall be issued in single form, numbered BR-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The 1996 B Bond shall bear interest from the date of delivery, payable monthly at the rate of 4.875% per annum, 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 respective Bond forms hereinafter set forth.

Section 3.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Bonds shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Bonds, and the right to principal of and stated interest on the Bonds, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.04 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 Bond Registrar.

Whenever the Bonds shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Bond 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 Bond 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 Bonds.

Section 3.04. Bond Registrar. The Issuer shall be the Bond Registrar and will keep, or cause to be kept by its agent, at its office, sufficient books for the registration and transfer of the Bonds, and, upon presentation for such purpose, the Bond 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 by its agent, on such books, the transfer of the Bonds as hereinbefore provided.

The Bond Registrar shall accept the Bonds for registration or transfer only if ownership thereof is to be registered in the name of the Purchaser, 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 Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Bonds 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 Federal Building, Room 320, 75 High Street, Morgantown, West Virginia 26505-7500, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Execution of Bonds. The Bonds shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. The Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.06. 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 a new Bond 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 canceled and held for the account of the Issuer. If the Bonds 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 3.07. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Bonds shall be secured forthwith equally and on a parity with each other 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 as to the 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 3.08. Form of Bonds. Subject to the provisions hereof, 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 by any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(FORM OF 1996 A BOND)

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

WATER REVENUE BOND, SERIES 1996 A

$240,000

No. AR-1 Date: _____

FOR VALUE RECEIVED, FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (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 TWO HUNDRED FORTY THOUSAND DOLLARS ($240,000), plus interest on the unpaid principal balance at the rate of 4.875% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and $1,160, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this 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 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 Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this 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 thé 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 additions, extensions and improvements to the waterworks 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 Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined 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 Bond 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, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower authorizing issuance of this Bond (the "Resolution").

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 Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE 1996 B BOND ISSUED CONCURRENTLY HEREWITH, AS DEFINED AND DESCRIBED IN SAID RESOLUTION.

IN WITNESS WHEREOF, FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT
(Name of Borrower)

[CORPORATE SEAL]

_____
(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

P. O. Box 677
P. O. Box No. or Street Address)

Sutton, West Virginia 26601
(City, State and Zip Code)

ATTEST:

_____
(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Executive Official)

(Form of)

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(7)	$	
(2)	$		(8)	$	
(3)	$		(9)	$	
(4)	$		(10)	$	
(5)	$		(11)	$	
(6)	$		(12)	$	

TOTAL $_____

(Form of Assignment)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

_____

In the presence of:

_____

(FORM OF 1996 B BOND)

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

WATER REFUNDING REVENUE BOND, SERIES 1996 B

$70,000

No. BR-1 Date: _____

FOR VALUE RECEIVED, FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (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 SEVENTY THOUSAND DOLLARS ($70,000), plus interest on the unpaid principal balance at the rate of 4.875% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and $339, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this 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 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 Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this 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 additions, extensions and improvements to the waterworks 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 Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined 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 Bond 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, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower authorizing issuance of this Bond (the "Resolution").

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 Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE 1996 A BOND ISSUED CONCURRENTLY HEREWITH, AS DEFINED AND DESCRIBED IN SAID RESOLUTION.

IN WITNESS WHEREOF, FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

P. O. Box 677
P. O. Box No. or Street Address)

Sutton, West Virginia 26601
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Executive Official)

(Form of)

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(7)	$	
(2)	$		(8)	$	
(3)	$		(9)	$	
(4)	$		(10)	$	
(5)	$		(11)	$	
(6)	$		(12)	$	

TOTAL $_____

(Form of Assignment)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

_____

In the presence of:

_____

ARTICLE IV

SYSTEM REVENUES AND APPLICATION THEREOF; DISPOSITION OF BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 4.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created and established with, and shall be held by, the Depository Bank, separate, distinct and apart from all other funds or accounts of the Depository Bank and from each other:

(1) Revenue Fund;

(2) Reserve Fund;

(3) Depreciation Fund; and

(4) Project Construction Account.

Section 4.02. Bond Proceeds; Project Construction Account. The proceeds of the sale of the 1996 A Bond shall be deposited upon receipt by the Issuer in 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 the Depository 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.

Moneys in the Project Construction Account shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

Until completion of acquisition and construction of the Project, the Issuer will additionally transfer from the Project Construction Account and pay to the Purchaser on or before the due date, 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.

Pending application as provided in this Section 4.02, money and funds in the Project Construction Account shall be invested and reinvested at the direction of the Issuer, to the extent possible in accordance with applicable law, in Qualified Investments.

When acquisition and 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 4.03. Covenants of the Issuer as to System 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 Fund, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bonds remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the Holders of 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 the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Resolution and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner 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:

(i) The Issuer shall first each month pay from the moneys in the Revenue Fund all current Operating Expenses.

(ii) The Issuer shall next, on or before the due date of payment of each installment on the Bonds, transfer from the Revenue Fund and remit to the National Finance Office designated in the Bonds (or such other place as may be provided pursuant to the Bonds), the amounts required to pay the interest on the Bonds, and to amortize the principal of the Bonds over the respective life of each Bond issue. All payments with respect to principal of and interest on the Bonds shall be made on an equal pro rata basis in accordance with the respective aggregate principal amounts thereof outstanding and on a parity with each other.

(iii) The Issuer shall next, on each date that payment is made as set forth in (ii) above, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Reserve Fund, 1/12th of 1/10th of the amount, as of the date of calculation, equal to the maximum aggregate amount of principal and interest which will become due on the Bonds in any year, until the amount in the Reserve Fund equals such maximum

amount (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 (or other place provided) 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, on an equal pro rata basis in accordance with the respective aggregate principal amounts thereof outstanding and on a parity with each other; 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.

(iv) The Issuer shall next, on each date that payment is made as set forth in (ii) above, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Depreciation Fund, the moneys remaining in the Revenue Fund until there has been accumulated in the Depreciation Fund the aggregate sum of $34,000, and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Depreciation Fund 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 Fund may be withdrawn by the Issuer and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part thereof.

(v) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, moneys remaining therein and not permitted to be retained therein, if any ("Surplus Revenues"), may be used to prepay installments of the Bonds, pro rata, or for any lawful purpose.

Whenever the money 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 Depository Bank is hereby designated as the Fiscal Agent for the administration of the Reserve Fund and the Depreciation Fund, as herein provided, and all amounts required for the Reserve Fund and the Depreciation Fund 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 other than the Project Construction Account 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 Depository Bank shall not be a trustee as to such funds.

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 Depository Bank, at the direction of the Issuer, shall keep the moneys in the Reserve Fund and the Depreciation Fund invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Government Obligations. Investments in any fund or account under this Bond Legislation shall, unless otherwise provided herein or required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia State Board of Investments. 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 interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. 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 Depository Bank.

C. CHANGE OF FISCAL AGENT. The Issuer may designate another bank or trust company insured by FDIC as Depository Bank and

Fiscal Agent if the Depository Bank should cease for any reason to serve or if the Governing Body determines by resolution that the Depository Bank or its successor should no longer serve as Depository Bank. 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 at least 958 bona fide users upon the Project on completion, in full compliance with the requirements and conditions of the Purchaser.

E. CHARGES AND FEES. The Issuer shall remit from the Revenue Fund to the Depository Bank such additional sums as shall be necessary to pay the charges and fees of the Depository Bank then due.

F. INVESTMENT OF EXCESS BALANCES. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in any of such funds or 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 of West Virginia.

G. REMITTANCES. All remittances made by the Issuer to the Depository Bank shall clearly identify the fund or account into which each amount is to be deposited.

H. GROSS REVENUES. The Gross Revenues of the System shall only be used for purposes of the System.

Section 4.04. Interim Construction Financing. In order to pay certain costs of the Project pending receipt of proceeds of the Grants and advances of principal of the Bonds, the Issuer may issue and sell its interim construction notes in an aggregate principal amount not to exceed $240,000 (the "Notes"). The Notes shall be in the form of a line of credit from a commercial bank or other lender, and the Issuer is hereby authorized to enter into the credit agreement with such commercial bank or other lender. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the credit agreement.

The Notes shall be special obligations of the Issuer payable as to principal and interest solely from proceeds of the Bonds or the Grants. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power of the Issuer, if any, is pledged for the payment of the Notes.

The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth herein.

ARTICLE V

GENERAL COVENANTS, ETC.

Section 5.01. 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 Holder of the Bonds.

Section 5.02. 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 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 5.03. 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 5.04. Issuance of Additional Parity Bonds or Obligations. No additional parity bonds or obligations payable out of any of the Revenues of the System shall be issued, except with the prior written consent of the Purchaser.

Section 5.05. 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 Bonds.

(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) Workers' 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 have been or 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. Workers' compensation coverage shall be maintained as required by the laws of the State of West Virginia.

(e) Flood Insurance to be procured, to the extent available at reasonable cost to the Issuer; however, if the System is located in a community which has been notified as having special flood or mudslide prone areas, flood insurance must be obtained.

(f) 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 $50,000 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.

(g) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Bond is 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 5.06. Statutory Mortgage Lien. For the further protection of the Holder of the Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Bonds.

Section 5.07. 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 upon the Bonds at the date specified for payment thereof; and

(b) Failure to duly and punctually 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 5.08. 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 5.09. 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 30 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 1st 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 10%; 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 5.10. 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 5.11. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the acquisition and construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer on file with the Secretary on the date of adoption hereof, subject to permitted changes.

Section 5.12. 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. The Issuer shall further comply with the Act with respect to such books, records and accounts.

Section 5.13. 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 5.14. No Competition. To the extent legally allowable, 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 VI

RATES, ETC.

Section 6.01. 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 on August 21, 1990, Case No. 90-010-PWD-19A, 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. The Issuer shall have all remedies and powers provided under the Act and other applicable provisions of law with regard to the collection and enforcement of such fees, rates and charges.

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 VII

MISCELLANEOUS

Section 7.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Bonds, 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 Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied.

Section 7.02. Modification or Amendment. The Bond Legislation may not be modified or amended after final passage without the prior written consent of the Bondholder.

Section 7.03. Delivery of Bonds. The Chairman, Secretary and Treasurer of the Governing Body are hereby authorized and directed to cause the Bonds, 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 7.04. Severability of Invalid Provisions. 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 severable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bonds.

Section 7.05. 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 (Form FmHA 442-47).

Section 7.06. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 7.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the 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 7.08. Effective Time. This Resolution shall take effect immediately upon its adoption.

Adopted: June 12, 1996.

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

Chairman

Member

Member

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT on the 12th day of June, 1996.

Dated: June 12, 1996.

[SEAL]

Secretary, Public Service Board

06/10/96
FLATWAG.A4
292120/95001

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

WATER REVENUE BONDS, SERIES 1998 A AND SERIES 1998 B (WEST VIRGINIA INFRASTRUCTURE FUND)

BOND RESOLUTION

Table of Contents

Subject		Page
ARTICLE I		
STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS		
Section 1.01	Authority for this Resolution	1
Section 1.02	Findings	1
Section 1.03	Bond Legislation Constitutes Contract	4
Section 1.04	Definitions	4
ARTICLE II		
AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT		
Section 2.01	Authorization of Acquisition and Construction of the Project	12
ARTICLE III		
AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT		
Section 3.01	Authorization of Bonds	13
Section 3.02	Terms of Bonds	13
Section 3.03	Execution of Bonds	14
Section 3.04	Authentication and Registration	14
Section 3.05	Negotiability, Transfer and Registration	14
Section 3.06	Bonds Mutilated, Destroyed, Stolen or Lost	15
Section 3.07	Bonds not to be Indebtedness of the Issuer	15
Section 3.08	Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds	16
Section 3.09	Delivery of Bonds	16
Section 3.10	Form of Bonds	16

	FORM OF SERIES 1998 A BOND	17
	FORM OF SERIES 1998 B BOND	26
Section 3.11	Sale of Bonds; Approval and Ratification of Execution of Loan Agreement	35
Section 3.12	"Amended Schedule" Filing	35

ARTICLE IV
[RESERVED] 36

ARTICLE V
FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01	Establishment of Funds and Accounts with Depository Bank	37
Section 5.02	Establishment of Funds and Accounts with Commission	37
Section 5.03	System Revenues; Flow of Funds	37

ARTICLE VI
BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01	Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds	43
Section 6.02	Disbursements From the Bond Construction Trust Fund	44

ARTICLE VII
ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01	General Covenants of the Issuer	45
Section 7.02	Bonds not to be Indebtedness of the Issuer	45
Section 7.03	Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds	45
Section 7.04	Initial Schedule of Rates and Charges	45
Section 7.05	Sale of the System	45
Section 7.06	Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances	46
Section 7.07	Parity Bonds	47
Section 7.08	Books; Records and Audit	49
Section 7.09	Rates	50
Section 7.10	Operating Budget and Monthly Financial Report	51
Section 7.11	Engineering Services and Operating Personnel	51
Section 7.12	No Competing Franchise	52
Section 7.13	Enforcement of Collections	52
Section 7.14	No Free Services	53
Section 7.15	Insurance and Construction Bonds	53
Section 7.16	Connections	54
Section 7.17	Completion and Operation of Project; Permits and Orders	54

Section 7.18	Tax Covenants	55
Section 7.19	Statutory Mortgage Lien	56
Section 7.20	Compliance with Loan Agreement and Law	56
Section 7.21	Securities Laws Compliance	56
Section 7.22	Contracts	56

ARTICLE VIII
INVESTMENT OF FUNDS; NON ARBITRAGE

Section 8.01	Investments	57
Section 8.02	Arbitrage and Tax Exemption	57
Section 8.03	Tax Certificate and Rebate	58

ARTICLE IX
DEFAULT AND REMEDIES

Section 9.01	Events of Default	60
Section 9.02	Remedies	60
Section 9.03	Appointment of Receiver	60

ARTICLE X
PAYMENT OF BONDS

Section 10.01	Payment of Bonds	63

ARTICLE XI
MISCELLANEOUS

Section 11.01	Amendment or Modification of Bond Legislation	64
Section 11.02	Bond Legislation Constitutes Contract	64
Section 11.03	Severability of Invalid Provisions	64
Section 11.04	Headings, Etc.	64
Section 11.05	Conflicting Provisions Repealed; Prior Resolution	64
Section 11.06	Covenant of Due Procedure, Etc.	65
Section 11.07	Public Notice of Proposed Financing	65
Section 11.08	Effective Date	66
	SIGNATURES	66
	CERTIFICATION	67
	EXHIBIT A	68

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $160,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA INFRASTRUCTURE FUND), AND NOT MORE THAN $890,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1998 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF FLATWOODS-CANOE RUN 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"), supplemental to the Prior Resolution (as hereinafter defined), is adopted pursuant to the provisions of Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A. Flatwoods-Canoe Run Public Service District (the "Issuer") is a public service district and a public corporation and political subdivision of the State of West Virginia in Braxton County of said State.

B. The Issuer presently owns and operates a public waterworks 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 certain improvements and extensions to the existing public waterworks facilities of the Issuer, consisting of certain improvements to its water treatment plant and distribution system, together with all appurtenant facilities (collectively, the "Project") (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 a portion of the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), which administers the West Virginia Infrastructure Fund 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 $1,050,000 in two series (collectively, the "Series 1998 Bonds"), being the Water Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than $160,000 (the "Series 1998 A Bonds"), and the Water Revenue Bonds, Series 1998 B (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than $890,000 (the "Series 1998 B Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 1998 Bonds 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 Accounts (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 1998 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 1998 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Series 1998 Bonds be sold to the Authority pursuant to the terms and provisions of the respective loan agreements by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), both loan agreements in form satisfactory to the respective parties (collectively, the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 1998 Bonds as to liens, pledge and source of and security for payment, being the Water Revenue Bonds, Series 1996 A, dated June 12, 1996, issued in the original aggregate principal amount of $240,000, and the Water Refunding Revenue Bonds, Series 1996 B, dated June 12, 1996, issued in the original aggregate principal amount of $70,000 (collectively, the "Prior Bonds"), pursuant to a resolution of the Issuer duly adopted June 12, 1996 (the "Prior Resolution").

The Issuer has met the parity requirements of the Prior Bonds and the Prior Resolution and the Series 1998 Bonds shall be issued on a parity with each other and 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 1998 Bonds, the Issuer will obtain the written consent of the Holders of the Prior Bonds to the issuance of the Series 1998 Bonds 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.

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 costs of operation and maintenance of the System and the principal of and interest on the Series 1998 Bonds and the Prior Bonds, and to make payments into all funds and accounts and other payments provided for herein.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 1998 Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, 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 by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 1998 Bonds 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 West Virginia Code of 1931, as amended.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 1998 Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 1998 Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 1998 Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the Council under the Act.

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

"Bondholder," "Holder of the Bonds," "Holder," "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.

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

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

"Bonds" means, collectively, the Series 1998 Bonds, the Prior Bonds and any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

"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.

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

"Closing Date" means the date upon which there is an exchange of the Series 1998 Bonds for the proceeds or at least a de minimis portion thereof representing the purchase price of the Series 1998 Bonds from the Authority.

"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 Dunn Engineers, Inc., Charleston, West Virginia, and Howard K. Bell, Consulting Engineers, Inc., Lexington, Kentucky, 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 West Virginia Code of 1931, as amended; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

"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 designated as such in the Supplemental Resolution, and its successors and assigns, which shall be a member of FDIC.

"Depreciation Fund" means the Depreciation Fund created by the Prior Resolution and continued hereby.

"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 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 any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type property or 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, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

"Issuer" means Flatwoods-Canoe Run Public Service District, a public service district, public corporation and political subdivision of the State of West Virginia in Braxton County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" means, collectively, the respective Loan Agreements heretofore entered, or to be entered, into by and between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 1998 Bonds from the Issuer by the Authority, the forms of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 1998 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Reserve Accounts. For purposes of the Private Business Use

limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 1998 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Series 1998 Bonds and is not acquired in order to carry out the governmental purpose of the Series 1998 Bonds.

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

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

"Paying Agent" means the Commission or other entity designated as such for the Series 1998 Bonds in the Supplemental Resolution.

"Prior Bonds" means the Issuer's Water Revenue Bonds, Series 1996 A, and Water Refunding Revenue Bonds, Series 1996 B, described in Section 1.02G hereof.

"Prior Resolution" means the resolution of the Issuer duly adopted June 12, 1996, 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.

"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 Investment Management Board pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended; and

(i) Obligations of states or political subdivisions or agencies thereof, the interest on which is 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.

"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 established for the Series 1998 Bonds and the Prior Bonds.

"Reserve Fund" means the Reserve Fund created by the Prior Resolution and continued hereby.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in the Reserve Accounts of the Series 1998 Bonds and the Prior Bonds.

"Revenue Fund" means the Revenue Fund established by the Prior Resolution and continued hereby.

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

"Series 1998 A Bonds" means the Water Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution.

"Series 1998 A Bonds Construction Trust Fund" means the Series 1998 A Bond Construction Trust Fund established by Section 5.01 hereof.

"Series 1998 A Bonds Reserve Account" means the Series 1998 A Bonds Reserve Account established in the Series 1998 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1998 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1998 A Bonds in the then current or any succeeding year.

"Series 1998 A Bonds Sinking Fund" means the Series 1998 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 1998 B Bonds" means the Water Revenue Bonds, Series 1998 B (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution.

"Series 1998 B Bonds Construction Trust Fund" means the Series 1998 B Bond Construction Trust Fund established by Section 5.01 hereof.

"Series 1998 B Bonds Reserve Account" means the Series 1998 B Bonds Reserve Account established in the Series 1998 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1998 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1998 B Bonds in the then current or any succeeding year.

"Series 1998 B Bonds Sinking Fund" means the Series 1998 B Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 1998 Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution or resolutions authorizing the sale of the Series 1998 Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 1998 Bonds, and not so included, may be included in another Supplemental Resolution.

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

"System" means the existing waterworks of the Issuer as improved, extended, enlarged and expanded by the Project, and includes the complete waterworks system of the Issuer and all waterworks 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 waterworks system; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the waterworks system of the Issuer.

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

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

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.

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 $1,428,178, 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 1998 Bonds hereby authorized 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, compatible with the financing plan submitted to the Authority and the Council.

The cost of the Project is estimated to be $1,428,178, of which approximately $160,000 will be from proceeds of the Series 1998 A Bonds, approximately $890,000 will be from proceeds of the Series 1998 B Bonds and approximately $378,178 will be from proceeds of a grant from the Appalachian Regional Commission.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 1998 Bonds, if any, funding a reserve account for the Series 1998 Bonds (if funded from Bond proceeds), paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 1998 Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 1998 Bonds of the Issuer. The Series 1998 Bonds shall be issued in two series, each as a single bond, designated respectively as "Water Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund)," in the principal amount of not more than $160,000, and "Water Revenue Bonds, Series 1998 B (West Virginia Infrastructure Fund)," in the principal amount of not more than $890,000, and both shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 1998 Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalizing interest on the Series 1998 Bonds, if any, shall be deposited in or credited to the respective Bond Construction Trust Funds established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 1998 Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 1998 Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 1998 Bonds, if any, shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 1998 Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of each series of the Series 1998 Bonds. The Series 1998 Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal

installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution. The Series 1998 Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest from such date.

Section 3.03. Execution of Bonds. The Series 1998 Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 1998 Bonds shall cease to be such officer of the Issuer before the Series 1998 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 1998 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 1998 Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.10 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 1998 Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 1998 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 1998 Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that such Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 1998 Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Bonds.

The registered Series 1998 Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 1998 Bonds or transferring the registered Bonds are exercised, Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 1998 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 1998 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided and amounts, if any, in the respective Sinking Funds and Reserve Accounts. No holder or holders of the Series 1998 Bonds shall ever have the right to compel the exercise

of the taxing power of the Issuer, if any, to pay the Series 1998 Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 1998 A Bonds and the Series 1998 B Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with the lien on such Net Revenues in favor of the Holder of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 1998 Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 1998 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 1998 Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 1998 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 1998 Bonds to the original purchasers;

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

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 1998 Bonds.

Section 3.10. Form of Bonds. The text of the Series 1998 Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 1998 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 1998 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Braxton County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 199____, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said EXHIBIT B. The interest shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 199____, as set forth on EXHIBIT B attached hereto.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated _____, 199___.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks facilities of the Issuer (the "Project"); (ii) [to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii)] to pay certain costs of issuance hereof and related costs. The existing public waterworks 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 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Resolution duly adopted by the Issuer on _____, 199____, and a Supplemental Resolution duly adopted by the Issuer on _____, 199____ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 1996 A, DATED JUNE 12, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $240,000 (THE "SERIES 1996 A BONDS"); (2) WATER REFUNDING REVENUE BONDS, SERIES 1996 B, DATED JUNE 12, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $70,000 (THE "SERIES 1996 B BONDS") (THE SERIES 1996 A BONDS AND THE SERIES 1996 B BONDS ARE COLLECTIVELY REFERRED TO HEREIN AS THE "PRIOR BONDS"); AND (3) WATER REVENUE BONDS, SERIES 1998 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED _____, 199__, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 1998 B BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds and the Series 1998 B Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1998 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 1998 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with

other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds and the Series 1998 B Bonds; provided however, that so long as there exists in the Series 1998 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds and the Series 1998 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar, by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the 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 costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and 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, FLATWOODS-CANOE RUN 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 _____, 199__.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1998 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 199____.

ONE VALLEY BANK, NATIONAL ASSOCIATION, as Registrar

_____

Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $_____

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

_____

In the presence of:

_____

(FORM OF SERIES 1998 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 1998 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Braxton County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 199____, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said EXHIBIT B. The interest shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 199____, as set forth on EXHIBIT B attached hereto.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated _____, 199___.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks facilities of the Issuer (the "Project"); (ii) [to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii)] to pay certain costs of issuance hereof and related costs. The existing public waterworks 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 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Resolution duly adopted by the Issuer on _____, 199____, and a Supplemental Resolution duly adopted by the Issuer on _____, 199____ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 1996 A, DATED JUNE 12, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $240,000 (THE "SERIES 1996 A BONDS"); (2) WATER REFUNDING REVENUE BONDS, SERIES 1996 B, DATED JUNE 12, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $70,000 (THE "SERIES 1996 B BONDS") (THE SERIES 1996 A BONDS AND THE SERIES 1996 B BONDS ARE COLLECTIVELY REFERRED TO HEREIN AS THE "PRIOR BONDS"); AND (3) WATER REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED _____, 199__, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 1998 A BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds and the Series 1998 A Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1998 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 1998 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with

other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds and the Series 1998 A Bonds; provided however, that so long as there exists in the Series 1998 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds and the Series 1998 A Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the 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 costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and 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, FLATWOODS-CANOE RUN 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 _____, 199__.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1998 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 199____.

ONE VALLEY BANK, NATIONAL ASSOCIATION, as Registrar

_____

Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $_____

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 1998 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the respective Loan Agreements. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "EXHIBIT A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.12. "Amended Schedule" Filing. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority and the Council a schedule in substantially the form attached to the respective Loan Agreements, 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 Resolution) 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 Resolution);

(2) Reserve Fund (established by the Prior Resolution);

(3) Depreciation Fund (established by the Prior Resolution);

(4) Series 1998 A Bonds Construction Trust Fund; and

(5) Series 1998 B Bonds 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 1998 A Bonds Sinking Fund;

(2) Within the Series 1998 A Bonds Sinking Fund, the Series 1998 A Bonds Reserve Account;

(3) Series 1998 B Bonds Sinking Fund; and

(4) Within the Series 1998 B Bonds Sinking Fund, the Series 1998 B Bonds Reserve Account.

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

(1) The Issuer shall first, each month, pay from the Revenue Fund the 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 amounts required by the Prior Resolution to pay the interest on and the principal of the Prior Bonds; (ii) commencing 3 months prior to the first date of payment of interest on the Series 1998 A Bonds, for which interest has not been capitalized or as required in the Loan Agreement, remit to the Commission for deposit in the Series 1998 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 1998 A Bonds on the next ensuing quarterly interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1998 A Bonds Sinking Fund and the next quarterly interest payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly interest payment date, the required amount of interest coming due on such date; (iii) commencing 3 months prior to the first date of payment of interest on the Series 1998 B Bonds, for which interest has not been capitalized or as required in the Loan Agreement, remit to the Commission for deposit in the Series 1998 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 1998 B Bonds on the next ensuing quarterly interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1998 B Bonds Sinking Fund and the next quarterly interest payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly interest payment date, the required amount of interest coming due on such date; (iv) commencing 3 months prior to the first date of payment of principal of the Series 1998 A Bonds, remit to the Commission for deposit in the Series 1998 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 1998 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1998 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date; and (v) commencing 3 months prior to the first date of payment of principal of the Series 1998 B Bonds, remit to the Commission for deposit in the Series 1998 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 1998 B Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1998 B Bonds

Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Depository Bank the amount required by the Prior Resolution to be deposited in the Reserve Fund; (ii) commencing 3 months prior to the first date of payment of principal of the Series 1998 A Bonds, if not fully funded upon issuance of the Series 1998 A Bonds, remit to the Commission for deposit in the Series 1998 A Bonds Reserve Account, an amount equal to 1/60th of the Series 1998 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 1998 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1998 A Bonds Reserve Requirement; and (iii) commencing 3 months prior to the first date of payment of principal of the Series 1998 B Bonds, if not fully funded upon issuance of the Series 1998 B Bonds, remit to the Commission for deposit in the Series 1998 B Bonds Reserve Account, an amount equal to 1/120th of the Series 1998 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 1998 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1998 B Bonds Reserve Requirement.

(4) 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, the moneys remaining in the Revenue Fund until there has been accumulated therein the aggregate sum of $34,000, and thereafter such sums as shall be required to maintain such amount therein. Additionally, after such amount has been accumulated therein and so long as the Series 1998 Bonds are outstanding, the Issuer shall transfer from the Revenue Fund to the Depreciation Fund a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. 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.

(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 of the System.

Moneys in the Series 1998 A Bonds Sinking Fund and the Series 1998 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 1998 A Bonds and the Series 1998 B Bonds, respectively, as the same shall become due. Moneys in the Series 1998 A Bonds Reserve Account and the Series 1998 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 1998 A Bonds and the Series 1998 B Bonds, respectively, as the same shall become due, when other moneys in the Series 1998 A Bonds Sinking Fund and the Series 1998 B Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 1998 A Bonds Sinking Fund, the Series 1998 A Bonds Reserve Account, the Series 1998 B Bonds Sinking Fund and the Series 1998 B Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the respective Bond Construction Trust Funds, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 1998 A Bonds and the Series 1998 B Bonds, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 1998 A Bonds Reserve Account or the Series 1998 B Bonds Reserve Account which result in a reduction in the balance of the Series 1998 A Bonds Reserve Account or the Series 1998 B Bonds Reserve Account to below the respective Reserve Requirements shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 1998 Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the maximum amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional parity Bonds.

The Issuer shall not be required to make any further payments into the Series 1998 A Bonds Sinking Fund, the Series 1998 A Bonds Reserve Account, the

Series 1998 B Bonds Sinking Fund or the Series 1998 B Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the respective aggregate principal amount of the Series 1998 A Bonds and the Series 1998 B Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds and the Series 1998 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 1998 A Bonds Sinking Fund, the Series 1998 A Bonds Reserve Account, the Series 1998 B Bonds Sinking Fund and the Series 1998 B Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 1998 A Bonds Sinking Fund, the Series 1998 A Bonds Reserve Account, the Series 1998 B Bonds Sinking Fund and the Series 1998 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 1998 A Bonds Sinking Fund, the Series 1998 A Bonds Reserve Account, the Series 1998 B Bonds Sinking Fund and the Series 1998 B Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 1998 A Bonds and the Series 1998 B Bonds and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

B. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day) deposit with the Commission the required principal, interest and reserve payments with respect to the Series 1998 Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

C. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement for the Series 1998 Bonds, and submit a copy of said form along with a copy of its payment check to the Authority by the 5th day of such calendar month.

D. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, 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.

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

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

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

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

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

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

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 1998 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1998 A Bonds, there shall first be deposited with the Commission in the Series 1998 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1998 A Bonds for the period commencing on the date of issuance of the Series 1998 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. From the proceeds of the Series 1998 B Bonds, there shall first be deposited with the Commission in the Series 1998 B Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1998 B Bonds for the period commencing on the date of issuance of the Series 1998 B Bonds and ending 6 months after the estimated date of completion of construction of the Project.

C. Next, from the proceeds of the Series 1998 A Bonds, there shall be deposited with the Commission in the Series 1998 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 1998 A Bonds Reserve Account.

D. Next, from the proceeds of the Series 1998 B Bonds, there shall be deposited with the Commission in the Series 1998 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 1998 B Bonds Reserve Account.

E. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 1998 A Bonds, such moneys shall be deposited with the Depository Bank in the Series 1998 A Bonds 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 1998 A Bonds.

F. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 1998 B Bonds, such moneys shall be deposited with the Depository Bank in the Series 1998 B Bonds 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 1998 B Bonds.

G. 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 1998 A Bonds and the Series 1998 B Bonds shall be applied as directed by the Council.

Section 6.02. Disbursements From the Bond Construction Trust Fund. The Issuer shall each month provide the Council with a requisition for the costs incurred for the Project, together with such documentation as the Council shall require. Payments of all Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the respective Bond Construction Trust Funds (except for the costs of issuance of the Series 1998 Bonds which shall be made upon request of the Issuer) shall be made only after submission to, and approval from the Council, of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

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

(c) Each of such costs has been otherwise properly incurred; and

(d) Payment for each of the items proposed is then due and owing.

Pending such application, moneys in the respective Bond Construction Trust Funds 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 Holder or Holders of the Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 1998 Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 1998 Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 1998 Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 1998 Bonds, shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 1998 Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 1998 A Bonds and the Series 1998 B Bonds shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the System, on a parity with the lien on such Net Revenues in favor of the Holder of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on the Series 1998 Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation 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 initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Final Order of the Public Service Commission of West Virginia entered January 16, 1998, in Case No. 97-0348-PWD-ECN, and such rates are hereby adopted.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, or any part thereof, except as provided in the Prior Resolution. Additionally, so long as the Series 1998 Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the Council, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds Outstanding, or

to effectively defease this Bond Legislation in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 1998 Bonds, immediately be remitted to the Commission for deposit in the Sinking Funds, and, with the written permission of the Authority and the Council, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest on the Series 1998 Bonds. Any balance remaining after the payment of the Series 1998 Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

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

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and 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 1998 Bonds. All obligations issued by the Issuer after the issuance of the Series 1998 Bonds and payable from the revenues of

the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 1998 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein 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 1998 Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 1998 Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolution shall be applicable. Additionally, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 1998 Bonds pursuant to this Bond Legislation, except with the prior written consent of the Authority and the Council under the conditions and in the manner herein provided (unless less restrictive then the provisions of the Prior Resolution).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1998 Bonds.

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

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, 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, 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 Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 1998 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 1998 Bonds.

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

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority and the Council, or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority and the Council such documents and information as 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 grants or other sources of financing for the Project.

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

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

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

The Issuer shall file with the Council, the Authority, or any other original purchaser of the Series 1998 Bonds, and shall mail in each year to any Holder or Holders of the Series 1998 Bonds, requesting the same, an annual report containing the following:

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

(B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation, 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 said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 1998 Bonds, and shall submit said report to the Council and the Authority, or any other original purchaser of the Series 1998 Bonds. Such audit report submitted to the Authority and the Council shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are equate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating enses of the System and (ii) to leave a balance each year equal to at least 115% of the ximum amount required in any year for payment of principal of and interest, if any, on

the Series 1998 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 1998 Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 1998 A Bonds Reserve Account, the Series 1998 B Bonds Reserve Account and the reserve accounts for obligations on a parity with the Series 1998 Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 1998 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 1998 Bonds, 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 Authority and the Council 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 the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and the Council and to any Holder of any Bonds, 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 Authority and the Council and to any Holder of any Bonds, or anyone acting for and in behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for two years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the respective Loan Agreements, and forward a copy of such report to the Authority and the Council by the 15th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority

and the Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the Council is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

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

The Issuer shall employ qualified operating personnel properly certified by the State to operate the System during the entire term of the Loan Agreement.

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System 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. 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 Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than $1,000,000 per occurrence to protect the Issuer 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 West Virginia Code, Chapter 38, Article 2, Section 39.

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

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

(6) FIDELITY BONDS will be provided 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 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 Authority and the Council. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

Section 7.16. Connections. To the extent permitted by the laws of the State and rules and regulations of the Public Service Commission of West Virginia, 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 will complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

The Issuer will obtain all permits required by state and federal laws for the acquisition and construction of the Project and all orders and approvals from the Public

Service Commission of West Virginia necessary for the acquisition and construction of the Project and the operation of the System.

Section 7.18. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 1998 Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 1998 Bonds during the term thereof is, under the terms of the Series 1998 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 1998 Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 1998 Bonds during the term thereof is, under the terms of the Series 1998 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 1998 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 1998 Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of the portion of the Project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Series 1998 Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 1998 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will timely file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 1998 Bonds and the interest thereon including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 1998 Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 1998 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 1998 Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holder of the Prior Bonds.

Section 7.20. Compliance with Loan Agreement and Law. The Issuer agrees to comply with all the terms and conditions of the Loan Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer will provide the Council with copies of all documents submitted to the Authority.

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

Section 7.21. Securities Laws Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.22. Contracts. A. The Issuer shall, simultaneously with the delivery of the Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer will submit all proposed change orders to the Council for written approval. The Issuer will obtain the written approval of the Council before expending any proceeds of the Bonds held in "contingency" as set forth in the respective Schedules attached to the Loan Agreement. The Issuer shall also obtain the written approval of the Council before expending any proceeds of the Bonds made available due to bid or construction or project underruns.

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this Bond Legislation 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 any of the Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 1998 Bonds from gross income for federal income tax purposes.

Section 8.02. Arbitrage and Tax Exemption. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 1998 Bonds which would cause the Series 1998 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take any and all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 1998 Bonds) so that the interest, if any, on the Series 1998 Bonds will be and remain excluded from gross income for federal

income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Tax Certificate and Rebate. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series 1998 Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 1998 Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

If the Issuer is subject to the rebate requirements of Section 148(f) of the Code, and not exempted from such requirements, the Issuer covenants to make, or cause to be made, all rebate calculations, computations and payments in the time, manner and as required in Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 1998 Bonds and otherwise covenants and agrees to comply with the provisions of such Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 1998 Bonds. In the event of a failure to pay the correct rebate amount, the Issuer will pay, from any lawful sources available therefor, to the United States such amount, plus a penalty equal to 50% of the rebate amount not paid when required to be paid, plus interest on that amount, unless waived. In order to provide for the administration of this paragraph, the Issuer may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the Issuer may deem appropriate.

The Issuer shall furnish to the Authority, annually, and at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information relating thereto as may be requested by the Authority. In addition, the Issuer shall cooperate with the Authority in preparing any required rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation or, if the Issuer qualifies for any exception to rebate, the Issuer shall submit a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Series 1998 Bonds subject to rebate. The Issuer shall also furnish the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority, including information with respect to earnings on all funds

constituting "gross proceeds" of the Bonds (as such term "gross proceeds" is defined in the Code).

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 1998 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 1998 Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 1998 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 1998 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond; or

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

(4) If default occurs with respect to the Prior Bonds or the Prior Resolution.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holder of the Series 1998 Bonds shall be on a parity with the Holder of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and

charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System 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 said System and shall hold, operate and maintain, manage and control such facilities, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to said facilities as the Issuer itself might exercise.

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

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the 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 Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of 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 BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 1998 Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1998 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 1998 Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 1998 Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 1998 Bonds, 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 Owners of the Series 1998 Bonds shall be made without the consent in writing of the Registered Owners of the Series 1998 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest on the Series 1998 Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 1998 Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution, or the Series 1998 Bonds.

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

Section 11.05. Conflicting Provisions Repealed; Prior Resolution. All orders or resolutions, 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 Resolution, the Prior Resolution 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. Public Notice of Proposed Financing. Prior to making formal application to the Public Service Commission of West Virginia for a Certificate of Public Convenience and Necessity and adoption of this Resolution, the Secretary of the Governing Body shall have caused to be published in a newspaper of general circulation in each municipality in Flatwoods-Canoe Run Public Service District and within the boundaries of the District, a Class II legal advertisement stating:

(a) The maximum amount of the Series 1998 Bonds to be issued;

(b) The maximum interest rate and terms of the Series 1998 Bonds authorized hereby;

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

(d) The maximum anticipated rates which will be charged by the Issuer; and

(e) The date that the formal application for a certificate of public convenience and necessity is to be filed with the Public Service Commission of West Virginia.

Section 11.08. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 16th day of September, 1998.

Chairman

Member

Member

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT on the 16th day of September, 1998.

Dated: September 24, 1998.

[SEAL]

Secretary

09/21/98
292120/97001

EXHIBIT A

Loan Agreement included in bond transcript as Document 3.

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 1998 A and Series 1998 B
(West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 1998 A AND SERIES 1998 B (WEST VIRGINIA INFRASTRUCTURE FUND), OF FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING THE LOAN AGREEMENTS RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Flatwoods-Canoe Run Public Service District (the "Issuer"), has duly and officially adopted a bond resolution, effective September 16, 1998 (the "Resolution") entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $160,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA INFRASTRUCTURE FUND), AND NOT MORE THAN $890,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1998 B (WEST VIRGINIA INFRASTRUCTURE FUND);

PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Resolution provides for the issuance of Water Revenue Bonds, Series 1998 A and Series 1998 B (West Virginia Infrastructure Fund), of the Issuer, in the respective aggregate principal amounts not to exceed $160,000 and $890,000 (collectively, the "Bonds" and individually, the "Series 1998 A Bonds" and the "Series 1998 B Bonds"), and has authorized the execution and delivery of the respective loan agreements relating to the Bonds (collectively, the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), all in accordance with Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Resolution it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Loan Agreement has been presented to the Issuer at this meeting;

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and entered into by the Issuer, that the exact principal amount, the date, the maturity date, the redemption provision, the interest rate, the interest and principal

payment dates and the sale price of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT:

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

A. The Water Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $160,000. The Series 1998 A Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2004, and shall bear interest at the rate of 3% per annum. The interest on and principal of the Series 1998 A Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 1999, and ending June 1, 2004, and in the amounts as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 1998 A Bonds. The Series 1998 A Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1998 A Bonds.

B. The Water Revenue Bonds, Series 1998 B (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $890,000. The Series 1998 B Bonds shall be dated the date of delivery thereof, shall finally mature September 1, 2038, and shall bear interest at the rate of 3% per annum. The interest on and principal of the Series 1998 B Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 1999, and ending September 1, 2038, and in the amounts as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 1998 B Bonds. The Series 1998 B Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1998 B Bonds.

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

Section 3. The Issuer does hereby authorize, ratify, approve and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and

approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the application to the Council and the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon; provided that, the proceeds of the Bonds will be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer does hereby appoint and designate One Valley Bank, National Association, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Bonds under the Resolution and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed.

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

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

Section 7. Series 1998 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 1998 A Bonds Sinking Fund as capitalized interest.

Section 8. Series 1998 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 1998 A Bonds Reserve Account.

Section 9. Series 1998 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 1998 B Bonds Sinking Fund as capitalized interest.

Section 10. Series 1998 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 1998 B Bonds Reserve Account.

Section 11. The balance of the proceeds of the Series 1998 A Bonds and the Series 1998 B Bonds shall be deposited in the respective Bond Construction Trust Funds as received from time to time for payment of Costs of the Project, including, without limitation, costs of issuance of the Bonds.

Section 12. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds hereby and by the Resolution approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Loan Agreement on or about September 24, 1998.

Section 13. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 14. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Resolution held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements or time accounts, until further directed by the Issuer. Moneys in the Sinking Funds and the Reserve Accounts shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 15. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations promulgated or to be promulgated thereunder.

Section 16. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 16th day of September, 1998.

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

Chairman

Member

Member

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT on the 16th day of September, 1998.

Dated: September 24, 1998.

[SEAL]

Secretary

09/03/98
292120/97001

compliance with an order of the director of the division of environmental protection or the environmental quality board, and the rights, powers, and duties of such municipal corporation and the respective officers and departments thereof, including the sanitary board, are governed by the provisions of this article. (1955, c. 135; 1967, c. 105; 1994, c. 61.)

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

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

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

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

ARTICLE 13A.

PUBLIC SERVICE DISTRICTS FOR WATER, SEWERAGE AND GAS SERVICES.

Sec.

16-13A-1. Legislative findings.
16-13A-1a. Jurisdiction of the public service commission.
16-13A-1b. County commissions to develop plan to create, consolidate, merge, expand or dissolve public service districts.
16-13A-1c. General purpose of districts.
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.
16-13A-3. District to be a public corporation and political subdivision; powers thereof; public service boards.
16-13A-3a. Removal of members of public service board.
16-13A-4. Board chairman; members' compensation; procedure; district name.
16-13A-5. General manager of board.
16-13A-6. Employees of board.
16-13A-7. Acquisition and operation of district properties.
16-13A-8. Acquisition and purchase of public service properties; right of eminent domain; extraterritorial powers.
16-13A-9. Rules; service rates and charges; discontinuance of service; required water and sewer connections; lien for delinquent fees.
16-13A-9a. Limitations with respect to foreclosure.
16-13A-10. Budget.
16-13A-11. Accounts; audit.
16-13A-12. Disbursement of district funds.
16-13A-13. Revenue bonds.
16-13A-14. Items included in cost of properties.
16-13A-15. Bonds may be secured by trust indenture.
16-13A-16. Sinking fund for revenue bonds.
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.
16-13A-18. Operating contracts.
16-13A-18a. Sale, lease or rental of water, sewer or gas system by district; distribution of proceeds.
16-13A-19. Statutory mortgage lien created; foreclosure thereof.
16-13A-20. Refunding revenue bonds.
16-13A-21. Complete authority of article; lib-

Sec.
eral construction; district to be public instrumentality; tax exemption.
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.
Sec.
16-13A-23. Validation of acts and proceedings of public service boards.
16-13A-24. Acceptance of loans, grants or temporary advances.
16-13A-25. Borrowing and bond issuance; procedure.

Editor's notes. — Acts 1989, 1st Ex. Sess., c. 3, redesignated the board of health and the department of health as the division of health, within the department of health and human resources. See also, Acts 1997, c. 225.

Textbooks. — Instructions for Virginia and West Virginia, Publisher's Editorial Staff (Michie).

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

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

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

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

Cited in Berkeley County Pub. Serv. Dist. v. Vitro Corp. of Am., 152 W. Va. 252, 162 S.E.2d 189 (1968); State v. Neary, 179 W. Va. 115, 365 S.E.2d 395 (1987); McClung Invs., Inc. v. Green Valley Community Pub. Serv. Dist., 485 S.E.2d 434 (W. Va. 1997).

§ 16-13A-1. Legislative findings.

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

In addition to the expanded powers which shall be given to the public service commission, the Legislature also concludes that it is in the best interest of the public for each county commission to review current technology available and consider consolidating existing public service districts where it is feasible and will not result in the interference with existing bond instruments. Further, if such consolidation is not feasible, the Legislature finds that it is in the best

interest of the public for each county commission to review current technology available and consider consolidating or centralizing the management of public service districts within its county or multi-county area to achieve efficiency of operations. The Legislature also finds that additional guidelines should be imposed on the creation of new public service districts and that county commissions shall dissolve inactive public service districts as hereinafter provided. The Legislature also finds that the public service commission shall promulgate rules and regulations to effectuate the expanded powers given to the commission relating to public service districts. (1953, c. 147; 1980, c. 60; 1986, c. 81.)

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

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

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

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

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

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

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

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

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

Cited in State ex rel. Water Dev. Auth. v. Northern Wayne County Pub. Serv. Dist., 195 W. Va. 135, 464 S.E.2d 777 (1995).

§ 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. (1986, c. 81; 1994, c. 61.)

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

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

§ 16-13A-2. Creation of districts by county commission; enlarging, reducing, 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 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. 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 [§ 59-3-1 et seq.], 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 shall provide a hearing in the affected county on the matter and may approve, reject or modify the order of the county commission if it finds it is in the best interests of the public to do so. The public service commission shall adopt rules 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 [§ 16-13A-1b] 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. (1953, c. 147; 1965, c. 134; 1967, c. 105; 1975, c. 140; 1980, c. 60; 1981, c. 124; 1986, c. 81; 1995, c. 125.)

Editor's notes. — Concerning the reference in (a) to "the effective date of this section," this language was added by Acts 1986, c. 81, which passed March 8, 1986, and became effective ninety days from passage.

Textbooks. — Instructions for Virginia and West Virginia, Publisher's Editorial Staff (Michie).

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

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

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

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

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

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

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

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

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

Referendum. — There is no authority for voters, by written protest or otherwise, to force a referendum upon the issue of whether or not a created public service district should be continued or abolished. 52 Op. Att'y Gen. 33 (1966).

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

Cited in State v. Neary, 179 W. Va. 115, 365 S.E.2d 395 (1987).

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

From and after the date of the adoption of the order creating any public service district, it 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, 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.

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 [§ 16-13A-2] of this article, the terms of office of the existing board members shall end on the effective date of the merger or consolidation. The county commission shall appoint a new board according to rules 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 [§ 16-13A-3a] of this article.

Any vacancy shall be filled for the unexpired term within thirty days, otherwise successor members of the board shall be appointed for terms of six years and the terms of office shall continue until successors have been appointed and qualified. All successor members shall be appointed in the same manner as the member succeeded was appointed. The 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. (1953, c. 147; 1965, c. 134; 1971, c. 72; 1981, c. 124; 1983, c. 166; 1986, c. 81; 1994, c. 61; 1997, c. 159.)

Effect of amendment of 1997. — The amendment, in the third and fourth paragraphs, added "except in cases of merger or consolidation where the number of board members may equal five" at the end; in the fourth paragraph, inserted "and residing within the state of West Virginia" following "who are persons residing within the district"; in the fifth paragraph, inserted "except in the cases of merger or consolidation where the number of board members may equal five" in the middle of the paragraph; in the seventh paragraph, added the third sentence; in the ninth paragraph, added the third and fourth sentences; and made stylistic changes.

Textbooks. — Instructions for Virginia and West Virginia, Publisher's Editorial Staff (Michie).

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

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

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

Exemptions. — Public service districts of West Virginia are political subdivisions of the State, and as such, they are specifically, by

express statute, exempted from the duty of paying registration fees (provided by § 17A-10-8), the privilege tax (imposed by § 17A-3-4), and the certificate of title charge (required by § 17A-3-4). 49 Op. Att'y Gen. 131 (1961).

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

Cited in State v. Neary, 179 W. Va. 115, 365 S.E.2d 395 (1987).

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

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

Textbooks. — Instructions for Virginia and West Virginia, Publisher's Editorial Staff (Michie).

Quoted in State v. Neary, 179 W. Va. 115, 365 S.E.2d 395 (1987).

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

The chairman shall preside at all meetings of the board and may vote as any other members of the board but if he should be absent from any meeting, the remaining members may select a temporary chairman and if the member selected as chairman resigns as such or ceases for any reason to be a member of the board, the board shall select one of its members as chairman to serve until the next annual organization meeting. Salaries of each of its board members shall be as follows: For districts with fewer than six hundred customers, each board member may receive 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; for districts with six hundred customers or more but fewer than two thousand customers, each board member may receive 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; for districts with two thousand customers or more, each board member may receive 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 for districts with four thousand or more customers, each board member may receive 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. 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. The board shall by resolution determine its own rules of procedure, fix the time and place of its meetings and the manner in which special meetings may be called. Public notice of meetings shall be given in accordance with section three [§ 6-9A-3], article nine-a, chapter six of this code. Emergency meetings may be called as provided by said section. A majority of the members constituting the board also constitute a quorum to do business. The members of the board are not personally liable or responsible for any obligations of the district or the board but are answerable only for willful misconduct in the performance of their duties. At any time prior to the issuance of bonds as hereinafter provided, the board may by resolution change the official or corporate name of the public service district and such change shall be effective from and after filing an authenticated copy of such resolution with the clerk of the county commission of each county in which the territory embraced within such district or any part thereof is located and with the public service commission. The official name of any district created under the provisions of this article may contain the name or names of any city, incorporated town or other municipal corporation included therein or the name of any county or counties in which it is located. (1953, c. 147; 1981, c. 124; 1986, c. 81; 1997, c. 159.)

Effect of amendment of 1997. — The amendment rewrote the second sentence; in the fourth sentence, deleted "and regulations" following "as provided for by the rules"; in the seventh sentence, substituted "as provided by said section" for "as provided by section three, article nine-a, chapter six of this code"; added "and with the public service commission" at the end of the tenth sentence; and made stylistic changes.

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

§ 16-13A-5. General manager of board.

The board may employ a general manager to serve a term of not more than five years and until his successor is employed, and his compensation shall be fixed by resolution of the board. Such general manager shall devote all or the

required portion of his time to the affairs of the district and may employ, discharge and fix the compensation of all employees of the district, except as in this article otherwise provided, and he shall perform and exercise such other powers and duties as may be conferred upon him by the board.

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

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

§ 16-13A-6. Employees of board.

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

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

The board of such districts shall have the supervision and control of all public service properties acquired or constructed by the district, and shall have the power, and it shall be its duty, to maintain, operate, extend and improve the same. All contracts involving the expenditure by the district of more than 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 [§ 59-3-1 et seq.], chapter fifty-nine of this code, and the publication area for such publication shall be as specified in section two [§ 16-13A-2] of this article in the county or counties in which the district is located. The publication shall not be less than ten days prior to the making of any such contract. To the extent allowed by law, in-state contractors shall be given first priority in awarding public service district contracts. It shall be the duty of the board to ensure that local in-state labor

shall be utilized to the greatest extent possible when hiring laborers for public service district construction or maintenance repair jobs. It shall further be the duty of the board to encourage contractors to use American made products in their construction to the extent possible. Any obligations incurred of any kind or character shall not in any event constitute or be deemed an indebtedness within the meaning of any of the provisions or limitations of the constitution, but all such obligations shall be payable solely and only out of revenues derived from the operation of the public service properties of the district or from proceeds of bonds issued as hereinafter provided. No continuing contract for the purchase of materials or supplies or for furnishing the district with electrical energy or power shall be entered into for a longer period than fifteen years. (1953, c. 147; 1967, c. 105; 1981, c. 124; 1982, c. 24; 1986, c. 81; 1997, c. 159.)

Effect of amendment of 1997. — The amendment, in the second sentence, substituted "more than fifteen thousand dollars" for "more than five thousand dollars"; and in the sixth sentence, made a stylistic change.

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

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

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

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

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

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

If a facility creates a nuisance this harm is simply an element of just compensation in an eminent domain proceeding. Sexton v. Public Serv. Comm'n, 188 W. Va. 305, 423 S.E.2d 914 (1992).

Public service commission, in the absence of specific statutory authority, is not empowered to determine whether particular property interests acquired or to be acquired by a utility are compensable in an eminent domain action, or to render any type of monetary judgment for such property interests. Affixing the value of the property taken is the function of the trier of fact in an eminent domain proceeding. Sexton v. Public Serv. Comm'n, 188 W. Va. 305, 423 S.E.2d 914 (1992).

Cited in 45 Op. Att'y Gen. 506 (1953).

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

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

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

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

a public service district pursuant to this section shall be submitted to the public service commission for approval. Any public service district providing water and sewer service to its customers 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.

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

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

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

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

Anything in this section to the contrary notwithstanding, any establishment, as defined in section three [§ 22-11-3], 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 [§ 22-11-11], article eleven, chapter twenty-two of this code, is exempt from the provisions of this section. (1953, c. 147; 1965, c. 134; 1980, c. 60; 1981, c. 124; 1986, c. 81; 1989, c. 174; 1994, c. 61.)

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

Abandonment of private systems. — Where a public service district requires a property owner, tenant, or occupant to connect onto its sewer system and to abandon a private sewer system located on the property, such person cannot recover from the public service district the value of the private system on the ground that such abandonment constitutes a taking of private property without just compensation within the meaning of W. Va. Const., art. III, § 9. Kingmill Valley Pub. Serv. Dist. v. Riverview Estates Mobile Home Park, 182 W. Va. 116, 386 S.E.2d 483 (1989).

Buffer-zone requirements. — Public Service Commission did not err in finding that the proposed sewage lagoons site satisfied the buffer-zone requirements. Sexton v. Public Serv. Comm'n, 188 W. Va. 305, 423 S.E.2d 914 (1992).

Duty to pay. — Owners, tenants, or occupants have a duty under this section to pay rates and charges for the district sewer facilities from and after the date of receipt of notice (now 30 days after receipt) that such facilities are available. Rhodes v. Malden Pub. Serv. Dist., 171 W. Va. 645, 301 S.E.2d 601 (1983) (construing this section prior to 1980 and 1981 amendments).

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

Public service district liens created and enforceable under this section are subject to the recordation requirements of § 38-10C-1 so that such liens must be docketed to be enforceable against a purchaser of the property for valuable consideration, without notice. McClung Invs., Inc. v. Green Valley Community Pub. Serv. Dist., 485 S.E.2d 434 (W. Va. 1997).

Sewer connection requirements. — The boards of public service districts have no authority to require potential users who live out-

side the boundaries of the districts, but within the 10-mile limit, to hook onto the district's sewer facilities. Op. Att'y Gen., July 8, 1976.

Quoted in State ex rel. Water Dev. Auth. v. Northern Wayne County Pub. Serv. Dist., 195 W. Va. 135, 464 S.E.2d 777 (1995).

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

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

§ 16-13A-10. Budget.

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

Textbooks. — Instructions for Virginia and West Virginia, Publisher's Editorial Staff (Michie).

§ 16-13A-11. Accounts; audit.

The general manager, under direction of the board, shall install and maintain a proper system of accounts, in accordance with all rules, regulations or orders pertaining thereto by the public service commission, showing receipts from operation and application of the same, and the board shall at least once a year cause such accounts to be properly audited: Provided, That such audit may be any audit by an independent public accountant completed within one year of the time required for the submission of the report: Provided, however, That if the district is required to have its books, records and accounts audited

annually by an independent certified public accountant as a result of any covenant in any board resolution or bond instrument, a copy of such audit may be submitted in satisfaction of the requirements of this section, and is hereby found, declared and determined to be sufficient to satisfy the requirements of article nine [§ 6-9-1 et seq.], chapter six of this code pertaining to the annual audit report by the state tax commission. A copy of the audit shall be forwarded within thirty days of submission to the county commission and to the public service commission.

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

Textbooks. — Instructions for Virginia and West Virginia. Publisher's Editorial Staff (Michie).

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

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

§ 16-13A-13. Revenue bonds.

For constructing or acquiring any public service properties for the authorized purposes of the district, or necessary or incidental thereto, and for constructing improvements and extensions thereto, and also for reimbursing or paying the costs and expenses of creating the district, the board of any such district is hereby authorized to borrow money from time to time and in evidence thereof issue the bonds of such district, payable solely from the revenues derived from the operation of the public service properties under control of the district. Such bonds may be issued in one or more series, may bear such date or dates, may mature at such time or times not exceeding forty years from their respective dates, may bear interest at such rate or rates not exceeding eighteen percent per annum payable at such times, may be in such

form, may carry such registration privileges, may be executed in such manner, may be payable at such place or places, may be subject to such terms of redemption with or without premium, may be declared or become due before maturity date thereof, may be authenticated in any manner, and upon compliance with such conditions, and may contain such terms and covenants as may be provided by resolution or resolutions of the board. Notwithstanding the form or tenor thereof, and in the absence of any express recital on the face thereof, that the bond is nonnegotiable, all such bonds shall be, and shall be treated as, negotiable instruments for all purposes. Bonds bearing the signatures of officers in office on the date of the signing thereof shall be valid and binding for all purposes notwithstanding that before the delivery thereof any or all of the persons whose signatures appear thereon shall have ceased to be such officers. Notwithstanding the requirements or provisions of any other law, any such bonds may be negotiated or sold in such manner and at such time or times as is found by the board to be most advantageous, and all such bonds may be sold at such price that the interest cost of the proceeds therefrom does not exceed nineteen percent per annum, based on the average maturity of such bonds and computed according to standard tables of bond values. Any resolution or resolutions providing for the issuance of such bonds may contain such covenants and restrictions upon the issuance of additional bonds thereafter as may be deemed necessary or advisable for the assurance of the payment of the bonds thereby authorized. (1953, c. 147; 1970, cc. 11, 12; 1970, 1st Ex. Sess., c. 2; 1980, c. 33; 1981, 1st Ex. Sess., c. 2; 1989, c. 174.)

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

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

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

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

In the discretion and at the option of the board such bonds may be secured by a trust indenture by and between the district and a corporate trustee, which may be a trust company or bank having powers of a trust company within or

without the State of West Virginia, but no such trust indenture shall convey, mortgage or create any lien upon the public service properties or any part thereof. The resolution authorizing the bonds and fixing the details thereof may provide that such trust indenture may contain such provisions for protecting and enforcing the rights and remedies of bondholders as may be reasonable and proper, not in violation of law, including covenants setting forth the duties of the district and the members of its board and officers in relation to the construction or acquisition of public service properties and the improvement, extension, operation, repair, maintenance and insurance thereof, and the custody, safeguarding and application of all moneys, and may provide that all or any part of the construction work shall be contracted for, constructed and paid for, under the supervision and approval of consulting engineers employed or designated by the board and satisfactory to the original bond purchasers, their successors, assignees or nominees, who may be given the right to require the security given by contractors and by any depository of the proceeds of bonds or revenues of the public service properties or other money pertaining thereto be satisfactory to such purchasers, their successors, assignees or nominees. Such indenture may set forth the rights and remedies of the bondholders and such trustee. (1953, c. 147.)

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

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

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

The board of any such district shall have power to insert enforceable provisions in any resolution authorizing the issuance of bonds relating to the collection, custody and application of revenues of the district from the operation of the public service properties under its control and to the enforcement of the covenants and undertakings of the district. In the event there shall be default in the sinking fund provisions aforesaid or in the payment of the principal or interest on any of such bonds or, in the event the district or its board or any of its officers, agents or employees, shall fail or

refuse to comply with the provisions of this article, or shall default in any covenant or agreement made with respect to the issuance of such bonds or offered as security therefor, then any holder or holders of such bonds and any such trustee under the trust indenture, if there be one, shall have the right by suit, action, mandamus or other proceeding instituted in the circuit court for the county or any of the counties wherein the district extends, or in any other court of competent jurisdiction, to enforce and compel performance of all duties required by this article or undertaken by the district in connection with the issuance of such bonds, and upon application of any such holder or holders, or such trustee, such court shall, upon proof of such defaults, appoint a receiver for the affairs of the district and its properties, which receiver so appointed shall forthwith directly, or by his agents and attorneys, enter into and upon and take possession of the affairs of the district and each and every part thereof, and hold, use, operate, manage and control the same, and in the name of the district exercise all of the rights and powers of such district as shall be deemed expedient, and such receiver shall have power and authority to collect and receive all revenues and apply same in such manner as the court shall direct. Whenever the default causing the appointment of such receiver shall have been cleared and fully discharged and all other defaults shall have been cured, the court may in its discretion and after such notice and hearing as it deems reasonable and proper direct the receiver to surrender possession of the affairs of the district to its board. Such receiver so appointed shall have no power to sell, assign, mortgage, or otherwise dispose of any assets of the district except as hereinbefore provided. (1953, c. 147.)

Rules of Civil Procedure. — As to abolition of the procedural distinctions between law and equity, see Rule 2.

As to receivers, see Rule 66.

As to application of rules to writ of mandamus, see Rule 81(a)(5).

As to effect of rules on jurisdiction and venue, see Rule 82.

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

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

§ 16-13A-18. Operating contracts.

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

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

In any case where a public service district owns a water, sewer or gas system, and 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 or gas system to any municipality or privately-owned water, sewer or gas system, or to any water, sewer or gas system owned by an adjacent public service district, the board may so sell, lease or rent such water, sewer or gas system upon such terms and conditions as said board, in its discretion, considers in the best interests of the district: Provided, That such sale, leasing or rental may be made only upon: (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 [§ 59-3-1 et seq.], 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 or gas system, such distribution not to exceed the actual amount of any such contribution, without interest, and any balance of funds thereafter remaining shall be paid to the county commission of the county in which the major portion of such water, sewer or gas system is located to be placed in the general funds of such county commission. (1963, c. 75; 1981, c. 124; 1986, c. 81; 1997, c. 160.)

Effect of amendment of 1997. — The amendment, in the first paragraph, substituted "a majority of not less than sixty percent of" for "all" preceding "the members of the public service board"; and rewrote the proviso.

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

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

Rules of Civil Procedure. — As to abolition of the procedural distinctions between law and equity, see Rule 2.

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

§ 16-13A-20. Refunding revenue bonds.

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

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

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

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

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

This article 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. (1953, c. 147; 1986, c. 81; 1994, c. 61.)

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

Applied in Rhodes v. Malden Pub. Serv. Dist., 171 W. Va. 645, 301 S.E.2d 601 (1983).

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

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

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

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

All acts and proceedings taken by any public service board the members of which were appointed, prior to the date this section takes effect [March 13, 1965], by any county court [county commission] 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 con-

tained shall be construed to excuse a criminal act. (1958, c. 14; 1960, c. 19; 1965, c. 134.)

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

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

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

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

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

Notwithstanding any other provisions of this article to the contrary, a public service district shall not borrow money, enter into contracts for the provision of engineering, design or feasibility studies, issue or contract to issue revenue bonds or exercise any of the powers conferred by the provisions of section thirteen, twenty or twenty-four [§ 16-13A-13, § 16-13A-20 or § 16-13A-24] of this article, without the prior consent and approval of the public service commission. 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, evidence of compliance with chapter five-g [§ 5G-1-1 et seq.] 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 in the past two years requiring engineering services; or (2) completion of a construction project within the past two years requiring engineering services. The district shall also forward an executed copy of the engineering contract to the commission after receiving approval of the waiver. Unless the properties to be constructed or acquired represent ordinary extensions or repairs of existing systems in the usual course of business, a public service district must first obtain a certificate of public convenience and necessity from the public service commission in accordance with the provisions of chapter twenty-four [§ 24-1-1 et seq.] of this code, when a public service district is seeking to acquire or construct public service property.

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

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

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

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

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

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

In the event of disapproval, the reasons for the disapproval shall be assigned in writing by the commission. (1969, 1st Ex. Sess., c. 6; 1981, c. 124; 1986, c. 81; 1996, c. 213; 1997, c. 159.)

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

Effect of amendment of 1996. — The amendment, in the second paragraph, substituted "Thirty days" for "Sixty days" and inserted "public service" preceding the second occurrence of "district"; inserted "public service" in (d); and made stylistic changes.

Effect of amendment of 1997. — The amendment inserted the second and third sentences of the first paragraph.

Certificate. — Under this section, a public service district must first obtain a certificate of public convenience and necessity before it can acquire or construct public service property. Sexton v. Public Serv. Comm'n, 188 W. Va. 305, 423 S.E.2d 914 (1992).

Eminent domain. — Although construction of a new facility proposed by a utility will often require the taking of private property through eminent domain, in the absence of express statutory language, the public service commission has no duty to review and decide issues that are inherent in the eminent domain proceeding. Sexton v. Public Serv. Comm'n, 188 W. Va. 305, 423 S.E.2d 914 (1992).

ARTICLE 13B.

COMMUNITY IMPROVEMENT ACT.

Sec.
16-13B-1. Short title.
16-13B-2. Definitions.
16-13B-3. Power and authority of counties and municipalities relating to flood relief, wastewater and water projects.
16-13B-4. Determination of need and feasibility of creating an assessment district.
16-13B-5. Notice to property owners before creation of assessment district and construction of project; form of notice; affidavit of publication.
16-13B-6. Petition of property owners for creation of assessment district.
16-13B-7. Receipt of petition of property owners; ordinance or order authorizing creation of assessment district and construction of project.
16-13B-8. Assessment district to be a public corporation and political subdivision; powers thereof; community improvement boards.
16-13B-9. Provisions for construction of a project.
16-13B-10. Notice to property owners of assessments; hearings, correcting and laying assessments; report on project completion; permits.
16-13B-11. Construction of projects; assessments; corner lots, etc.
16-13B-12. Apportionment and assessment of cost.
16-13B-13. Assessment against property of public, charitable, eleemosynary, educational or religious institutions; duty of those in charge to cause assessments to be paid.
16-13B-14. Method of paying for cost of project; how assessments may be evidenced.
16-13B-15. Assessment certificates; assignments; designation of registrar for assessment certificates.
16-13B-16. No liability of state, county, municipality and assessment district.
16-13B-17. Payment of assessment fees; releases.
16-13B-18. Liens; recording notice of liens; suit for enforcement; priority.
16-13B-19. Reassessment for void, irregular or omitted assessments.
16-13B-20. How additional territory may be added to assessment district.
16-13B-21. Operation and maintenance of wastewater and water projects; rates and charges therefor.
16-13B-22. Liberal construction.

§ 16-13B-1. Short title.

This article shall be known and may be cited as the "West Virginia Community Improvement Act." (1992, c. 150.)

§ 16-13B-2. Definitions.

For purposes of this article:

(a) "Assessment certificate" means a certificate issued by a board pursuant to section fifteen [§ 16-13B-15] of this article to evidence an assessment levied