GAULEY RIVER PUBLIC SERVICE DISTRICT

$123,230 Waterworks Revenue
Bonds, Series 1986

$61,350 Supplemental Subordinate
Waterworks Revenue Bonds,
Series 1986

Closing: May 9, 1986

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TRANSCRIPT OF PROCEEDINGS

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The closing of the sale of $123,230 in aggregate principal amount of Waterworks Revenue Bonds, Series 1986, and $61,350 in aggregate principal amount of Supplemental Subordinate Waterworks Revenue Bonds, Series 1986, both dated as of May 9, 1986, of the Gauley River Public Service District to the West Virginia Water Development Authority will take place at the offices of the West Virginia Water Development Authority, Dunbar, West Virginia, at 10 a.m. on Friday, May 9, 1986. All transactions at such closing will be deemed to have taken place simultaneously on May 9, 1986, and no document shall be deemed to have been delivered unless and until all transactions are complete and all documents are delivered.

State of West Virginia

CERTIFICATE

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

the attached is a true copy of Chapter 16, Article 13A of the West Virginia Code, pertaining to Public Service Districts for Water, Sewerage and Gas Services, as contained in the records of my office.

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

Twenty-third day of

April 19 86

Ken Hechler

Secretary of State

ARTICLE 13A.

PUBLIC SERVICE DISTRICTS FOR WATER, SEWERAGE AND GAS SERVICES.

Sec.

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

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

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

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

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

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

§ 16-13A-1. 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 for the public, for industrial, public, private or other uses (herein sometimes referred to as "gas utilities or gas system"). (1953, c. 147; 1980, c. 60.)

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

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

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

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

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

The county commission of any county may on its own motion by order duly adopted propose the creation of such public service district within such county, setting forth in such order a description, including metes and bounds, sufficient to identify the territory to be embraced therein and the name of such proposed

district, or twenty-five percent of the registered voters who reside within the limits of such proposed public service district within one or more counties may petition for the creation thereof, which petition shall contain a description, including metes and bounds, sufficient to identify the territory to be embraced therein and the name of such proposed district. Any territory may be included regardless of whether or not such territory includes one or more cities, incorporated towns or other municipal corporations which own and operate any public service properties and regardless of whether or not it includes one or more cities, incorporated towns or other municipal corporations being served by privately owned public service properties: Provided, that the same territory shall not be included within the boundaries of more than one public service district except where such territory or part thereof is included within the boundaries of a separate public service district organized to supply water, sewerage services or gas facilities not being furnished within such territory or part thereof: Provided, however, that no city, incorporated town or other municipal corporation shall be included within the boundaries of such proposed district except upon the adoption of a resolution of the governing body of such city, incorporated town or other municipal corporation consenting.

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

When the county commission of any county enters an order on its own motion proposing the creation of a public service district, as aforesaid, or when a petition for such creation is presented, as aforesaid, the county commission shall at the same session fix a date of hearing in such county on the creation of the proposed public service district, which date so fixed shall be not more than forty days nor less than twenty days from the date of such action. If the territory proposed to be included is situated in more than one county, the county commission, when fixing a date of hearing, shall provide for notifying the county commission and clerk thereof of each of the other counties into which the territory extends of the date so fixed. The clerk of the county commission of each county in which any territory in the proposed public service district is located shall cause notice of such hearing and the time and place thereof, and setting forth a description of all of the territory proposed to be included therein to be given by publication as a Class I legal advertisement in compliance with the provisions of article three [§ 59-3-1 et seq.], chapter fifty-nine of this Code, and the publication area for such publication shall be each county in which any territory in the proposed public service district is located. The publication shall be at least ten days prior to such hearing. In all cases where proceedings for the creation of such public service districts are initiated by petition as aforesaid

the person filing the petition shall advance or satisfactorily indemnify the payment of the cost and expenses of publishing the hearing notice, and otherwise the costs and expenses of such notice shall be paid in the first instance by the county commission out of contingent funds or any other funds available or made available for that purpose. In addition to the notice required herein to be published, there shall also be posted in at least five conspicuous places in the proposed public service district, a notice containing the same information as is contained in the published notice. The posted notices shall be posted not less than ten days before the hearing.

All persons residing in or owning or having any interest in property in such proposed public service district shall have an opportunity to be heard for and against its creation. At such hearing the county commission before which the hearing is conducted shall consider and determine the feasibility of the creation of the proposed district. If the county commission determines that the construction or acquisition by purchase or otherwise and maintenance, operation, improvement and extension of public service properties by such public service district will be conducive to the preservation of public health, comfort and convenience of such area, the county commission shall by order create such public service district and such order is conclusive and final in that regard. If the commission, after due consideration, determines that the proposed district will not be conducive to the preservation of public health, comfort or convenience of such area or that the creation of the proposed district as set forth and described in the petition or order is not feasible, it may refuse to enter an order creating the district or it may enter an order amending the description of the proposed district and create the district as amended. If the county commission determines that any other public service district or districts can adequately serve the area of the proposed public service district, whether by expansion, merger or other means, it shall refuse to enter an order creating the proposed district: Provided, that prior to refusing to enter such order, evidence must be presented to the satisfaction of the county commission that such expansion, merger or other procedure necessary to provide service to the area of the proposed district will be forthcoming: Provided, however, that no expansion of a public service district may occur if the present or proposed physical facilities of the public service district are determined by the appropriate county commission to be inadequate to provide such expanded service. The clerk of the county commission of each county into which any part of such district extends shall retain in his office an authentic copy of the order creating the district: Provided, that if at such hearing written protest is filed by thirty percent or more of the qualified voters registered and residing within said district, then the county commission shall not take any further action in creating such district unless the creation of such district is approved by a majority vote of the qualified registered voters voting at a referendum to be called by the county commission for such purpose. Such referendum shall be called and held in the manner provided in the general election laws of the State of West Virginia applicable thereto and the funds therefor shall be supplied from any county funds available for such purpose or from funds supplied from the persons who petitioned for the creation of such district. If a majority of the qualified regis-

tered voters participating in the referendum vote against the creation of the district, then such district shall not be created. If, however, a majority of the qualified registered voters participating in such referendum vote in favor of the creation of such district, then the county commission shall duly enter its order creating such district.

After the creation of such district the county commission may, if in its discretion it deems it necessary, feasible and proper, enlarge the district to include additional areas, reduce the area of the district, where facilities, equipment, service or materials have not been extended, or dissolve the district if inactive or establish or consolidate two or more such districts: 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, 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 protest shall apply with like effect as if a district were being created: Provided, however, that no expansion of a public service district may occur if the physical facilities of the public service district are determined by the appropriate county commission to be inadequate to provide such expanded service. The commission shall at all times attempt to bring about the expansion or merger of existing public service districts in order to provide increased services and to eliminate the need for creation of new public service districts in those areas which are not currently serviced by a public service district: Provided further, that the applicable provisions pertaining to referendum shall not apply if the results of a referendum could adversely affect the existing financial indebtedness of the district. The districts may not enter into any agreement, contract or covenant that infringes upon, impairs, abridges or usurps the duties, rights or powers of the county commission, as set forth in this article, or conflicts with any provision of this article. A list of all districts and their current board members shall be filed by the county commission with the secretary of state. (1953, c. 147; 1965, c. 134; 1967, c. 105; 1975, c. 140; 1980, c. 60; 1981, c. 124.)

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

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

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

Voters may not force referendum as to continuing or abolishing district. — There is no authority for voters, by written protest or otherwise, to force a referendum upon the issue of whether or not a created public service district should be continued or abolished. 52 Op. Att'y Gen. 33 (1966).

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

A county court (now county commission) has authority to add sewerage services to the facilities of a public service district which was created for the purpose of furnishing water

services, under appropriate proceedings. Canyon Pub. Serv. Dist. v. Tasa Coal Co., 156 W. Va. 606, 195 S.E.2d 647 (1973).

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

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

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

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

From and after the date of the adoption of the order creating any public service district, it shall thereafter be a public corporation and political subdivision of the State, but without any power to levy or collect ad valorem taxes. Each district may acquire, own and hold property, both real and personal, in its corporate name, and may sue, may be sued, may adopt an official seal and may enter into contracts necessary or incidental to its purposes, including contracts with any city, incorporated town or other municipal corporation located within or without its boundaries for furnishing wholesale supply of water for the distribution system of the city, town or other municipal corporation, and contract for the operation, maintenance, servicing, repair and extension of any properties owned by it or for the operation and improvement or extension by the district of all or any part of the existing municipally owned public service properties of any city, incorporated town or other municipal corporation included within the district: Provided, that no contract shall extend beyond a maximum of forty years, but provisions may be included therein for a renewal or successive renewals thereof and shall conform to and comply with the rights of the holders of any outstanding bonds issued by the municipalities for the public service properties.

The powers of each public service district shall be vested in and exercised by a public service board consisting of not less than three members, who shall be persons residing within the district who have successfully completed a training program to be established and administered by the public service commission in conjunction with the department of natural resources and the department of health. 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 shall be

entitled to appoint one member of the board, and each such city, incorporated town or other municipal corporation having a population in excess of eighteen thousand shall be entitled to appoint one additional member of the board for each additional eighteen thousand population. The members of the board representing such cities, incorporated towns or other municipal corporations shall be residents thereof and shall be appointed by a resolution of the governing bodies thereof and upon the filing of a certified copy or copies of the resolution or resolutions in the office of the clerk of the county commission which entered the order creating the district, the persons so appointed shall thereby become members of the board without any further act or proceedings. If the number of members of the board so appointed by the governing bodies of cities, incorporated towns or other municipal corporations included in the district shall equal or exceed three, then no further members shall be appointed to the board and the members shall be and constitute the board of the district.

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

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

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

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

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

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

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

Effect of amendment of 1983. — The amendment, effective March 11, 1983, deleted "such" and substituted "the" for "such" at various places throughout the section; in the first sentence of the third paragraph inserted "having a population of more than three thousand but less than eighteen thousand"; near the beginning of the fourth paragraph inserted "having a population of more than three thousand"; in the sixth paragraph substituted "considered" for "deemed"; and in the first sentence of the next to the last paragraph substituted "the first day of January" for "January one."

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

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

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

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

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

The county commission or any other appointive body creating or establishing a public service district under the provisions of this article may remove 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 prescribed by law or for any misconduct in office, or upon written petition signed by twenty-five percent of the registered voters who reside within the limits of such proposed public service district: Provided, that such appointee shall be removed only after a full hearing of any complaint presented against him and after a ten-day notice of such hearing. (1963, c. 75; 1971, c. 72; 1981, c. 124.)

§ 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 members shall be fifty dollars per attendance at regular monthly meetings and thirty dollars per attendance at additional special meetings, total salary not to exceed seven hundred fifty dollars per annum. Board members may be reimbursed for all reasonable and necessary expenses actually incurred in the performance of their duties as provided for by the rules and regulations of the board. The board shall by resolution determine its own rules of procedure, fix the time and place of its meetings and the manner in which special meetings may be called. Public notice of meetings shall be given in accordance with section three [§ 6-9A-3], article nine-A, chapter six of this Code. Emergency meetings may be called as provided by section three, article nine-A, chapter six of this Code. A majority of the members constituting the board also constitute a quorum to do business. The members of the board are not personally liable or responsible for any obligations of the district or the board but are answerable only for willful misconduct in the performance of their duties. At any time prior to the issuance of bonds as hereinafter provided the board may by resolution change the official or corporate name of the public service district and such change shall be effective from and after filing an authenticated copy of such resolution with the clerk of the county commission of each county in which the territory embraced within such district or any part thereof is located. The official name of any district created under the provisions of this article may contain the name or names of any city, incorporated town or other municipal corporation included therein or the name of any county or counties in which it is located. (1953, c. 147; 1981, c. 124.)

§ 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 service from a municipal water 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 system or public service district from which such water 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.)

§ 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 power, and it shall be its duty, to maintain, operate, extend and improve the same. All contracts involving the expenditure by the district of more than five thousand dollars for construction work or for the purchase of equipment and improvements, extensions or replacements, shall be entered into only after notice inviting bids shall have been published as a Class I legal advertisement in compliance with the provisions of article three [§ 59-3-1 et seq.], chapter fifty-nine of this Code, and the publication area for such publication shall be the district. The publication shall not be less than ten days prior to making of any such contract. Any obligations incurred of any kind of 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.)

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

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

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

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

For the purpose of acquiring any public service properties or lands, rights or easements deemed necessary or incidental for the purposes of the district, each such district has the right of eminent domain to the same extent and to be exercised in the same manner as now or hereafter provided by law for such right of eminent domain by cities, incorporated towns and other municipal corporations: Provided, that such board may not acquire all or any substantial part of a privately owned waterworks system unless and until authorized so to do by the public service commission of West Virginia, and that this section shall not be construed to authorize any district to acquire through condemnation proceedings either in whole or substantial part an existing privately

owned waterworks plant or system or gas facilities located in or furnishing water or gas service within such district or extensions made or to be made by it in territory contiguous to such existing plant or system, nor may any such board construct or extend its public service properties to supply its services into areas served by or in competition with existing waterworks or gas facilities or extensions made or to be made in territory contiguous to such existing plant or system by the owner thereof. (1953, c. 147; 1980, c. 60; 1981, c. 124.)

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

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

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

The board may make, enact and enforce all needful rules and regulations in connection with the acquisition, construction, improvement, extension, management, maintenance, operation, care, protection and the use of any public service properties owned or controlled by the district, and the board shall establish rates and charges for the services and facilities it furnishes, which shall be sufficient at all times, notwithstanding the provisions of any other law or laws, to pay the cost of maintenance, operation and depreciation of such public service properties and principal of and interest on all bonds issued, other obligations incurred under the provisions of this article and all reserve or other payments provided for in the proceedings which authorized the 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. 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 shall be delinquent until such time as all such rates and charges are fully paid. The board may, under reasonable rules and regulations promulgated by the public service commission, shut off and discontinue water or gas services to all delinquent users of either water or gas facilities, or both.

In the event that any city, incorporated town or other municipal corporation included within the district owns and operates separately either water facilities or gas facilities, and the district owns and operates within such city, incorporated town or other municipal corporation the other kind of facilities, either water or gas facilities, as the case may be, then the district and such city, incorporated town or other municipal corporation may covenant and contract with each other to shut off and discontinue the supplying of the kind of facilities furnished by the district or such city, incorporated town or other municipal corporation, as the case may be, for the nonpayment of fees and charges for the other kind of facilities furnished by the district or city, incorporated town or other municipal corporation, as the case may be.

Any district furnishing sewer facilities within the district may require all owners, tenants or occupants of any houses, dwellings and buildings located near any such sewer facilities, where sewage will flow by gravity or be transported by such other methods approved by the department of health from such houses, dwellings or buildings into such sewer facilities, to connect with and use such sewer facilities, and to cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such houses, dwellings and buildings where there is such gravity flow or transportation by such other methods approved by the department of health 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.

If 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 dwelling 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 plumbing, including, but not limited to, installation, operation, maintenance and purchase of a pump, or any other method approved by the department of health; maintenance and operation costs for such extra installation should be reflected in the users charge for approval of the public service commission.

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

All delinquent fees, rates and charges of the district for either water facilities, sewer facilities or gas facilities are liens on the premises served of

equal dignity, rank and priority with the lien on such premises of state, county, school and municipal taxes. When such fees, rates and charges have been delinquent for thirty days, the district may forthwith foreclose the lien on the premises served in the same manner now provided in the law of the State of West Virginia for the foreclosure of mortgages on real property.

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

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

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

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

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

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

§ 16-13A-10. Budget.

The board shall establish the beginning and ending of its fiscal year, which period shall constitute its budget year, and at least thirty days prior to the beginning of the first full fiscal year after the creation of the district and annually thereafter the general manager shall prepare and submit to the board a tentative budget which shall include all operation and maintenance expenses, payments to a capital replacement account and bond payment

schedules for the ensuing fiscal year. Such tentative budget shall be considered by the board, and, subject to any revisions or amendments that may be determined by the board, shall be adopted as the budget for the ensuing fiscal year. Upon adoption of the budget, a copy of the budget shall be forwarded to the county commission. No expenditures for operation and maintenance expenses in excess of the budget shall be made during such fiscal year unless unanimously authorized and directed by the board. (1953, c. 147; 1981, c. 124.)

§ 16-13A-11. Accounts; audit.

The general manager, under direction of the board, shall install and maintain a proper system of accounts 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 by an independent public accountant. A copy of the audit shall be forwarded within thirty days of completion 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, 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.)

§ 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 twelve 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 thirteen 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.)

Cross reference. — 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, appearing in Vol. 1A. 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 system by district; distribution of proceeds.

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

In the event of any such sale, the proceeds thereof, if any, remaining after payment of all outstanding bonds and other obligations of the district shall be ratably distributed to any persons who have made contributions in aid of construction of such water 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 system is located to be placed in the general funds of such county commission. (1963, c. 75; 1981, c. 124.)

§ 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, appearing in Vol. 1A.

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

§ 16-13A-20. Refunding revenue bonds.

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

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

Combination of two outstanding bond issues into one refunding bond issue may well be restricted by the use of the singular language in this section. Op. Att'y Gen., July 8, 1975.

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

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

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

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

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

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

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

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

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

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

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

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

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

§ 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 or 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. Notwithstanding any other provision of this Code, when a public service district is seeking to borrow money for the acquisition or construction of public service properties, or contract to issue revenue bonds to commence the construction or acquisition of public service properties, the public service district shall publish a Class II legal advertisement in a newspaper of general circulation within the district, which legal advertisement shall state:

(1) The amount of money to be borrowed, or the amount of revenue bonds to be issued;

(2) The interest rate and terms of the loan or bonds;

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

(4) The anticipated rates which will be charged by the district; and

(5) The fact that a form is available in the county clerk's office and at the office of the public service district for residents of that portion of the public service district which will be served by the public service property to be acquired or constructed to sign indicating their opposition to the public service district borrowing money or issuing revenue bonds. In addition, the public service district shall cause to be posted in conspicuous places throughout that portion of the public service district which will be served by the public service property to be acquired or constructed signs measuring not less than eight and one-half inches in width and eleven inches in length which include the same information as required in the Class II legal advertisement.

For a period of thirty days beginning with the first publication of the legal advertisement, the county clerk shall maintain within the courthouse of the county containing the public service district and the public service district shall maintain at its office a form provided by the public service district to be signed by any registered voter who is a resident of that portion of the public service district which will be served by the public service property to be acquired or constructed, and who is opposed to the public service district borrowing money or issuing revenue bonds upon the terms or for the purpose stated in the legal advertisement. The form available in the county clerk's office and in the office of the public service district shall state:

(1) The amount of money to be borrowed, or the amount of revenue bonds to be issued;

(2) The interest rate and terms of the loan or bonds;

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

(4) The anticipated rates which will be charged by the district. The form shall be arranged in a manner that permits every registered voter who is opposed to sign his name and list his address. The commission shall not grant its consent and approval if more than fifty percent of the registered voters who are residents of that portion of the public service district which will be served by the public service property to be acquired or constructed sign the form indicating their opposition. The commission may grant its consent and approval subject to such terms and conditions as may be necessary for the protection of the public interest, pursuant to the provisions of chapter twenty-four [§ 24-1-1 et seq.] of this Code, or may withhold such consent and approval for the protection of the public interest.

In the event of disapproval, the reasons therefor shall be assigned in writing by the commission. If written disapproval has not been given by the commission within sixty days after receipt of the application by the commission, it may be deemed by the applicant that approval has in fact been given. (1969, 1st Ex. Sess., c. 6; 1981, c. 124.)

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

Order Book 22 Page 439 Nicholas

A RESOLUTION AND ORDER creating Gauley River Public Service District in Fayette, Clay and Nicholas Counties, West Virginia

WHEREAS, the County Court of Fayette County, West Virginia, did heretofore by a resolution and order adopted November 26, 1969, fix a date for a public hearing on the creation on the creation of the proposed Gauley River Public Service District and in and by said resolution and order provide that all persons residing in or owning of having any interest in property in the proposed public service district might appear before the County Court at this meeting and have the opportunity to be heard for and against the creation of said district; and

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

THENCE, S. 31° 45' W. 3.80 miles to a point having a latitude N. 38° 10' 56" and longitude W. 81° 10' 00";

THENCE, West 2.70 miles to BEGINNING, Containing areas as follows:

Fayette County	13.32 square miles
Nicholas County	9.27 square miles
Clay County	6.84 square miles
Total Area	29.43 square miles

as shown on a map prepared by J. H. MILAM, INC., DUNBAR, W. VA., dated April 21, 1969, Gauley River Public Service District Fayette, Nicholas and Clay Counties.

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

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

ROGERS & STEVENS
ATTORNEYS AT LAW
HISON, W. VA. 25130

venience of such area.

ADOPTED BY THE COUNTY COURT December 31, 1969.

James E. Lively
President

Attest:

Mrs Lacy Neely
Clerk

Fayette

A RESOLUTION AND ORDER, creating Gauley River Public Service District in Fayette, Clay and Nicholas Counties, West Virginia

WHEREAS, the County Court of Fayette County, West Virginia, did heretofore by a resolution and order adopted October 28, 1970, fix a date for a public hearing on the creation of the proposes Gauley River Public Service District and in and by said resolution and order provide that all persons residing in or owning or having any interest in property in the proposes public service district might appear before the County Court at this meeting and have the opportunity to be heard for and against the creation of said district; and

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

East 1.00 mile, South 1.40 miles to Nicholas-Clay County Line, with Nicholas-Clay County Line N.59° 25'E. 1.40 miles, leaving Nicholas-Clay County Line North 1.45 miles, N. 60° 00' E. 1.00 mile, North 2.20 miles, N. 30° 30' E. 2.25 miles to a point having a latitude of N. 38°21'59" and longitude W. 81°09'44", S. 61° 45'E. 1.90 miles, S. 59°00' E. 2.85 miles to Nicholas-Clay County Line;

THENCE, with Nicholas-Clay County Line S.59°25'W. 0.45 mile;

THENCE, leaving Clay County, South 2.40 miles, East 1.10 miles, North 1.50 miles, East 0.75 miles, South 2.55 miles, N. 60° 15'E. 3.70 miles to a point having a latitude of N. 38° 15'43" and longitude W. 81° 05'37" South 0.80 mile to a point having a latitude of N. 38°15'00" and longitude W. 81°05'37", South 60° 00' W. 1.15 miles, South 1.75 miles to Nicholas-Fayette County Line in Gauley River having a latitude N. 38° 13'00" and longitude W. 81°06'42";

THENCE, S. 51°45'W. 3.80 miles to a point having a latitude N. 38°10'56" and longitude W. 81°10'00";

THENCE, West 2.70 miles to BEGINNING, containing areas as follows:

Fayette County	13.32 square miles
Nicholas County	9.27 square miles
Clay County	10.90 square miles
Total Area	33.49 square miles

as shown on a map prepared by J. H. MILAM, INC., Dunbar, W. Va dated July 16, 1970, Gauley River Public Service District, Fayette, Nicholas and Clay Counties. The purpose of this map is to include an annexation of 4.06 square miles to include portions of upper Sycamore Creek and Grassy Creek areas.

Section 2. That said public service district so created shall have the name and corporation title of "Gauley River Public Service District" and

ADOPTED BY THE COUNTY COURT
November 25, , 1970

President

Attest:

Clerk

CLAY

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

I, Avis S. Moore, Clerk of The County Commission of Clay County, in the State of West Virginia, and as such Clerk, having the care and custody of the records of Commission Orders of said County, do hereby certify that the forgoing is a true and accurate copy of In Re: Clay County Court accepts and files second Formation of The Gauley River Public Service District

as the same appears of record in my office in Court Order Book 15 at page 76.

In Testimony Whereof, I have hereunto set my hand and affixed the seal of said Court, at the City of Clay, in said County and State, this 8th day of May, 19 86.

Avis S. Moore

Clerk of The County Commission of Clay County, West Virginia.

Clay County Free Press - 587-4250

Court Order Book 15 Page 76

IN RE: CLAY COUNTY COURT ACCEPTS AND FILES SECOND FORMATION OF THE GAULEY RIVER PUBLIC SERVICE DISTRICT.

This day the County Court of Clay County accepts the refiling of the second formation of the Gauley River Public Service District. The orders relating to said formation are hereby filed with the order of this Session of Court.

APPROVED

February 1, 1971

Fred G. Morton President

Clay County Court

Filed in my office this
OCT 28 1970
MRS. LACY NEELY, Clerk
FAYETTE COUNTY COURT, W. VA.
DEPUTY

PETITION FOR CREATION TO A PUBLIC SERVICE DISTRICT PURSUANT TO ARTICLE 13-A OF CHAPTER 16 OF THE CODE OF WEST VIRGINIA, AS AMENDED

TO THE COUNTY COURT OF FAYETTE COUNTY, WEST VIRGINIA

The undersigned, all legal voters residing within and owning real property within the limits of the territory described below, DO HEREBY petition the County Court of the County of Fayette, West Virginia, to create GAULEY RIVER PUBLIC SERVICE DISTRICT, a Public Service District of the counties of Fayette, Nicholas and Clay, West Virginia, the territorial limitations described below, pursuant to the provisions of Chapter 147 of the Acts of the Legislature of West Virginia, Regular Session of 1953, constituting Article 13-A of Chapter 16 of the Code of West Virginia of 1931, as amended.

GAULEY RIVER PUBLIC SERVICE DISTRICT is described as follows:

The District consists of a portion of Fayette, Nicholas and Clay Counties.

BEGINNING at a point 1.15 miles West of Gauley River having a latitude of N. 38° 10' 56" and longitude W. 81° 12' 58";

THENCE, N. 40° 00'E. 2.25 miles, N. 30° 00'W. 2.80 miles, N. 52° 00'E. 0.85 miles;

09' 44", S. 61° 45' E. 1.90 miles, S. 59° 00'E. 2.85 miles to Nicholas County Line;

THENCE, with Nicholas County Line S. 59° 25' W. 0.95 miles, N. 64° 45'W. 1.35 mil, West 2.35 mile, South 1.05 mile, S. 30° 15' W. 1.50 mile, South 0.80 mile to Nicholas-Clay County Line;

THENCE, with Nicholas-Clay County Line S. 59° 25'W. 0.45 mile;

THENCE, leaving Clay County, South 2.40 miles, East 1.10 miles, North 1.50 miles, East 0.75 miles, South 2.55 miles, N. 60° 15' E. 3.70 miles to a point having a latitude of N. 38° 15' 43" and longitude W. 81° 05' 37", South 0.80 mile to a point having a latitude of N. 38° 15' 00" and longitude W. 81° 05' 37", South 60° 00'W. 1.15 miles, South 1.75 miles to Nicholas-Clay County Line in Gauley River having a latitude N. 38° 13' 00" and longitude W. 81° 06' 42";

THENCE, S. 51° 45' W. 3.80 miles to a point having a latitude N. 38° 10' 56" and longitude W. 81° 10' 00";

THENCE, West 2.70 miles to BEGINNING, containing areas as follows:

Fayette County	13.32 square miles
Nicholas County	9.27 square miles
Clay County	10.90 square miles
Total Area	33.49 square miles

A Resolution and Order fixing a date of hearing on the creation of a proposed public service district within Fayette, Clay, and Nicholas Counties, West Virginia; and providing for the publication of a notice of such hearing.

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

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

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

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

Section 1. That the County Court of Fayette County, West Virginia, hereby finds and declares that there has been filed in the office of the County Court Clerk and presented by said County Court Clerk to this County Court a petition for the creation of a public service district within Fayette, Clay and Nicholas Counties, West Virginia, which petition contains a discription

(a) The name and corporate title of said public service district shall be the "Gauley River Public Service District".

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

BEGINNING at a point 1.15 miles West of Gauley River having a latitude of N. 38°10'56" and longitude W. 81°12'58";

THENCE, N.40°00'E. 2.25 miles, N. 30°00'W. 2.80 miles, N.52° 00'E. 0.85 miles;

THENCE, with Fayette-Nicholas County Line up Bells Creek 2.25 miles, more or less, to the common corner of Fayette, Nicholas, Clay and Kanawha Counties;

THENCE, with Clay-Kanawha N. 10°30' W. 1.80 miles to a point having a latitude N. 38° 17' 18" and longitude W. 81°14'24", East 1.00 mile, South 1.40 miles to Nicholas-Clay County Line, with Nicholas-Clay County Line N. 59° 25' E. 1.40 miles, leaving Nicholas-Clay County Line North 1.45 miles, N. 60° 00' E. 1.00 mile, North 2.20 miles, No. 30° 30' E. 2.25 miles to a point having a latitude of N. 38° 21' 59" and longitude W. 81° 08' 44", S. 61° 45' E. 1.90 miles, S. 59° 00' E. 2.85 miles to Nicholas County Line;

THENCE, with Nicholas-Clay County Line S. 59° 25'W. 0.45 mile;

THENCE, leaving Clay County, South 2.40 miles, East 1.10 miles, North 1.50 miles, East 0.75 miles, South 2.55 miles, N. 60° 15' E. 3.70 miles to a point having a latitude of N. 38° 15' 43" and longitude W. 81° 05' 37", South 0.80 mile to a point having a latitude of N. 38° 15' 00" and longitude W. 81° 05' 37", South 60° 00' W. 1.15 miles, South 1.75 miles to Nicholas-Fayette County Line in Gauley River having a latitude N. 38° 13' 00" and longitude W. 81° 06' 42";

THENCE, S. 51° 45' W. 3.80 miles to a point having a latitude N. 38° 10' 56" and longitude W. 81° 10' 00";

THENCE, West 2.70 miles to BEGINNING, containing areas as follows:

Fayette County	13.32 square miles

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

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

Section 3. That on November 25, , 1970, at the hour of 10:00 o'clock A. M., this County Court shall meet in the County Court House at Fayetteville, West Virginia, for the purpose of conducting a public hearing on the creation of the proposed public service district at which time and place all persons residing in or owning or having any interest in property in the proposed public service district may appear before this County Court and shall have an opportunity to be heard for and against the creation of said district, and at such hearing, this County Court shall consider and determine the feasibility of the creation of the proposed public service district.

Section 4. That the County Court Clerk is hereby authorized

and direct the County Court Clerk of Nicholas County to cause notice of such hearing in substantially the form hereinafter set out to be published on November 5, , 1970, in the The Nicholas Chronicle,Inc a newspaper of general circulation published in Nicholas County.

Section 5. That the County Court Clerk is hereby authorized and directed in addition to notice of publication to cause notice of such hearing in substantially the form hereinafter set out to be posted in at least five (5) conspicious places in the purposed public service district on or before the 12 day of November ,1970.

ADOPTED BY THE COUNTY COURT October 28, , 1970

James E. Lively
PRESIDENT

Attest:

Mrs Lacy Neely
Clerk

STATE OF WEST VIRGINIA)
) ss.
COUNTY OF FAYETTE)

I, Mrs Lacy Neely, hereby certify that I am the duly qualified and acting Clerk of the County Court of Fayette County, West Virginia, and that the foregoing constitutes a true, correct and complete transcript of the proceedings of said County Court as had under date of October 28, 1970, and a resolution and order then adopted relating to the proposed creation of the Gauley River Public Service District, all as shown by the official records in my office.

IN WITNESS WHEREOF, I have hereunto affixed by official signature and the seal of said Court at Fayette, West Virginia, this October 28, 1970.

(SEAL)

Mrs Lacy Neely
County Court Clerk

Fayetteville, West Virginia

October 28, 1970,

The County Court of Fayette County, West Virginia, met this day in Regular session held this 28 day of October, 1970, at 10:00 A.M., pursuant to the call of James E. Lively, President, Orval Kessler, Commissioner, and C. W. Stallard, Commissioner, said call being;

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

The meeting was called to order and the roll being called there were present James E. Lively, President, presiding, and the following named commissioners:

Orval Kessler and C. W. Stallard

And were absent: None

Orval Kessler introduced and caused to be

the motion, and the roll being called the folling voted:

Aye: Three

Nay: None

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

Mrs Lacy Nuby
Clerk

James E. Lively
President

Filed in my office this
OCT 28 1970
MRS. LACY NELY, Clerk
FAYETTE COUNTY COURT, W. VA.
.....DEPUTY

NOTICE OF PUBLIC HEARING ON CREATION OF GAULEY RIVER PUBLIC SERVICE DISTRICT

NOTICE IS HEREBY GIVEN that a legally sufficient petition has been filed with the Clerk of the County Court of Fayette County, West Virginia and has been presented to the County Court of Fayette County, for the purpose of constructing or acquiring by purchase or otherwise and the maintenance, operation, improvement and extension of public service properties supplying water services within said district and also outside said district to the extent permitted by law; to be named "Gauley River Public Service District"; and having the following described boundaries:

BEGINNING at a point 1.15 miles West of Gauley River having a latitude of N. 38° 10' 56" and longitude W. 81° 12' 58";

THENCE, N. 40° 00' E. 2.25 miles, N. 30° 00' W. 2.80 miles, N. 52° 00'E. 0.85 miles;

THENCE, with Fayette-Nicholas County Line up Bells Creek 2.25 miles, more or less, to the common corner of Fayette, Nicholas, Clay, and Kanawha Counties;

THENCE, with Clay-Kanawha N. 10° 30' W. 1.80 miles to a point having a latitude N. 38° 17'18" and longitude W. 81°14'24", East 1.00 mile, South 1.40 miles to Nicholas-Clay County Line, with Nicholas-Clay County Line N. 59° 25' E. 1.40 miles, leaving NicholasOClay County Line 1.45 miles, N. 60° 00' E. 1.00 mile, North 2.20 miles, N. 30° 30' E. 2.25 miles to a point having a latitude of N. 38° 21' 59" and longitude W. 81° 09'44", S. 61° 45' E. 1.90 miles, S. 59° 00' E. 2.85 miles to Nicholas County Line;

THENCE, with Nicholas County Line S. 59° 25'W. 0.95 mile, No. 64° 45'W. 1.35 mile, West 2.35 mile, South 1.05 mile, S. 30° 15' W. 1.50 mile, South 0.80 mile to Nicholas-Clay County Line;

THENCE, with Nicholas-Clay County Line S. 59°25'W. 0.45 mile;

THENCE, leaving Clay County, South 2.40 miles, East 1.10 mi-

as shown on a map prepared by J. H. MILAM, INC., Dunbar, W.Va. dated July 16, 1970, Gauley River Public Service District, Fayette, Nicholas and Clay Counties. The purpose of this map is to include an annexation of 4.06 square miles to include portions of upper Sycamore Creek and Grassy Creek areas.

All persons residing in or owning or having any interest in property in said proposed public service district are hereby notified that the County Court of Fayette County will conduct a public hearing on 25th NOVEMBER, 1970, at 10:00 o'clock A M., in the County Court House in Fayetteville, West Virginia, at which time and place all interested persons may appear before the County Court and shall have an opportunity to be heard for and against the creation of the proposed public service district.

By Order of the County Court this 28 day of OCTOBER, 1970.

Mrs Lacy Neely
County Court Clerk

Fayetteville, West Virginia

November 25, ,1970

The County Court of Fayette County, West Virginia, met in regular session pursuant to law and to the rules of said Court at the County Court House in Fayetteville, West Virginia, at 10:00 o'clock A. M. The meeting was called to order and the roll being called there were present _____ James E. Lively, President, presiding and the following named Commissioners:

Orval Kessler and C. W. Stallard

Absent:

This being the date fixed by prior action of the County Court for conducting the public hearing on the creation of the proposed Gauley River Public Service District, as contemplated and provided for in a resolution and order adopted by the County Court on October 28, 1970, the president announced that all persons residing in or owning or having any interest in property in such proposed public service district desiring to be heard for or against the creation of said district would be heard and all such interested persons desiring to be heard were given full opportunity.

Aye: Three

Nay: None

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

Orval Kessler introduced and caused to be read a proposed resolution and order entitled:

"A RESOLUTION AND ORDER appointing members to the public service board of the Gauley River Public Service District."

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

C. W. Stallard seconded the motion and after due consideration the President put the question on the motion and the roll being called, the following voted:

Aye: Three

Nay: None

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

A RESOLUTION AND ORDER, creating Gauley River Public Service District in Fayette, Clay and Nicholas Counties, West Virginia

WHEREAS, the County Court of Fayette County, West Virginia, did heretofore by a resolution and order adopted October 28, 1970, fix a date for a public hearing on the creation of the proposes Gauley River Public Service District and in and by said resolution and order provide that all persons residing in or owning or having any interest in property in the proposes public service district might appear before the County Court at this meeting and have the opportunity to be heard for and against the creation of said district; and

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

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

East 1.00 mile, South 1.40 miles to Nicholas-Clay County Line, with Nicholas-Clay County Line N.59° 25'E. 1.40 miles, leaving Nicholas-Clay County Line North 1.45 miles, N. 60° 00' E. 1.00 mile, North 2.20 miles, N. 30° 30' E. 2.25 miles to a point having a latitude of N. 38°21'59" and longitude W. 81°09'44", S. 61° 45'E. 1.90 miles, S. 59°00' E. 2.85 miles to Nicholas-Clay County Line;

THENCE, with Nicholas-Clay County Line S.59°25'W. 0.45 mile;

THENCE, leaving Clay County, South 2.40 miles, East 1.10 miles, North 1.50 miles, East 0.75 miles, South 2.55 miles, N. 60° 15'E. 3.70 miles to a point having a latitude of N. 38° 15'43" and longitude W. 81° 05'37" South 0.80 mile to a point having a latitude of N. 38°15'00" and longitude W. 81°05'37", South 60° 00' W. 1.15 miles, South 1.75 miles to Nicholas-Fayette County Line in Gauley River having a latitude N. 38° 13'00" and longitude W. 81°06'42";

THENCE, S. 51°45'W. 3.80 miles to a point having a latitude N. 38°10'56" and longitude W. 81°10'00";

THENCE, West 2.70 miles to BEGINNING, containing areas as follows:

Fayette County	13.32 square miles
Nicholas County	9.27 square miles
Clay County	10.90 square miles
Total Area	33.49 square miles

as shown on a map prepared by J. H. MILAM, INC., Dunbar, W. Va dated July 16, 1970, Gauley River Public Service District, Fayette, Nicholas and Clay Counties. The purpose of this map is to include an annexation of 4.06 square miles to include portions of upper Sycamore Creek and Grassy Creek areas.

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

ADOPTED BY THE COUNTY COURT
November 25, , 1970

James E. Lively
President

Attest:

Mrs. Peggy Hendley
Clerk

A RESOLUTION AND ORDER appointing members to the public service board of the Gauley River Public Service District.

WHEREAS, the County Court of Fayette County, West Virginia, did heretofore by resolution and order adopted November 25, 1970, create the Gauley River Public Service District; and

WHEREAS, under the provisions of Article 13A of Chapter 16 of the West Virginia Code the powers of said public service district shall be vested and exercised by a public service board; and

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

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

Section 1. That the County Court of Fayette County, West Virginia, hereby finds and determines that Ralph Whittington, Vernon Young and Paul Murphy are persons residing within the Gauley River Public Service District, and the

at the office of the Clerk of said County Court and shall qualify by taking an oath of office, and thereafter said appointees constituting the initial public service board of the Gauley River Public Service District shall meet and organize in compliance with the provisions of Article 13A of Chapter 16 of the West Virginia Code.

ADOPTED BY THE COUNTY COURT November 25, , 1970.

Attest:

James E. Lively
President

Mrs Lacy Neely
Clerk

STATE OF WEST VIRGINIA)
)ss.
COUNTY OF FAYETTE)

I, Mrs Lacy Neely, hereby certify that I am the duly qualified and acting Clerk of the County Court of Fayette County, West Virginia, and that the foregoing constitutes a true, correct and complete transcript of the proceedings of said County Court as had under date of November 25, , 1970, and resolution and orders then adopted relating to the creation of Gauley River Public Service District, and appointment of members to the public service board of said district.

IN WITNESS WHEREOF, I have hereunto affixed my official signature and seal of said Court at Fayetteville, West Virginia, this 25

"Resolution establishing rules by which the time and place of all regularly scheduled meetings and the time, place and purpose of all special meetings are to be made available, in advance, to the public and news media and providing when this resolution and such rules shall take effect."

Be It Resolved and Ordered by the Gauley River Public Service District:

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

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

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

(B) The Gauley River Public Service District (herein called the "District"), is a governing body within the meaning of the Act.

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

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

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

Also immediately after adoption of this resolution and in January of each year thereafter, the District shall instruct the Chairman to, and the Chairman shall, distribute to each of the newspapers, television stations, radio stations and other news media listed below, a notice identical to that posted.

News Medium	Address
The Montgomery Herald	Montgomery, WV
The Nicholas Chronicle	Summersville, WV
WMON-AM	Box 750 Montgomery, WV 25316
WOAY-TV	Box 251 Rt. 16-61 Oak Hill, WV 25901

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

In the event of any modification in the time or place of a regularly scheduled meeting of the District, notice of such modification shall be given to the public and news media by posting at the place and distributing to the news media in the manner set forth above, not less than five (5) days prior to the date of such regularly scheduled meeting, or, if such regularly scheduled meeting has been rescheduled for an earlier time, prior to the date of such rescheduled meeting, a notice setting forth such modification in the time or place of such regularly scheduled meeting. A copy of such notice shall be attached to and made a part of the minutes of the meeting for which such notice was given.

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

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

Rule No. 2. Notice of Special Meeting. Not less than two (2) but not more than seven (7) days prior to the date set for any special meeting of the District, the District shall instruct the Chairman to, and the Chairman shall, post on the door of the County Courthouses and at such other place, if any, in the County Courthouses where notices customarily are posted a notice setting forth the time, place and purpose or purposes of such special meeting. Business at such special meeting shall be limited to the purpose or purposes specified in said notice.

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

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

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

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

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

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

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

Introduced at Public Service District Meeting:
April 9, 1986

Adopted by District: April 9, 1986

Russell H Deering
Chairman

Louise Gwinnett
Member

Sue Gray
Member

39/196

FAYETTE COUNTY COMMISSION

On this the 30th day of December, 1981 it appearing to the Court that the term of office of Mr. Russell G. Deering of Jodie, West Virginia, as a Commissioner of the Gauley River Public Service District will expire on the 31st of December, 1981, it is hereby ordered that Russell G. Deering be and he is hereby appointed as Commissioner of said Gauley River Public Service District Board as and of December 31, 1981, to serve for and during a period of six years, said term to expire December 31, 1987.

PRESIDENT

FAYETTE COUNTY COMMISSION

On this the 8th day of January, 1986, it appearing to the Commission that the term of office of Louise Grimmett, as a Commissioner of the Gauley River Public Service District expired on the 31st day of December, 1985, it is hereby ordered that Louise Grimmett be and she is hereby reappointed as Commissioner of said Gauley River Public Service District as and of January 1, 1986, to serve for and during a period of six years, said term to expire December 31, 1992.

James E. Lively, President

John H. Lopez, Commissioner

John L. Witt, Commissioner

FAYETTE COUNTY COMMISSION

On this the 15th day of December, 1983, it appearing to the Commission that the term of office of Mrs. Mary Susan Gray, Jodie, West Virginia, as a Commissioner of the Gauley River Public Service District will expire on the 31st of December, 1983, it is hereby ordered that Mary Susan Gray be and she is hereby appointed as Commissioner of said Gauley River Public Service District Board as and of December 31, 1983, to serve for and during a period of six years, said term to expire December 31, 1989.

Charles M. Vickers, President

Absent
John H. Lopez, Commissioner

James E. Lively, Commissioner

OFFICIAL OATH

STATE OF WEST VIRGINIA,

COUNTY OF FAYETTE, ss:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of Commissioner for Gauley River PSD

in said county and state to the best of my skill and judgement: SO HELP ME GOD.

Sue Gray

Subscribed and sworn to before me in my said county and state this the 4th day of April, 19 86

Linda Johnson
Deputy County Clerk

OFFICIAL OATH

STATE OF WEST VIRGINIA,

COUNTY OF FAYETTE, ss:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of Commissioner for Gauley River, PSD

in said county and state to the best of my skill and judgement: SO HELP ME GOD.

/ Russell H Deering

Subscribed and sworn to before me in my said county and state this the 7th day of April, 19 86

Linda Johnson
Deputy County Clerk

OFFICIAL OATH

STATE OF WEST VIRGINIA,

COUNTY OF FAYETTE, ss:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of Commissioner for Gauley River, PSD

in said county and state to the best of my skill and judgement: SO HELP ME GOD.

Louise Greenwitt

Subscribed and sworn to before me in my said county and state this the 7th day of XXXXX April, 19 86

Linda Johnson
Deputy County Clerk

JOHN H. LOPEZ
SMITHERS, W. VA.
COMMISSIONER

JAMES E. LIVELY
OAK HILL W. VA.
PRESIDENT

JOHN L. WITT
FAYETTEVILLE W. VA.
COMMISSIONER

FAYETTE COUNTY COMMISSION

FAYETTEVILLE, W. VA. 25840-0307
TELEPHONE (304) 574-1200

RICHARD W. BRAGG
ADMINISTRATOR

April 28, 1986

Mr. Russell Deering
Chairman
Gauley River Public Service District
Beech Glen Route
Box 7
Belva, WV 26656

Dear Mr. Deering:

Pursuant to our conversation on April 23, 1986, the Fayette County Commission has appropriated $150,000.00 within the current (1985-86) budget for the construction of Gauley River Public Service District water delivery system. Furthermore, the appropriation was extended to the 1986-87 fiscal year in case any or all of the funds were not utilized.

If you have any questions, please do not hesitate to call.

Sincerely,

Richard W. Bragg

Richard W. Bragg
Administrator

RWB/db

JOHN H. LOPEZ
SMITHERS, W. VA.
COMMISSIONER

JAMES E. LIVELY
OAK HILL W. VA.
PRESIDENT

JOHN L. WITT
FAYETTEVILLE W. VA.
COMMISSIONER

FAYETTE COUNTY COMMISSION

FAYETTEVILLE, W. VA. 25840-0307
TELEPHONE (304) 574-1200

RICHARD W. BRAGG
ADMINISTRATOR

September 23, 1985

Mr. Russell Deering
Chairman
Gauley River Public Service District
Beech Glen Rt. Box 7
Belva, West Virginia 26656

Dear Mr. Deering:

Pursuant to your request regarding additional funding for the Gauley River Public Service District, the Fayette County Commission has, by unanimous vote decided to appropriate and encumber $30,000.00 for the development of the system. These funds will be available in FY 86-87 and will be contingent upon the project going to the construction phase of development.

If you have any questions please do not hesitate to call.

Sincerely,
Richard W. Bragg
Richard W. Bragg

RWB/nrm

JOHN H. LOPEZ
SMITHERS, W. VA
COMMISSIONER

JAMES E. LIVELY
OAK HILL W. VA
PRESIDENT

JOHN L. WITT
FAYETTEVILLE W. VA
COMMISSIONER

FAYETTE COUNTY COMMISSION

FAYETTEVILLE, W. VA. 25840-0307
TELEPHONE (304) 574-1200

RICHARD W. BRAGG
ADMINISTRATOR

September 23, 1985

Mr. Russell Deering
Chairman
Gauley River Public Service District
Beech Glen Rt. Box 7
Belva, West Virginia 26656

Dear Mr. Deering:

Pursuant to your request regarding additional funding for the Gauley River Public Service District, the Fayette County Commission has, by unanimous vote decided to appropriate and encumber $30,000.00 for the development of the system. These funds will be available in FY 86-87 and will be contingent upon the project going to the construction phase of development.

If you have any questions please do not hesitate to call.

Sincerely,
Richard W. Bragg
Richard W. Bragg

RWB/nrm

NICHOLAS COUNTY COMMISSION

CARROLL T. LAY, President
SHIRLEY J. CUTLIP, Commissioner
W. DON HARTLEY, Commissioner

SUMMERSVILLE, WEST VIRGINIA 26651

TELEPHONE (304) 872-3630

County Commission Sessions:
Every Wednesday

April 23, 1986

Russell Deering
Chairman
Gauley River Public Service District
Box 7
Belva, West Virginia 26656

Dear Mr. Deering:

This will serve as confirmation that the Nicholas County Commission has set aside the amount of $77,000 for fiscal year 1985-1986 to be applied to the Gauley River Public Service District - Public Water System. These funds are contingent upon matching monies from the Community Development Block Grant funds.

Also, be advised that the Commission has set aside $15,400 for fiscal year 1986-1987. It is our understanding that the Fayette County Commission will likewise set aside in their 1986-1987 budget an additional sum of $30,000.

Very truly yours,

Carroll T. Lay
President

CTL:pn

STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

ARCH A. MOORE, JR.
GOVERNOR

December 18, 1985

The Honorable James E. Lively
President
Fayette County Commission
Fayette County Courthouse
Fayetteville, West Virginia 25940-0307

Dear Commissioner Lively:

Thank you for your letter requesting an extension of the State/Local Agreement between the State of West Virginia and the Fayette County Commission. This Agreement provides Small Cities Block Grant funding ($750,000) for a water extension project for the Gauley River Public Service District.

It is my understanding that the initial Agreement was for a two-year period which expired on November 29, 1985. I am advised that the project has been bid ~~twice and that~~ there is presently a funding shortfall of approximately $52,580. ~~Recently, I a~~dvised you that these additional funds were not available and encouraged you to pursue alternative sources such as the West Virginia Water Development Authority and your local bank, both of which, I understand, have expressed a willingness to be of assistance.

Therefore, prior to any lengthy extension of this Agreement, I am requesting that you provide information to my Community Development Division relative to your schedule for earliest completion of this project. In order to facilitate this process, I am authorizing an extension of your State/Local Agreement only to June 30, 1986, at which time construction must be underway. I am certain you agree that timely completion of such projects is necessary to provide needed services to the citizens of our State.

If you have any questions regarding this extension approval, please contact my Community Development Division at 348-4010.

I trust this extension will facilitate the completion of this much needed project for the citizens of Fayette County.

Sincerely,

Arch

Arch A. Moore, Jr.
Governor

AAMJr:jp

WV-47

STATE OF WEST VIRGINIA

PURCHASE ORDER

Page 1 of 1 Pages

Req. No: 8974

BUYER: BB

Date: 2-14-84

State Acct. No: 221-8029-15-025-13

Fiscal Year: 1984

B. R. Acct. No.:

Department or Institution: Governor's Office of Economic & Community Development

Vendor Name & Address:

Fayette County Commission

Fayette County Courthouse

Fayetteville, West Virginia 25840

F.E.I.N. 556-000-314-6

TELEPHONE

Ship To:
Governor's Office of Economic & Community Development
R-150, State Capitol
Charleston, WV 25305

Invoice in Quintuplicate to

SAME AS ABOVE.

2-23-84 sk

AGREEMENT

This Agreement constitutes the acceptance of contract made by and between the State of West Virginia by the Commissioner of Finance and Administration for and on behalf of Governor's Office of Economic & Community Development and Fayette County Commission, for Construct a water system within the Gauley River Public Service District.

Service beginning November 29, 19 83 and extending until November 29, 19 85. All in accordance with standard form of agreement attached hereto as a part hereof.

SCHEDULE OF PAYMENT

$ _____ per _____

FEE:	$ 750,000.00
TRAVEL EXPENSE:	$
OTHER EXPENSE:	$
TOTAL:	$ 750,000.00

APPROVED AS TO FORM THIS 28 DAY OF Feb, 19 84.

CHAUNCEY H. BROWNING, JR.
Attorney General

BY _____
Assistant Attorney General

STATE OF WEST VIRGINIA
Department of Finance and Administration
ARNOLD T. MARGOLIN

_____
Commissioner

TOTAL AMOUNT OF THIS PURCHASE ORDER $ 750,000.00

APPROVED AS TO PROVISIONS AND TERMS

STATE OF WEST VIRGINIA

Department of Finance and Administration
PURCHASING DIVISION

_____
DIRECTOR, PURCHASING DIVISION

2-62

TERMS AND CONDITIONS

1. Vendor's Federal Employer Identification Number or Social Security Number. Purchasing Division file number, purchase order number, and name of Spending Unit specified on the purchase order must appear on all invoices, correspondence, containers, drums, shipping tags boxes and etc.

2. AN ORIGINAL TYPED INVOICE AND FOUR COPIES MUST BE SUBMITTED FOR PAYMENT AGAINST THIS PURCHASE ORDER TO SPENDING UNIT DESIGNATED ON THE FACE OF THE PURCHASE ORDER

3. Any request for changes or corrections in the purchase order must be submitted to the Purchasing Division in writing. The unit price on all purchase orders not containing a price adjustment agreement will remain firm for the life of the contract.

4. Vendors offering items claimed as equal to those specified on the purchase order, but which are not equal, may be subject to the Purchasing Director's recommendation that the right and privilege of the vendor to bid on State purchases be suspended, in accordance with the W.VA. Code, §5A-3-39.

5. All tangible property and/or services sold to the State of West Virginia on this purchase order is exempt from consumers sales and service tax or use tax. Vendor's file copy of this order will be accepted by the State Tax Department as an exemption certificate

6. All sales of tangible property and/or services to the State of West Virginia, which are consummated in this State, are subject to West Virginia business and occupation tax

7. All sales to the State of West Virginia are exempt from federal tax under Exemption No. A 108077

8. The State of West Virginia may reject, revoke, or cancel this agreement or any part thereof, and, in the absence of provisions for liquidated damages as set forth in the body of this agreement shall have the right to recover any and all damages sustained as a result of the vendor's failure to perform, in whole or in part, the terms and conditions of this agreement. The State may withhold from any remittance due the vendor under the terms and conditions of this agreement an amount equal to the damages sustained by such failure of performance on the part of the vendor.

9. The Director of Purchasing reserves the right to cancel this contract upon fifteen (15) days written notice to the vendor, subject to the following qualifications

   a. Allowances may be made for delays in delivery or performance which are caused by shortages of materials or energy resources strikes or by other causes beyond the control of the vendor. Provided, however, that the cause of such delay must be direct and that the vendor must submit to the Director of Purchasing documented proof of the cause of any such delay.

   b. Notwithstanding the above provision, the Director of Purchasing reserves the right to cancel this contract forthwith if the commodities supplied as herein contracted for are of an inferior quality or if the commodities supplied are not in conformity with the specifications of the bid and contract herein. Any deviations from specifications indicated herein must be clearly pointed out; otherwise it will be considered that items offered are in strict compliance with these specifications and successful bidder will be held responsible therefor. Deviations must be explained in detail. Vendors offering items claimed as equal to those specified hereon, but which are not equal may be removed from the bidders list, at the option of the Director of Purchasing

10. PROVIDER agrees that it will comply with Title VI of the Federal Civil Rights Act of 1964 (P.L. 88-352) and the Regulations of the State of West Virginia, to the end that no person in the State, or in the United States, shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the Provider receives any recompense or other consideration of value either directly or indirectly, from the State; and HEREBY GIVES ASSURANCE THAT it will immediately take any measures necessary to effectuate this agreement.

    If any real property or structure thereon is provided or improved, this assurance shall obligate the Provider, or in the case of any transfer of such property, any transferee, for the period during which the real property or structure is used for a purpose for which any State payment is extended or for another purpose involving the provision of similar services or benefits. If any other goods or services are so provided, this assurance shall obligate the Provider for the period during which it supplies such goods or services.

    The Provider recognizes and agrees that such right to provide property, goods or services to the State will be extended in reliance on the representations and agreements made in this assurance, and that the State shall have the right to seek judicial enforcement of this assurance. This assurance is binding on the Provider, its successor, transferees, and assignee, or any authorized persons on behalf of the Provider

11. FAILURE OF SUCCESSFUL BIDDER TO MAKE DELIVERY AS QUOTED HEREIN WILL BE CONSIDERED SUFFICIENT CAUSE FOR CANCELLATION

12. VENDORS MUST BE PROPERLY REGISTERED WITH THE PURCHASING DIVISION

SMALL CITIES BLOCK GRANT

C O N T R A C T

BETWEEN

GOVERNOR'S OFFICE OF ECONOMIC AND COMMUNITY DEVELOPMENT

AND

FAYETTE COUNTY COMMISSION

THIS AGREEMENT, entered into this 15th day of December, 1983 by the West Virginia Department of Finance and Administration on behalf of the Governor's Office of Economic and Community Development, hereinafter called the "State" and the Fayette County Commission and its authorized officers, agents, and representatives, hereinafter called the "Grantee."

WITNESS THAT:

WHEREAS, the State has elected to administer the nonentitlement portion of the Community Development Block Grant Program as authorized by Title 1 of the Housing and Community Development Act of 1974 (Public Law 93-383) as amended subject to the regulations of the Department of Housing and Urban Development, 24 CFR Part 570, Subpart I and subject to the scope of the State of West Virginia Program Guidelines, receipt of which is hereby acknowledged by the Grantee.

WHEREAS, the State shall provide, in its method of distribution, for funding of multiyear grant commitments made by the Department of Housing and Urban Development to units of general local government in nonentitlement areas pursuant to Subpart F in federal Fiscal Years 1980 and 1981.

WHEREAS, the grantee has requested assistance from the State and has offered assurances that maximum feasible priority has been given to activities which will benefit low and moderate income families or aid in the prevention or elimination

of slums or blight, or to meet other community needs having a particular urgency because an existing condition poses a serious and immediate threat to the health and welfare of the community where other financial resources are not available to meet such needs.

NOW, THEREFORE, the parties hereto do mutually agree as follows:

1. Assistance to Grantee. The State shall obligate, to the Grantee, from funds allocated to the State by Grant Agreement B-83-DC-54-0001, $750,000 to perform such tasks hereafter described in the Scope of Services.

2. Scope of Services. The Grantee, or its designated agent, in accordance with the program guidelines to be used in the administration of the Small Cities Block Grant, and in accordance with the approved application of the Grantee which is attached hereto and made a part hereof as Attachment A, shall do, perform and carry out, in a satisfactory and proper manner all duties, tasks, and functions necessary to undertake the construction of a public water system within the Gauley River PSD including the construction of a water storage tank, water lines and appurtenances. Funds have also been included for related administrative costs.

3. Changes. The State and the Grantee, from time to time, may require changes in the Scope of the Services of the work to be performed hereunder. Such changes, including any increase or decrease in the amount of the Grantee's compensation and work to be performed, which are mutually agreed upon by and between the State and the Grantee, shall be incorporated in written amendments to this Contract.

4. Time of Performance. The Grantee will commence its duties under this Contract on November 29, 1983 and such duties shall be undertaken and completed in such sequences as to assure their expeditious completion in light of the purpose

ORIGINAL

of the Contract but, in any event, all of the services required hereunder shall be completed by November 29, 1985. Completion date of this Contract may only be extended by mutual written agreement of both parties.

5. Construction Within Twelve Months. The Grantee shall have the project under construction within twelve months after execution of this agreement by both parties. The Grantee further understands that if the project is not under construction within a twelve-month period that it must resubmit its application at which time the State will reevaluate its obligation to provide funds for the project.

6. Administrative Requirements and Procedures.

(A) Personnel. The Grantee represents that it has or will secure personnel with the necessary qualifications and experience required to perform the services under this Contract. Such personnel shall not be employees of or have any contractual relationship with the State.

(B) Applicable Law. The Grantee shall comply with all the restrictions, conditions, and requirements of Title I of the Housing and Community Development Act of 1974 (Public Law 93-383), as amended, and with all applicable State and federal laws and regulations in administering and distributing funds provided under this agreement including, but not limited to, the following:

(1) P.L. 88-352: Refers to Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et. seq.) which provides that no person in the United States shall, on the grounds of race, color, or national orgin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance. Implementing regulations are found in 24 CFR Part 1.

(2) P.L. 90-284. Refers to Title VIII of the Civil Rights Act of 1968 (42 U.S.C. 3601 et. seq.) popularly known as the Fair Housing Act. In

addition, Executive Order 11063, as amended by Executive Order 12259, and as implemented by 24 CFR Part 107 are applicable.

(3) Section 109 of P.L. 93-383 including the Age Discrimination Act of 1976 (U.S.C. 6101 et. seq.) and Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) shall apply.

(4) Section 110 of P.L. 93-383 requires compliance with the Davis-Bacon Act, as amended (40 U.S.C. 276a - 276a-5). By reason of the foregoing requirement, the Contract Work Hours and Safety Standards Act (40 U.S.C. 327 et. seq.) also applies. In addition, the West Virginia Act on Construction of Public Improvements, Article 5A, Chapter 21 of the West Virginia Code applies.

(5) Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) requiring that to the greatest extent feasible opportunities for employment and training be given to lower income persons residing within the unit of local government in which the project is located and that contracts for work in connection with the project be awarded to eligible business concerns which are located in, or owned in substantial part by, persons residing in the same area. The Grantee shall adopt a Section 3 plan to assure good faith efforts towards compliance with the statutory directive.

(6) Title IV of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4831) prohibits the use of lead based paints in residential structures.

(7) The Grantee agrees to assume all of the responsibilities for environmental review, decision making and action as specified and required in regulations issued by the Secretary of Housing and Urban Development pursuant to Section 104(f) of the Act and published in 24 CFR Part 58. In addition to assuming responsibility for NEPA (P.L. 91-190), the Grantee must take into account, where applicable, the criteria, standards, policies, and regulations of the following: (a) Historic Preservation Act of 1966; (b) Executive Order 11593;

(c) The Reservoir Salvage Act of 1960; (d) Flood Disaster Protection Act of 1973; (e) Executive Order 11988, Floodplain Management; (f) Executive Order 11990, Protection of Wetlands; (g) Coastal Zone Management Act of 1972; (h) the Safe Drinking Act of 1974; (i) the Endangered Species Act of 1973; (j) the Wild and Scenic Rivers Act of 1968; (k) the Clean Air Act; (l) Environmental Criteria and Standards (44 FR 40860-40866, July 12, 1979). Before committing any funds (other than for exempt activities) the Grantee must certify to the State that it has complied with all requirements and obligations that are set forth by 24 CFR Part 58.

(8) The State and the Grantee will comply with the provisions of Department of Treasury Circular 1075 and the State's Small Cities Grants Management Handbook, as revised, in the process of requesting funds from the State's Letter of Credit.

(C) Accounting. The Grantee will establish a separate account for the proper recording of project costs in accordance with generally-accepted cost accounting principles and procedures so as to reflect all receipts and allowable expenditures in connection with the said project and the purpose thereof.

(D) Audit. The Grantee agrees to retain all accounts, documents, and records for a period of not less than three years following the project completion. The Grantee shall cause all receipts and disbursements to be audited by a licensed public accountant and such receipts, expenditures, and records shall also be subject to audit by proper State and federal agencies. Audits shall be completed in accordance with the standards established by the Comptroller General for the audit of government organizations, programs, activities, and functions.

(E) Access to Records. The Grantee shall, at any time during normal business hours, and as often as the State or its designated representatives deem necessary, make available for examination all records, books, accounts, reports,

files, and other papers, things or property, of the Grantee with respect to the matters covered by this Contract.

(F) Repayment. The Grantee shall refund to the State or federal government any expenditures determined to be made for an ineligible purpose for which federal funds were received.

(G) Competitive Bid Procedures. All procurement transactions, including professional services, regardless of whether negotiated or advertised and without regard to dollar value, shall be conducted in a manner that provides maximum open and free competition. The Grantee shall solicit sealed bids for all construction-related contracts or supplies related to this project which have an estimated value of over $5,000. Any attempts by the Grantee to segregate the project into sections having an estimated value of less than $5,000 may be cause for termination of an agreement under the provisions of Paragraph 8.

These bids shall be obtained by public notice as a Class II legal advertisement in compliance with the provisions of Article Three, Chapter Fifty-Nine of the Code of West Virginia. This notice shall be published by the Grantee in the newspaper with the largest circulation serving the general area twice within fourteen days next preceding the final date of submitting bids. The Grantee shall, also, where feasible, solicit sealed bids by listing the project in the F. W. Dodge Reports, sending requests by mail to prospective suppliers or contractors, and by posting notice on a bulletin board in a public place. The Grantee shall have available, upon request for review by the State or its designated representative, bid documents and other evidence of compliance with these procedures.

(H) Bonding and Insurance. Except as otherwise required by law, a grant that requires the contracting or subcontracting for construction of facility improvements shall provide for the Grantee to follow its own requirements relating

to bid guarantees, performance bonds, and payment bonds unless the contract or subcontract exceeds $100,000. If the contracts or subcontracts exceed $100,000, the minimum bonding and insurance requirements shall be as follows:

a. A bid guarantee from each bidder equivalent to five percent of the bid price. This bid guarantee shall consist of a firm commitment such as bid bond, certified check, or other negotiable instrument accompanying a bid that the bidder will, upon acceptance of the bid, execute the contractual documents as may be required within the time specified.

b. A performance bond on the part of the contractor for 100 percent of the contract price. This performance bond shall be executed by the successful contractor in connection with a contract to secure fulfillment of the contractor's obligations under such contract.

c. A payment on the part of the contractor for 100 percent of the contract price. This payment bond shall be executed in connection with a contract to assure payment as required by law of all persons supplying labor or materials in the execution of the work provided for in the contract.

(I) Facilities Operation. The Grantee shall operate and maintain all facilities to which the general public has right of access constructed under the auspices of this Contract in accordance with minimum standards as may be required or prescribed by the applicable federal, State and local statute, law, ordinance, or regulation as to actual construction procedures, as well as maintenance and operation of such facilities upon completion.

(J) Interest of Members of the State and Others. No officer, member or employee of the State, or officer, member or employee of the Grantee who exercises any function or responsibilities in the review or approval of the undertaking or carrying out of this project, shall participate in any decision relating to this Contract which, during his tenure or for one year thereafter, affects his

personal interest or the interest of any corporation, partnership, or association in which he is directly or indirectly interested or has any personal or pecuniary interest. No officer, member, or employee of, the Grantee or any member of its governing body, or officer, member, or employee of the Contractor shall have any interest, direct or indirect, in this Contract or the proceeds thereof.

7. Method of Payment. In order to receive any and all payments under the terms of this agreement, the Grantee shall submit a Letter of Transmittal containing a progress report, and a Request for Payment-Financial Report. Upon receipt of said documents, the State shall review the same for reasonableness, appropriateness and eligiblity, and if approved, will cause a warrant to be made on that sum to the Grantee for authorized expenditures from the State's Letter of Credit with the Department of Housing and Urban Development.

8. Termination of Contract for Cause. If, through any cause, the Grantee shall fail to fulfill in a necessary and proper manner his obligations under this Contract, or if the Grantee shall violate any of the covenants, agreements, or stipulations of this Contract, the State shall thereupon have the right to terminate this Contract by giving written notice to the Grantee of such termination and specifying the effective date thereof, at least fifteen days before the effective date of such termination. The Grantee shall be entitled to receive just and equitable compensation for any satisfactory work completed on the described project.

Notwithstanding the above, the Grantee shall not be relieved of liability to the State for damages sustained by the State by virtue of any breach of the Contract by the Grantee, and the State may withold any payments to the Grantee for the purpose of set-off until such time as the exact amount of damages due the State from the Grantee is determined.

9. Termination for Convenience of the State. The State may terminate this Contract at any time by giving written notice to the Grantee of such termination and specifying the effective date of termination. If the Contract is terminated by the State as provided herein, the Grantee will be paid an amount which bears the same ratio to the total compensation as the services actually performed bear to the total services of the Grantee covered by this Contract, less payments of compensation previously made.

10. Termination by the Grantee. The Grantee may unilaterally rescind this agreement at any time prior to the commencement of the project. After project commencement, this agreement may be rescinded, modified, or amended only by mutual agreement. A project shall be deemed commenced when the State makes any expenditure or incurs any obligation with respect to the project.

11. Performance Reports. A Grantee who has not requested a drawdown of funds during the preceding quarter shall submit a Quarterly Performance Report to the State on the first day of April, July, October, and January.
A final Performance Report shall be submitted to the State within sixty (60) days after the close of the grant period. Said Performance Report shall be made on the forms provided by the State and meet the requirements of said report as set forth in the previously-referred to Program Guidelines of the State of West Virginia.

12. Closeout. Shall be completed when the State: 1) is in receipt of a Final Performance Report; and 2) the program audit is completed and any findings are resolved.

13. Resolution of Disputes. Resolution of disputes between the State and the Grantee concerning administrative and programmatic matters during the terms of this agreement shall be initiated through consultation and discussion at the

State's Administrative Offices with final decision on question of policy or fact being determined by the Director of GOECD or his designated representative. Nothing in this Agreement shall be constructed as making the final decision on a question of law, or to limit in any manner any remedies or recourses available under applicable laws.

14. Notice. The parties hereto agree that notice shall be served when mailed certified U.S. Mail to the following address:

Governor's Office of Economic
and Community Development
Building 6, Room 553-B
State Capitol Complex
Charleston, West Virginia 25305

FAYETTE COUNTY COMMISSION

Fayette County Courthouse

Fayetteville, West Virginia 25840

Grantee Mailing Address

[WITNESSETH] that the parties hereto have entered their signatures hereafter with each representing to the other that the execution of this agreement is down with full authority and that attached hereto and made a part hereof as Attachment B, is a certified copy of the resolution, motion, or similar action of the governing body of the Grantee directing and authorizing its official representative to act in connection with this agreement.

FAYETTE COUNTY COMMISSION
Grantee

By: Charles M. Vicker, President

STATE OF WEST VIRGINIA
GOVERNOR'S OFFICE OF ECONOMIC
AND COMMUNITY DEVELOPMENT

Miles Dean, Director

Fred Cutlip, Director
Community Development Division

STATE OF WEST VIRGINIA
Department of Finance and
Administration

Arnold T. Margolin, Commissioner

Approved as to the Provisions
and Terms of the State of
West Virginia
Department of Finance and
Administration
Purchasing Division

Glen R. Cummings, Director

Approved as to form the 28
day of Feb 1984.

CHAUNCEY H. BROWNING, JR.

BY: Attorney General

In: County Commission of Fayette County, West Virginia

With regard to: Approval of Small Cities Block Grant

Witness that: Contract between the Fayette County Commission and Governor's Office of Economic and Community Development

Whereas, the Fayette County Commission is a local government body operating under the Constitution and statutes of the State of West Virginia and pursuant to Chapter 7, Article 1, Section 1 of the Code of West Virginia may be contracted with or contract on behalf of said County;

Whereas, Mr. Charles M. Vickers being a member of the Fayette County Commission was duly elected and is actively holding the office of President of said Commission;

Whereas, the Governor's Office of Economic and Community Development having approved certain financial grants-in-aid for Fayette County in which the Fayette County Commission has been named as grantee, has tendered certain agreements (attached hereto as Exhibit A) for approval by said Commission;

Now Therefore be it hereby resolved and made publicly known that, Mr. Charles M. Vickers, acting in his capacity as President of the Fayette County Commission is hereby empowered to enter into contracts and agreements and pursuant to Chapter 7 do whatever is necessary to perfect this order and carry out the terms of the agreements.

Charles M. Vickers, President

John H. Lopez

John H. Lopez, Commissioner

James E. Lively

James E. Lively, Commissioner

Given under our hand this 15th day of December, 1983.

Attest:

H. E. Janney

Howard E. Janney, Clerk
County Commission of Fayette County

SMALL CITIES PROGRAM
SECTION I
PROJECT SUMMARY

1. Original ___
Amendment #2
Date ___

2. Name of Eligible Unit
Fayette County Commission

3. F.E.I.N.
55-600-0314

4. Address of applicant
Fayette County Courthouse
Fayetteville, WV 25840

5. Name/address/telephone/contact person
Mr. Charles M. Vickers
Fayette County Courthouse
Fayetteville, WV 25840
(304) 574-1200

6. Name of project
Gauley River PSD Water System

7. County
Fayette

8. Region
IV

9. COMPONENT ACTIVITIES List activities and cost as shown in Section IV-A a	SMALL CITIES FUNDS REQUESTED b	OTHER FUNDS INVOLVED c	d	TOTAL PROJECT AMOUNT e
ADMINISTRATION	$ -0-	Fay. Co. Comm.	$ 15,000	$ 15,000
Water System Const.	749,000	Fay. Co. Comm.	135,000	884,000
		Nicholas Co. Comm.	40,000	40,000
Engineering	-0-	Nicholas Co. Comm.	37,000	37,000
		Loan	100,000	100,000
Audit	1,000			1,000
TOTAL	$ 750,000	$ --	$ 327,000	$ 1,077,000

10. Status of other funds (if applicable attach verification of status):

11. Relationship to Program Objective (check where applicable)

- [x] Benefit to low/moderate income persons.
- [ ] Existing conditions pose a serious and immediate threat to health and welfare where other financial resources are not available to meet such needs.
- [ ] Aid in the prevention or elimination of blighted or deteriorated areas.

12. Median household income project area:
$ 12,383 ☐ Survey
Low income persons served
198 % 36%
Moderate income persons served:
121 % 22%

13. Signature.

To the best of my knowledge and belief, data in this proposal is true and correct, the submission thereof has duly been authorized by the governing body and the applicant will comply with the attached assurances if assistance is provided.

Typed Name: Richard W. Bragg
Title: Administrator, Fayette County Commission
Signature: Richard W. Bragg, for CAV
Date: 02-03-84

SMALL CITIES PROGRAM
SECTION II

PROBLEMS AND NEEDS ASSESSMENT

1. NAME OF APPLICANT

Fayette County Commission

2. NAME OF PROJECT

Gauley River PSD Water Syste

PART A: To be completed by all applicants:

1. 1980 population of applicant: 57,863

2. Absolute number of persons impacted by this proposal: 3,500

3. Percentage of population impacted by the proposal: 6.04

PART B: (See Instructions) Complete Problems and Needs Assessment for each functional category for which assistance is being sought.

1. Functional Category:

Community Facilities

2. Statement of Problems and Needs:

The Gauley River PSD communities of Brownsville and Alta, Fayette County and Belva, Nicholas County are, at present, without a public water system. This project area is located about ten (10) miles from the Mouth of the Gauley River, which flows into the Kanawha River. The majority of the residents live along Gauley River and depend upon wells, springs, or cisterns for their water supply. These supplies are very high in mineral content and are often polluted with river seepage. The proposed project will provide service to a population of approximately 3,500 with the construction of a storage tank, water lines and appurtenances.

The proposed water system will stimulate the existing businesses and create an industrially attractive environment. Without public water, the area will not meet fire fighting requirements and therefore, few new local housing projects will ever become a reality. A public water system will provide a safe, dependable water supply for those homes already located in the area and an opportunity for others to develop.

The proposed user fees for the water system is $7.50 per 1,000 gallons with a minimum of 3,000 gallons. The minimum user fee would be $22.50 per month. (See Attached Engineering Report)

Attach additional pages if necessary

See additional pages

Local resources have been committed by the Nicholas and Fayette County Commissions totalling $327,000. The PSD filed a FmHA application on May 27, 1982, for $100,000 of assistance. (Letters attached).

To resolve Gauley River PSD's water problems, the Fayette County Commission proposes to construct a water distribution system with a 250,000 gallon water storage tank at Belva to serve the area. The PSD plans to purchase their water from Kanawha Falls PSD. The Kanawha River provides this system with its water supply. The water intake is currently located 500 to 1,000 feet from any sewer line effluent. However, in September of 1982, the Kanawha Falls PSD sewer system will be operational which will eliminate effluent near the water intake.

The Kanawha Falls water plant is located at Falls View and is a regional distribution plant. The plant has three (3) licensed operators currently. All are Class II operators.

The Kanawha Falls PSD files monthly reports with the State Health Department and weekly samples are tested by the Health Department. This exemplifies concurrence with West Virginia State standards. This water system has had no outages in the past year.

The Kanawha Falls PSD water system is only one year old with some main lines still being constructed. With the 250,000 gallon storage tank at Belva, Kanawha Falls PSD can adequately provide public water for the Gauley River PSD.

SMALL CITIES PROGRAM

SECTION III

A. PROPOSED PROGRAM

1. Name of Applicant
Fayette County Commission

2. X Original, Date August 31, 198-

__ Amendment # __,

Date: _____

3. ACTIVITY a	LOCATION b	Description of work to be completed c	Amount of funds Requested d
01	Fayette County ED 11 Nicholas County ED 25	Construction of a public water system including a 250,000 gallon storage tank located at Belva, water lines and appurtenances. Communities served are Brownsville, Alta, and Belva.	$1,071,000
02		Administration	5,000
03		Program Audit	1,000

SMALL CITIES PROGRAM

SECTION III

C. IMPACT OF PROPOSED PROGRAM

1. Name of Applicant

Fayette County Commission

2. Name of project

Gauley River PSD Water System

Describe the extent to which the project will meet the needs identified in Section II and the project objective(s) cited in Section I.

The construction of the Gauley River PSD Water System will alleviate a serious problem to the residents of the area. The public water system will provide a highly dependable and adequate water source that will meet fire safety requirements. The residents of the area will no longer be forced to use the unclean and high-mineral concentrated water from wells, springs and cisterns that are often polluted by river seepage. With a more adequate water supply, the area's living conditions will be enhanced and will allow the local economy to expand.

This water system project will assist low and moderate income persons. The Gauley River PSD is located in Fayette County ED 11 and Nicholas County ED 25. The median family income for the PSD is $6,979 and compares to a statewide median income of $7,415 in 1970.

The proposed project consists of the construction of a new water storage tank located in Belva, water lines and appurtenances. These facilities will serve the communities of Belva, Brownsville and Alta. The majority of the residents live along Gauley River. With no public sewers, the threat of sewage seepage into wells is present and the water tables have been lowered by deep mining in the area. With the construction of this water system, the area's serious water problems will be solved with a safe and dependable source of water. People will no longer have to fear that their wells may become polluted or even go dry without any notice due to mining in the local area.

With an adequate supply of water, new industries will be able to stimulate the area's economy and reduce unemployment. Fire fighting safety requirements will be met with the water system. By constructing the proposed project, there will be a water system that can meet all these needs for future economic growth within the area by supplying domestic water, and fire protection.

SMALL CITIES PROGRAM

SECTION III

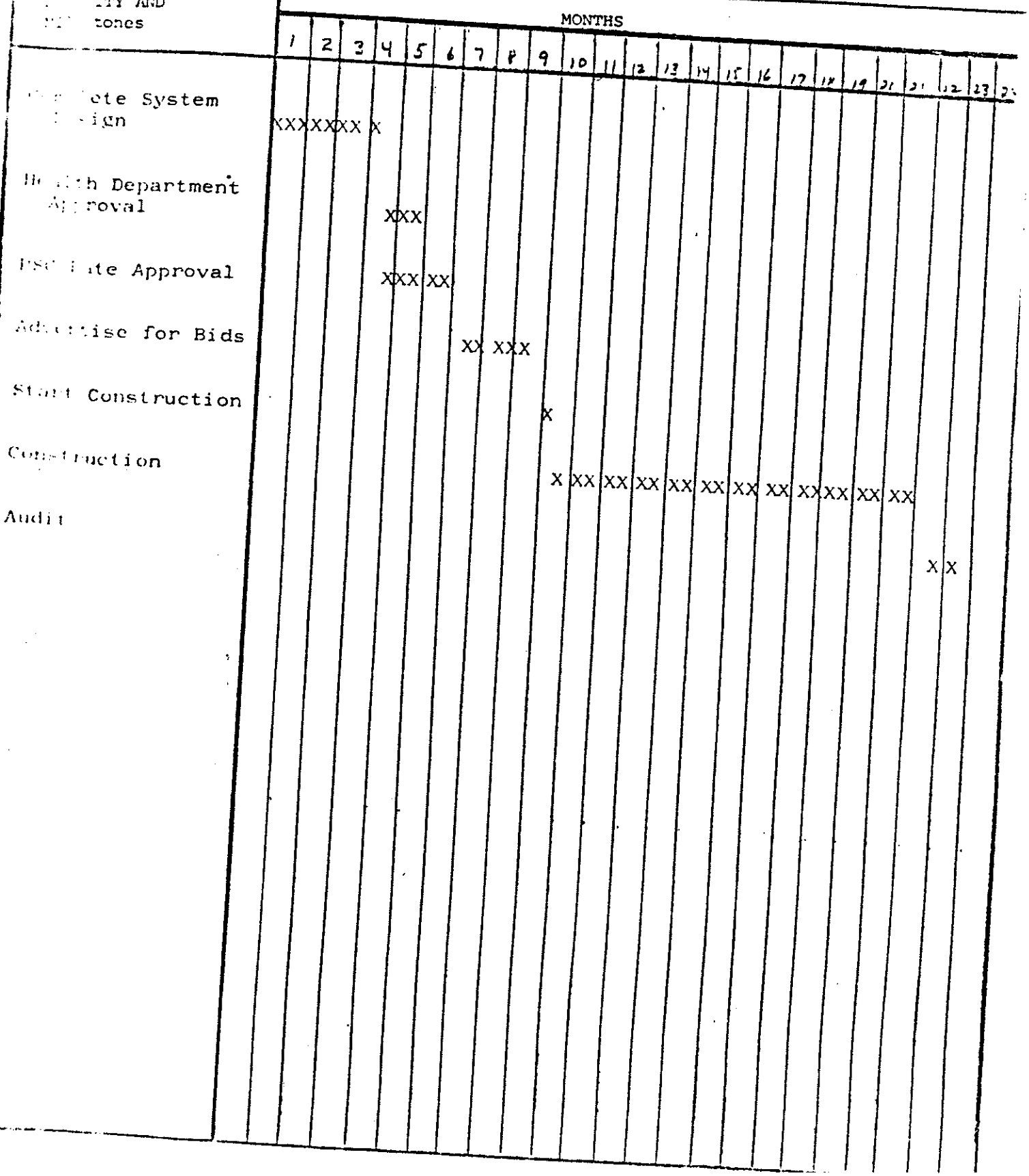
D. IMPLEMENTATION SCHEDULE

1. Name of applicant: Fayette County Commission

2. X Original

___ Amendment # ___

Date: August 20, 1982



SMALL CITIES PROGRAM

SECTION IV

A. PROPOSED PROJECT ACTIVITIES

1. Name of applicant: Fayette County Commission

2. Original
Amendment # 1
Date: 4-25-83

3. Activity a	Location b	State Use Only c	Description of work to be completed d	Small Cities funds Requested
ADMINISTRATION	Nicholas Co. ED 157 Fayette Co. ED 1019; ED 1021		Fayette County Commission	$ 0
			LINE NO. 1	
CONSTRUCTION	ED 157, ED 1019, ED 1021,		31,000 lf. 8" pipe	434,000
			10 ea. 8" Gate Valve	5,000
			200 lf. Casing for 8" Pipe B & J	14,000
			16 ea. Fire Hydrants	19,200
			1 ea. Blow-off Valve	300
			TOTAL LINE NO. 1	$472,500
			LINE NO. 2	
			1,500 lf. 6" pipe	15,000
			2 ea. 6" Gate Valve	700
			50 lf. Casing for 6" Pipe B & J	3,000
			2 ea. Fire Hydrant	2,400
			1 ea. Blow-off Valve	300
			TOTAL LINE NO. 2	$ 21,400
			LINE NO. 3	
			1,200 lf. 2" pipe	7,200
			2 ea. 2" Gate Valve	450
			25½ lf. Casing for 2" Pipe B & J	1,150
			1 ea. Blow-off Valve	300
			TOTAL LINE NO. 3	$ 9,100
			BOOSTERS, TANKS AND METERS	
			200 ea. 3/4" x 5/8" Meter Assemblies	50,000
			5,000 lf. 3/4" Service Line, Laid	30,000
			2,000 lf. 3/4" Service Line, Encased	16,000
			1 ea. Booster Station	50,000
			1 ea. 120,000 Gallon Tank	100,000
			TOTAL BOOSTERS, TANKS AND METERS	$246,000
AUDIT	ED 157, 1019, 1021			1,000
			TOTAL	$750,000

SMALL CITIES PROGRAM

SECTION IV

B. PROPOSED BUDGET

1. Name of Applicant

2. Original
Amendment # 2
Date

COST CLASSIFICATION a	SMALL CITIES FUNDS b	OTHER FUNDS 1/ c	TOTAL FUNDS d
A. Administration (limited to 10%) 2/		15,000	15,000
B. Architectural/Engineering/ Professional Services 3/		137,000	137,000
C. Land Acquisition Costs		10,000	10,000
D. Relocation Payments/Assistance			
E. Demolition/Clearance Activities			
F. Construction Improvements	749,000	165,000	914,000
G. Housing Rehabilitation Improvements			
H. Housing Rehabilitation Specialist			
I. Planning (for community planning programs only)			
J. Other			
Audit	1,000		1,000
K. Subtotal			
L. Less: Program Income			
M. Total Project Cost	750,000	327,000	1,077,000

1/ Attach documentation regarding the current status of these funds.
2/ Complete budget for administration on back of this page.
3/ Attach listing of services and itemized costs.

CATEGORY	SMALL CITIES FUNDS	OTHER FUNDS	TOTAL
Personnel (Itemize by position, salary, and # of months)		11,500	11,500
Fringe benefits @ 20 %		2,300	2,300
Travel		300	300
Office Supplies (include printing)		200	200
Telephone		125	125
Utilities			
Consultant Services*			
Other* *Legal Advertisements*		575	575
Project Audit	1,000		1,000
Total Administrative Cost	1,000	15,000	16,000

NOTE: MUST INCLUDE COST FOR AUDIT IN ALL CASES

*Attach a separate sheet itemizing

SMALL CITIES PROGRAM SECTION IV ATTACHMENTS	1. Name of Applicant Fayette County Commission 2. Name of Project Gauley River PSD Water System

ATTACHMENT	ENCLOSED	FOR STATE USE
1. Environmental Assessment	Enclosed	
2. Title VI Compliance Form	Enclosed	
3. State Historic Preservation Officer Review	Enclosed	
4. Flood Plain Map and Certification	Enclosed	
5. Evidence of Public Participation	Enclosed	
6. Review Statement of Regional Planning and Development Council	Enclosed	
7. Copy of resolution authorizing the filing of the application	Enclosed	
8. For projects designed to alleviate a threat of health and welfare, attach documentation of the threat and certification that other resources are not available to resolve the threat	N/A	

On this the 15th day of April, 1983, the Fayette County Commission meeting in a regularly called session and having been advised that the area of Fayette County that is located within the boundaries of the Gauley River Public Service District is and has been without a proper water collection, treatment, and distribution system, does hereby resolve to file a Small Cities Block Grant application, including all understandings and assurances contained therein, with the Governor's Office of Economic and Community Development for the purpose of requesting matching funds for the development of a water distribution system for said District;

And be it further resolved that Mr. Charles M. Vickers, member of the Fayette County Commission, is an official representative of said Commission and is authorized and directed to act on behalf of the Commission in connections with the filing of the aforesaid application.

FAYETTE COUNTY COMMISSION

Charles M. Vickers, President

John H. Lopez, Commissioner

James E. Lively, Commissioner

PART V
Assurances

Community Development Block Grant
Small Cities Program

The applicant hereby assures and certifies that:

A. It possesses legal authority to apply for the grant, and to execute the proposed program.

B. Its governing body has duly adopted or passed as an official act a resolution, motion or similar action authorizing the filing of the application, including all understandings and assurances contained therein, and directing and authorizing the person identified as the official representative of the applicant to act in connection with the application and to provide such additional information as may be required.

C. It has provided the Regional Planning and Development Council an opportunity to review the proposed project, and

1. Any comments and recommendations made by or through clearinghouses are attached and have been considered prior to submission of the application; or

2. The required procedures have been followed, and no comments or recommendations have been received.

D. It has:

1. Provided citizens with an opportunity to particate in the determination of priorities in community development and housing needs.

2. Provided adequate notices of public meetings.

3. Has held hearings on the proposed application before adoption of a resolution or similar action by the local governing body authorizing the filing of the application.

4. Will provide for citizen participation in the planning, implementation and assessment of the Community Development Program including the development of the Final Performance Report and the submission of views to the State.

E. Its chief executive officer or other officer:

1. Consents to assume the status of a responsible federal official under the National Environmental Policy Act of 1969.

2. Authorizes and consents on behalf of the applicant and himself to accept the jurisdiction of the federal courts for the purpose of enforcement of his responsibilities as such an official.

F. The Community Development Program has been developed so as to give maximum feasible priority to activities which will benefit low and moderate income families or aid in the prevention or elimination of slums or blight.

The State may approve an application where the applicant certifies, and the State determines, that all or part of the Community Development Program activities are designed to meet other community development needs having a particular urgency because an existing condition poses a serious and immediate threat to the health and welfare of the community.

G. It will comply with the regulations, policies, guidelines and requirements of the Grants Management Handbook as they relate to the application, acceptance and use of funds under this part.

H. It will administer and enforce the labor standards requirement set forth in S570.605 and HUD regulations issued to implement such requirements.

I. It will comply with all requirements by State and/or federal government concerning special requirements of law, program requirements, and other administrative requirements.

J. It will comply with the provisions of Executive Order 11296, relating to evaluation of flood hazards and Executive Order 11288 relating to the prevention, control and abatement of water pollution.

K. It will require every building or facility (other than a privately owned residential structure) designed, constructed, or altered with funds provided under this part to comply with the "American Standard Specifications for Making Buildings and Facilities Accessible to, and Usable by, the Physically Handicapped," Number A-117.1-R 1971, subject to the exceptions contained in 41 CFR 101-19.604. The applicant will be responsible for conducting inspections to insure compliance with these specifications by the contractor.

L. It will comply with:

1. Title VI of the Civil Rights Act of 1964 (Pub. L. 88-352), and the regulations issued pursuant thereto (24 CFR Part 1), which provides that no person in the United States shall on the grounds of race, color, or national origin be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the applicant receives federal financial assistance and will immediately take any measures necessary to effectuate this assurance. If any real property or structure thereon is provided or improved with the aid of federal financial assistance extended to the applicant, this assurance shall obligate the applicant or, in the case of any transfer of such property, any transferee, for the period during

which the real property or structure is used for a purpose for which the federal financial assistance is extended, or for another purpose involving the provision of similar services or benefits.

2. Title VIII of the Civil Rights Act of 1968 (Pub. L. 90-284), as amended, administering all programs and activities relating to housing and community development in a manner to affirmatively further fair housing; and will take action to affirmatively further fair housing in the sale or rental of housing, the financing of housing, and the provision of brokerage services.

3. Section 109 of the Housing and Community Development Act of 1974, and the regulations issued pursuant thereto (24 CFR Part 570.601), which provides that no person in the United States shall, on the grounds of race, color, national origin, or sex, be subjected to discrimination under any program of activity funded in whole or in part with funds provided including discrimination on the basis of age under the Age Discrimination Act of 1975 or with respect to an otherwise qualified handicapped individual as provided in Section 504 of the Rehabilitation Act of 1973.

4. Executive Order 11063 on equal opportunity in housing and non-discrimination in the sale or rental of housing built with federal assistance.

5. Executive Order 11246, and the regulations issued pursuant thereto (24 CFR Part 130 and 41 CFR Chapter 60), which provides that no person shall be discriminated against on the basis of race, color, religion, sex or national origin in all phases of employment during the performance of federal or federally-assisted construction contracts. Contractors and subcontractors on federal and federally assisted construction contracts shall take affirmative action to insure fair treatment in employment up-grading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training and apprenticeship.

M. It will comply with Section 3 of the Housing and Urban Development Act of 1968, as amended, requiring that to the greatest extent feasible opportunities for training and employment be given to lower income residents of the project area and contracts for work in connection with the project be awarded to eligible business concerns which are located in, or owned in substantial part by persons residing in, the area of the project.

N. It will:

1. To the greatest extent practicable under State law, comply with Sections 301 and 302 of Title III (Uniform Real Property Acquisition Policy) of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and will comply with Section 303 and 304 of Title III, and HUD implementing instructions at 24 CFR Part 42; and

2. Inform affected persons of their rights and of the acquisition policies and procedures set forth in the regulations at 24 CFR Part 42 and S570.602(b).

O. It will:

1. Comply with Title II (Uniform Relocation Assistance) of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 2970 and HUD implementing regulations at 24 CFR Part 42 and S570.602(a);

2. Provide relocation payments and offer relocation assistance as described in Section 205 of the Uniform Relocation Assistance Act to all persons displaced as a result of acquisition of real property for an activity assisted under the Small Cities Program. Such payments and assistance shall be provided in a fair, consistent and equitable manner that ensures the relocation process does not result in different or separate treatment of such persons on account of race, color, religion, national origin, sex or source of income;

3. Assure that, within a reasonable period of time prior to displacement, comparable decent, safe and sanitary replacement dwellings will be available to all displaced families and individuals and that the range of choices available to such persons will not vary on account of their race, color, religion, national origin, sex, or source of income; and

4. Inform affected persons of the relocation assistance, policies and procedures set forth in the regulations at 24 CFR Part 42 and S570.602(a).

P. It will establish safeguards to prohibit employees from using positions for a purpose that is, or gives the appearance of being, motivated by a desire for private gain for themselves or others, particularly those with whom they have family, business, or other ties.

Q. It will comply with the provisions of the Hatch Act which limits the political activity of employees.

R. It will give the State of West Virginia, HUD and the Comptroller General through any authorized representatives access to and the right to examine all records, books, papers, or documents related to the grant.

S. It will insure that the facilities under its ownership, lease or supervision which shall be utilized in the accomplishment of the program are not listed on the Environmental Protection Agency's (EPA) List of Violating Facilities and that it will notify the State of the receipt of any communication from the Director of the EPA Office of Federal Activities indicating that a facility to be used in the project is under construction for listing by the EPA.

T. It will comply with the flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973, Pub. L. 93-234, 87 Stat. 975, approved December 31, 1973. Section 103(a) required on and after March 2, 1974, the purchase of flood insurance in communities where such insurance is available as a condition for the receipt of any federal financial assistance for construction or acquisition purposes for use in any area that has been identified by the Secretary of the Department of Housing and Urban Developmant as an area having special flood hazards. The phrase "federal financial assistance" includes any form of loan, grant, guaranty, insurance payment, rebate, subsidy, disaster assistance loan or grant, or any other form of direct or indirect federal assistance.

U. It will, in connection with its performance of environmental assessments under the National Environmental Policy Act of 1969, comply with Section 106 of the National Historic Preservation Act of 1968 (16 U.S.C. 470), Executive Order 11593, and the Preservation of Archeological and Historical Data Act of 1966 (16 U.S.C. 469a-11 et. seq.) by:

1. Consulting with the State Historic Preservation Officer to identify properties listed in or eligible for inclusion in the National Register of Historic Places that are subject to adverse effects (see 36 CFR Part 800.8) by the proposed activity, and

2. Complying with all requirements established by HUD to avoid or mitigate adverse effects upon such properties.

V. It will provide and maintain competent and adequate architectural engineering supervision and inspection at all construction sites to insure that the completed work conforms with the approved plans and specifications and that all contract provisions have been complied with.

W. It will assume responsibility to insure that all program funds are accounted for consistent with program objectives, and all federal, State, and local laws and regulations.

X. It will cause the project to be audited by an independent auditor and will promptly refund to the state any funds received not supported by audit.

Signature

August 20, 1982
Date

STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

JOHN D. ROCKEFELLER IV
GOVERNOR

November 29, 1983

Dear Charlie,

I am pleased to advise you that I am approving $750,000 from the Small Cities Block Grant Program to the Fayette County Commission for the Gauley River Public Service District water system.

This commitment is based upon the project's contribution to low and moderate income persons and the elimination of an existing water problem which poses a threat to the health of the community. You should note that the project must be underway within twelve months to avoid loss of these funds.

You will be contacted by my Office of Economic and Community Development. They have been instructed to initiate the action necessary to insure that all required federal documentation and guidelines required by the United States Department of Housing and Urban Development are met and will assist you in the necessary procedures for implementing this project.

Your efforts to provide services primarily to low and moderate income persons are commendable.

Sincerely,

John D. Rockefeller IV

Honorable Charles Vickers
President, Fayette County Commission
Fayette County Courthouse
Fayetteville, West Virginia 25840

ORDER

On this the 30th day of April, 1986, the Fayette County Commission meeting in a regularly called session and acting pursuant to an inter-governmental agreement between said Commission and the Gauley River Public Service District dated and acting pursuant to the documents attached hereto and made a part thereof, does hereby order that the bid awards for the construction of the Gauley River Public Service District water storage, treatment and delivery system be given to:

Trimble Engineers and Constructors, Inc.
Post Office Box 6687
Charleston, West Virginia 25302

and

Rover Construction, Inc.
Post Office Box 27
St. Albans, West Virginia 25177

FAYETTE COUNTY COMMISSION

James E. Lively, President

John H. Lopez, Commissioner

RESOLUTION

Be it resolved that the Fayette County Commission ratifies and confirms The Gauley River Public Service District's award of Contract B to Trimble Engineers and Constractors, Inc., for $100,700 and Contract A to Rover Construction, Inc., for $863,080. These contracts were awarded on April 14, 1986.

James E. Lively, President

John H. Lopez, Commissioner

John L. Witt, Commissioner

West Virginia, County of Fayette:
I, H. E. JANNEY, Clerk of the County Commission of Fayette County, West Virginia, hereby certify that the foregoing is a true copy from the records of my office.

In Testimony Whereof, I hereunto place my hand and affix my seal of said Commission this the .... day of APR. 30 1986

H. E. JANNEY, Clerk

By Deputy

ORDER

On this the 30th day of April, 1986, the Fayette County Commission meeting in a regularly called session and acting pursuant to an intergovernmental agreement between said Commission and the Gauley River Public Service District dated and acting pursuant to the documents attached hereto and made a part thereof, does hereby order that the bid awards for the construction of the Gauley River Public Service District water storage, treatment and delivery system be given to:

Trimble Engineers and Constructors, Inc.
Post Office Box 6687
Charleston, West Virginia 25302

and

Rover Construction, Inc.
Post Office Box 27
St. Albans, West Virginia 25177

FAYETTE COUNTY COMMISSION

James E. Lively, President

John H. Lopez, Commissioner

John L. Witt, Jr., Commissioner

RESOLUTION

Be it resolved that the Fayette County Commission ratifies and confirms The Gauley River Public Service District's award of Contract B to Trimble Engineers and Constractors, Inc., for $100,700 and Contract A to Rover Construction, Inc., for $863,080. These contracts were awarded on April 14, 1986.

James E. Lively

James E. Lively, President

John H. Lopez

John H. Lopez, Commissioner

John L. Witt

John L. Witt, Commissioner

West Virginia, County of [illegible]
I, H. E. [illegible] of Fayette
County [illegible] is a
true [illegible]
[illegible] and affix
my seal [illegible]
APR 30 1986
[illegible] Deputy

ORDER

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James E. Lively

James E. Lively, President

John H. Lopez

John H. Lopez, Commissioner

John L. Witt

John L. Witt, Commissioner

West Virginia, County of Fayette
I, H. E. JANNEY, [illegible] Commission of Fayette
County, West Virginia [illegible] foregoing is a
true copy [illegible]
In testimony [illegible] and affix
my seal of [illegible]

APR 30 1986

Merriam McCormick [illegible]

(a)

WDA-5
(November 1985)

RECEIVED
JAN 13 1986
WATER DEVELOPMENT AUTHORITY

LOAN AGREEMENT

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

W I T N E S S E T H:

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

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

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

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

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

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

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

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

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

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

(c) The Governmental Agency shall have received bids for the construction of the Project which are in an amount

and otherwise compatible with the plan of financing described in the Application, and the Authority shall have received a certificate of the Consulting Engineers to such effect;

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

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

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

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

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

the Loan by purchasing the Local Bonds in the principal amount and at the price set forth in Schedule X hereto. The Local Bonds shall have such further terms and provisions as described in Article IV hereof.

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the Authority, which written notice shall be given not less than five (5) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority and the Governmental Agency. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority.

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

ARTICLE IV

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

4.1 The Governmental Agency shall, as one of the conditions of the Authority to make the Loan, authorize the issuance of and issue the Local Bonds pursuant to an official

action of the Governmental Agency in accordance with the Local Statute, which shall, as enacted, contain provisions and covenants in substantially the form as follows:

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

(b) Covenants substantially as follows:

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

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

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

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

(v) That the Governmental Agency shall not issue any other obligations payable from the

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE V

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

5.1 The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Governmental Agency hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Loan, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System, as

set forth in the Local Act and in compliance with the provisions of Subsection 4.1(b)(ii) hereof.

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

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

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

ARTICLE VI

Other Agreements of the Governmental Agency

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

6.2 At the option of the Authority, the Governmental Agency shall issue and sell to the Authority additional, subordinate bonds to evidence the Governmental Agency's obligation to repay to the Authority any grant received by the Governmental Agency from the Authority in excess of the amount

to which the Governmental Agency is entitled pursuant to applicable policies or rules and regulations of the Authority. Also at the option of the Authority, the Governmental Agency may issue and sell to the Authority additional, subordinate bonds for such purposes as may be acceptable to the Authority.

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

ARTICLE VII

Miscellaneous

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

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

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

7.4 This Loan Agreement may be executed in one or more counterparts, any of which shall be regarded for all

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

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

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

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

7.8 This Loan Agreement shall terminate upon the earlier of:

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

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

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

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

Gauley River Public Service District
[Proper Name of Governmental Agency]

(SEAL)

By Russell G Bunning
Its Chairman

Attest: Date: 12-18-85

Its Secretary

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL) By
Director

Attest: Date: FEB 20 1986

Secretary-Treasurer

WDA-5X
(August 1985)

SCHEDULE X
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds $_____

Purchase Price of Local Bonds $_____

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

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

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

EXHIBIT 1

DEBT SERVICE SCHEDULE

TABLE I

GAULEY RIVER PUBLIC SERVICE DISTRICT
Analysis of 7.00% Borrowing Cost for Local Issuer

	1985 Series A Bonds					
Period Ending 10/1	Coupon	Principal	Interest	Debt Service	Zero Coupon Bonds	Total
1986	9.75%	0.00	4,739.92	4,739.92	0.00	4,739.92
1987	9.75%	0.00	12,014.93	12,014.93	0.00	12,014.93
1988	9.75%	361.00	12,014.93	12,375.93	1,615.72	13,991.65
1989	9.75%	396.00	11,979.73	12,375.73	1,614.44	13,990.17
1990	9.75%	435.00	11,941.12	12,376.12	1,614.44	13,990.56
1991	9.75%	477.00	11,898.71	12,375.71	1,614.44	13,990.15
1992	9.75%	523.00	11,852.20	12,375.20	1,614.44	13,989.64
1993	9.75%	574.00	11,801.21	12,375.21	1,614.44	13,989.65
1994	9.75%	630.00	11,745.24	12,375.24	1,614.44	13,989.68
1995	9.75%	692.00	11,683.82	12,375.82	1,614.44	13,990.26
1996	9.75%	759.00	11,616.35	12,375.35	1,614.44	13,989.79
1997	9.75%	833.00	11,542.34	12,375.34	1,614.44	13,989.78
1998	9.75%	915.00	11,461.13	12,376.13	1,614.44	13,990.57
1999	9.75%	1,004.00	11,371.91	12,375.91	1,614.44	13,990.35
2000	9.75%	1,102.00	11,274.02	12,376.02	1,614.44	13,990.46
2001	9.75%	1,209.00	11,166.58	12,375.58	1,614.44	13,990.02
2002	9.75%	1,327.00	11,048.70	12,375.70	1,614.44	13,990.14
2003	9.75%	1,456.00	10,919.32	12,375.32	1,614.44	13,989.76
2004	9.75%	1,598.00	10,777.36	12,375.36	1,614.44	13,989.80
2005	9.75%	1,754.00	10,621.55	12,375.55	1,614.44	13,989.99
2006	9.75%	1,925.00	10,450.54	12,375.54	1,614.44	13,989.98
2007	9.75%	2,113.00	10,262.85	12,375.85	1,614.44	13,990.29
2008	9.75%	2,319.00	10,056.83	12,375.83	1,614.44	13,990.27
2009	9.75%	2,545.00	9,830.73	12,375.73	1,614.44	13,990.17
2010	9.75%	2,793.00	9,582.59	12,375.59	1,614.44	13,990.03
2011	9.75%	3,066.00	9,310.28	12,376.28	1,614.44	13,990.72
2012	9.75%	3,364.00	9,011.34	12,375.34	1,614.44	13,989.78
2013	9.75%	3,692.00	8,683.35	12,375.35	1,614.44	13,989.79
2014	9.75%	4,053.00	8,323.38	12,376.38	1,614.44	13,990.82
2015	9.75%	4,448.00	7,928.21	12,376.21	1,614.44	13,990.65
2016	9.75%	4,881.00	7,494.53	12,375.53	1,614.44	13,989.97
2017	9.75%	5,357.00	7,018.64	12,375.64	1,614.44	13,990.08
2018	9.75%	5,879.00	6,496.33	12,375.33	1,614.44	13,989.77
2019	9.75%	6,453.00	5,923.13	12,376.13	1,614.44	13,990.57
2020	9.75%	7,082.00	5,293.96	12,375.96	1,614.44	13,990.40
2021	9.75%	7,772.00	4,603.46	12,375.46	1,614.44	13,989.90
2022	9.75%	8,530.00	3,845.69	12,375.69	1,614.44	13,990.13
2023	9.75%	9,362.00	3,014.02	12,376.02	1,614.44	13,990.46
2024	9.75%	10,275.00	2,101.22	12,376.22	1,614.44	13,990.66
2025	9.75%	11,276.00	1,099.41	12,375.41	1,614.44	13,989.85
		123,230.00	363,801.56	487,031.56	61,350.00	548,381.56

TABLE II

GAULEY RIVER PUBLIC SERVICE DISTRICT
Analysis of 7.00% Borrowing Cost for Local Issuer

	1985 Series A Bonds			
Period Ending 10/1	Coupon	Principal	Interest	Debt Service
1986	9.75%	0.00	4,739.92	4,739.92
1987	9.75%	0.00	12,014.93	12,014.93
1988	9.75%	361.00	12,014.93	12,375.93
1989	9.75%	396.00	11,979.73	12,375.73
1990	9.75%	435.00	11,941.12	12,376.12
1991	9.75%	477.00	11,898.71	12,375.71
1992	9.75%	523.00	11,852.20	12,375.20
1993	9.75%	574.00	11,801.21	12,375.21
1994	9.75%	630.00	11,745.24	12,375.24
1995	9.75%	692.00	11,683.82	12,375.82
1996	9.75%	759.00	11,616.35	12,375.35
1997	9.75%	833.00	11,542.34	12,375.34
1998	9.75%	915.00	11,461.13	12,376.13
1999	9.75%	1,004.00	11,371.91	12,375.91
2000	9.75%	1,102.00	11,274.02	12,376.02
2001	9.75%	1,209.00	11,166.58	12,375.58
2002	9.75%	1,327.00	11,048.70	12,375.70
2003	9.75%	1,456.00	10,919.32	12,375.32
2004	9.75%	1,598.00	10,777.36	12,375.36
2005	9.75%	1,754.00	10,621.55	12,375.55
2006	9.75%	1,925.00	10,450.54	12,375.54
2007	9.75%	2,113.00	10,262.85	12,375.85
2008	9.75%	2,319.00	10,056.83	12,375.83
2009	9.75%	2,545.00	9,830.73	12,375.73
2010	9.75%	2,793.00	9,582.59	12,375.59
2011	9.75%	3,066.00	9,310.28	12,376.28
2012	9.75%	3,364.00	9,011.34	12,375.34
2013	9.75%	3,692.00	8,683.35	12,375.35
2014	9.75%	4,053.00	8,323.38	12,376.38
2015	9.75%	4,448.00	7,928.21	12,376.21
2016	9.75%	4,881.00	7,494.53	12,375.53
2017	9.75%	5,357.00	7,018.64	12,375.64
2018	9.75%	5,879.00	6,496.33	12,375.33
2019	9.75%	6,453.00	5,923.13	12,376.13
2020	9.75%	7,082.00	5,293.96	12,375.96
2021	9.75%	7,772.00	4,603.46	12,375.46
2022	9.75%	8,530.00	3,845.69	12,375.69
2023	9.75%	9,362.00	3,014.02	12,376.02
2024	9.75%	10,275.00	2,101.22	12,376.22
2025	9.75%	11,276.00	1,099.41	12,375.41
		123,230.00	363,801.56	487,031.56

Smith Barney, Harris Upham & Co.
Incorporated

January 24, 1986

TABLE III

GAULEY RIVER PUBLIC SERVICE DISTRICT
Analysis of 7.00% Borrowing Cost for Local Issuer

Period Ending 10/1	Zero Coupon Bonds
1986	0.00
1987	0.00
1988	1,615.72
1989	1,614.44
1990	1,614.44
1991	1,614.44
1992	1,614.44
1993	1,614.44
1994	1,614.44
1995	1,614.44
1996	1,614.44
1997	1,614.44
1998	1,614.44
1999	1,614.44
2000	1,614.44
2001	1,614.44
2002	1,614.44
2003	1,614.44
2004	1,614.44
2005	1,614.44
2006	1,614.44
2007	1,614.44
2008	1,614.44
2009	1,614.44
2010	1,614.44
2011	1,614.44
2012	1,614.44
2013	1,614.44
2014	1,614.44
2015	1,614.44
2016	1,614.44
2017	1,614.44
2018	1,614.44
2019	1,614.44
2020	1,614.44
2021	1,614.44
2022	1,614.44
2023	1,614.44
2024	1,614.44
2025	1,614.44
	61,350.00

Smith Barney, Harris Upham & Co.
Incorporated

January 24, 1986

SCHEDULE Y
REVENUES

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

(i) to pay Operating Expenses of the System;

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

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

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

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

SCHEDULE Z

Additional and Supplemental Definitions

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

2. "System" means the public service properties for the diversion, development, pumping, impounding, treatment, storage, distribution or furnishing of water to or for the public for industrial, public, private or other uses, owned by the Governmental Agency, and any improvements or extensions thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

Additional Conditions and Covenants

1. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall have obtained, among other permits required, a permit from the West Virginia Department of Health.

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

> That the Governmental Agency will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the services and facilities of the System to all users of services of the System delinquent in payment of charges for the services of the System and will not restore the services of the System until all delinquent charges for the services of the System have been fully paid.

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

RECEIVED
JAN 13 1986
WATER DEVELOPMENT AUTHORITY

(b)

WDA-Supp. 5
(November 1985)

SUPPLEMENTAL LOAN AGREEMENT

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

W I T N E S S E T H:

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

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

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

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

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

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

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

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

ARTICLE I

Definitions; Loan Agreement

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE III

Conditions to Supplemental Loan; Issuance of Supplemental Bonds

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

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

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

(c) The Governmental Agency shall have received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application, and the Authority shall have received a certificate of the Consulting Engineers to such effect;

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

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

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

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

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

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

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

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

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

ARTICLE IV

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

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4.4 The Supplemental Loan shall not bear interest.

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

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

ARTICLE V

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

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

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

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

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

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

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

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

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

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

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

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

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

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

Gauley River Public Service District
[Proper Name of Governmental Agency]

(SEAL)

By Russell H. Duerring
Its Chairman

Attest:

Date: 12-18-85

Its Secretary

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By
Director

Attest:

Date: FEB 20 1986

Secretary-Treasurer

WDA-Supp. 5X
(November 1985)

SCHEDULE X
DESCRIPTION OF SUPPLEMENTAL BONDS

Principal Amount of Supplemental Bonds $_____

Purchase Price of Supplemental Bonds $_____

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

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

EXHIBIT 1

DEBT SERVICE SCHEDULE

TABLE I

GAULEY RIVER PUBLIC SERVICE DISTRICT
Analysis of 7.00% Borrowing Cost for Local Issuer

Period Ending 10/1	1985 Series A Bonds					
	Coupon	Principal	Interest	Debt Service	Zero Coupon Bonds	Total
1986	9.75%	0.00	4,739.92	4,739.92	0.00	4,739.92
1987	9.75%	0.00	12,014.93	12,014.93	0.00	12,014.93
1988	9.75%	361.00	12,014.93	12,375.93	1,615.72	13,991.65
1989	9.75%	396.00	11,979.73	12,375.73	1,614.44	13,990.17
1990	9.75%	435.00	11,941.12	12,376.12	1,614.44	13,990.56
1991	9.75%	477.00	11,898.71	12,375.71	1,614.44	13,990.15
1992	9.75%	523.00	11,852.20	12,375.20	1,614.44	13,989.64
1993	9.75%	574.00	11,801.21	12,375.21	1,614.44	13,989.65
1994	9.75%	630.00	11,745.24	12,375.24	1,614.44	13,989.68
1995	9.75%	692.00	11,683.82	12,375.82	1,614.44	13,990.26
1996	9.75%	759.00	11,616.35	12,375.35	1,614.44	13,989.79
1997	9.75%	833.00	11,542.34	12,375.34	1,614.44	13,989.78
1998	9.75%	915.00	11,461.13	12,376.13	1,614.44	13,990.57
1999	9.75%	1,004.00	11,371.91	12,375.91	1,614.44	13,990.35
2000	9.75%	1,102.00	11,274.02	12,376.02	1,614.44	13,990.46
2001	9.75%	1,209.00	11,166.58	12,375.58	1,614.44	13,990.02
2002	9.75%	1,327.00	11,048.70	12,375.70	1,614.44	13,990.14
2003	9.75%	1,456.00	10,919.32	12,375.32	1,614.44	13,989.76
2004	9.75%	1,598.00	10,777.36	12,375.36	1,614.44	13,989.80
2005	9.75%	1,754.00	10,621.55	12,375.55	1,614.44	13,989.99
2006	9.75%	1,925.00	10,450.54	12,375.54	1,614.44	13,989.98
2007	9.75%	2,113.00	10,262.85	12,375.85	1,614.44	13,990.29
2008	9.75%	2,319.00	10,056.83	12,375.83	1,614.44	13,990.27
2009	9.75%	2,545.00	9,830.73	12,375.73	1,614.44	13,990.17
2010	9.75%	2,793.00	9,582.59	12,375.59	1,614.44	13,990.03
2011	9.75%	3,066.00	9,310.28	12,376.28	1,614.44	13,990.72
2012	9.75%	3,364.00	9,011.34	12,375.34	1,614.44	13,989.78
2013	9.75%	3,692.00	8,683.35	12,375.35	1,614.44	13,989.79
2014	9.75%	4,053.00	8,323.38	12,376.38	1,614.44	13,990.82
2015	9.75%	4,448.00	7,928.21	12,376.21	1,614.44	13,990.65
2016	9.75%	4,881.00	7,494.53	12,375.53	1,614.44	13,989.97
2017	9.75%	5,357.00	7,018.64	12,375.64	1,614.44	13,990.08
2018	9.75%	5,879.00	6,496.33	12,375.33	1,614.44	13,989.77
2019	9.75%	6,453.00	5,923.13	12,376.13	1,614.44	13,990.57
2020	9.75%	7,082.00	5,293.96	12,375.96	1,614.44	13,990.40
2021	9.75%	7,772.00	4,603.46	12,375.46	1,614.44	13,989.90
2022	9.75%	8,530.00	3,845.69	12,375.69	1,614.44	13,990.13
2023	9.75%	9,362.00	3,014.02	12,376.02	1,614.44	13,990.46
2024	9.75%	10,275.00	2,101.22	12,376.22	1,614.44	13,990.66
2025	9.75%	11,276.00	1,099.41	12,375.41	1,614.44	13,989.85
		123,230.00	363,801.56	487,031.56	61,350.00	548,381.56

TABLE II

GAULEY RIVER PUBLIC SERVICE DISTRICT
Analysis of 7.00% Borrowing Cost for Local Issuer

Period Ending 10/1	1985 Series A Bonds			
	Coupon	Principal	Interest	Debt Service
1986	9.75%	0.00	4,739.92	4,739.92
1987	9.75%	0.00	12,014.93	12,014.93
1988	9.75%	361.00	12,014.93	12,375.93
1989	9.75%	396.00	11,979.73	12,375.73
1990	9.75%	435.00	11,941.12	12,376.12
1991	9.75%	477.00	11,898.71	12,375.71
1992	9.75%	523.00	11,852.20	12,375.20
1993	9.75%	574.00	11,801.21	12,375.21
1994	9.75%	630.00	11,745.24	12,375.24
1995	9.75%	692.00	11,683.82	12,375.82
1996	9.75%	759.00	11,616.35	12,375.35
1997	9.75%	833.00	11,542.34	12,375.34
1998	9.75%	915.00	11,461.13	12,376.13
1999	9.75%	1,004.00	11,371.91	12,375.91
2000	9.75%	1,102.00	11,274.02	12,376.02
2001	9.75%	1,209.00	11,166.58	12,375.58
2002	9.75%	1,327.00	11,048.70	12,375.70
2003	9.75%	1,456.00	10,919.32	12,375.32
2004	9.75%	1,598.00	10,777.36	12,375.36
2005	9.75%	1,754.00	10,621.55	12,375.55
2006	9.75%	1,925.00	10,450.54	12,375.54
2007	9.75%	2,113.00	10,262.85	12,375.85
2008	9.75%	2,319.00	10,056.83	12,375.83
2009	9.75%	2,545.00	9,830.73	12,375.73
2010	9.75%	2,793.00	9,582.59	12,375.59
2011	9.75%	3,066.00	9,310.28	12,376.28
2012	9.75%	3,364.00	9,011.34	12,375.34
2013	9.75%	3,692.00	8,683.35	12,375.35
2014	9.75%	4,053.00	8,323.38	12,376.38
2015	9.75%	4,448.00	7,928.21	12,376.21
2016	9.75%	4,881.00	7,494.53	12,375.53
2017	9.75%	5,357.00	7,018.64	12,375.64
2018	9.75%	5,879.00	6,496.33	12,375.33
2019	9.75%	6,453.00	5,923.13	12,376.13
2020	9.75%	7,082.00	5,293.96	12,375.96
2021	9.75%	7,772.00	4,603.46	12,375.46
2022	9.75%	8,530.00	3,845.69	12,375.69
2023	9.75%	9,362.00	3,014.02	12,376.02
2024	9.75%	10,275.00	2,101.22	12,376.22
2025	9.75%	11,276.00	1,099.41	12,375.41
		123,230.00	363,801.56	487,031.56

Smith Barney, Harris Upham & Co.
Incorporated

January 24, 1986

TABLE III

GAULEY RIVER PUBLIC SERVICE DISTRICT
Analysis of 7.00% Borrowing Cost for Local Issuer

Period Ending 10/1	Zero Coupon Bonds
1986	0.00
1987	0.00
1988	1,615.72
1989	1,614.44
1990	1,614.44
1991	1,614.44
1992	1,614.44
1993	1,614.44
1994	1,614.44
1995	1,614.44
1996	1,614.44
1997	1,614.44
1998	1,614.44
1999	1,614.44
2000	1,614.44
2001	1,614.44
2002	1,614.44
2003	1,614.44
2004	1,614.44
2005	1,614.44
2006	1,614.44
2007	1,614.44
2008	1,614.44
2009	1,614.44
2010	1,614.44
2011	1,614.44
2012	1,614.44
2013	1,614.44
2014	1,614.44
2015	1,614.44
2016	1,614.44
2017	1,614.44
2018	1,614.44
2019	1,614.44
2020	1,614.44
2021	1,614.44
2022	1,614.44
2023	1,614.44
2024	1,614.44
2025	1,614.44
	61,350.00

Smith Barney, Harris Upham & Co.
Incorporated

January 24, 1986

SCHEDULE Y
REVENUES

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

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

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

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

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

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

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

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

SCHEDULE Z

Additional and Supplemental Definitions

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

2. "System" means the public service properties for the diversion, development, pumping, impounding, treatment, storage, distribution or furnishing of water to or for the public for industrial, public, private or other uses, owned by the Governmental Agency, and any improvements or extensions thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

Additional Conditions and Covenants

1. As a condition precedent to the Authority's making the Supplemental Loan, the Governmental Agency shall have obtained, among other permits required, a permit from the West Virginia Department of Health.

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

> That the Governmental Agency will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the services and facilities of the System to all users of services of the System delinquent in payment of charges for the services of the System and will not restore the services of the System until all delinquent charges for the services of the System have been fully paid.

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

The regular monthly meeting of The Gauley River Public Service District was held Wednesday, Jan. 8, 1936 at The Brownsville Holiness Church at Brownsville, W. Va. at 10:00 A.M.

Present were: Chairman Russell Deering Sec.- Louise Grimmett & Tres.- Sue Gray.

Visitor, Charles Keenan, Mayor of Gauley Bridge & Field Representative of The Treasurer of State of W. Va. He asked the district to consider to participate & invest in the Consolidated Fund established under the management of the State Board of Investments. He left papers & forms for the committee should they decide to invest at a later date.

Old & new business was discussed.

Election of officers was held. Chairman Russell Deering - Sec - Louise Grimmett & Tres - Sue Gray. Motion was made by Russell Deering & second by Sue Gray. Approved by committee.

Motion was made by Russell Deering to continue meetings on the second (2) Wed., of each month at 10:00 A.M. Seconded by Sue Gray. Approved by committee.

Fayette Co. Commission asked the Governor's office to extend the grant for the district. Was approved by the Governor until

June 1986.

Next meeting Feb., 12, 1986.

Meeting adjourned at 11:00. A.M.

Signed - Russell H Deering Chair.

CERTIFICATE OF TRUTH AND ACCURACY

I, the undersigned, as Secretary of the Gauley River Public Service District, do hereby certify that the foregoing document is a true and accurate copy of an official record of the Public Service District, such records being in the custody of the undersigned and that the action taken by the Public Service Board in the foregoing document remains in full force and effect and has not been amended or repealed.

Dated this 9th day of May, 1986.

Secretary

[SEAL]

BOND RESOLUTION

GAULEY RIVER PUBLIC SERVICE DISTRICT

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Exhibit A

Exhibit B

BOND RESOLUTION

Introduced on

April 30, 1986

Introduced by

Russell G. Deering

Passed by Board

April 30, 1986

A Resolution authorizing the acquisition and construction of, and operation and maintenance of, certain public service properties constituting water facilities all within the Gauley River Public Service District; authorizing the issuance of not more than $200,000 in aggregate principal amount of Waterworks Revenue Bonds, Series 1986, and not more than $100,000 in aggregate principal amount of Supplemental Subordinate Waterworks Revenue Bonds, Series 1986, of said Gauley River Public Service District to be used, along with other funds and moneys of, or available to, the Gauley River Public Service District which may be lawfully expended for such purposes, to finance the cost of such acquisition and construction, to pay interest during construction, to pay other costs in connection therewith and if determined by supplemental resolution to fund reserve accounts for such bonds; establishing rates for use of System; providing for the rights and remedies of and security for the owners of such bonds; and adopting other provisions related thereto.

Be It Resolved by the Public Service Board of the Gauley River Public Service District, situated in Fayette, Nicholas and Clay Counties, West Virginia:

ARTICLE I

DEFINITIONS, STATUTORY AUTHORITY AND FINDINGS

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

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

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

C. "Board" shall mean the public service board of the District.

D. "Bond Construction Trust Fund" shall mean the fund created by Section 4.01(3) hereof.

E. "Bondholder" or "Owner of the Bonds" or "Owner" or any similar term shall mean any person who shall be the registered owner of any outstanding Primary Bond or Supplemental Bond, as the case may be.

F. "Bonds" shall mean collectively, the Primary Bonds and the Supplemental Bonds, both as hereinafter defined.

G. "Chairman" shall mean the Chairman of the Public Service District or any acting chairman duly appointed by the District.

H. "Code" shall mean the Internal Revenue Code of 1954, as amended.

I. "Commission" shall mean the West Virginia Municipal Bond Commission or any other agency of the State of West Virginia which succeeds to the functions of the Commission.

J. "Consulting Engineers" shall mean Appalachian, Hart & Milam, Inc., Consulting Engineers, Dunbar, West Virginia, or any engineer or firm of engineers which shall at any time hereafter be retained by the District as Consulting Engineers for the System as hereinafter defined.

K. "Cost of Project" shall mean those costs described in Section 1.03(D) hereof to be a part of the cost of the acquisition and construction of the Project, as hereinafter defined.

L. "Depository Bank" shall mean the bank designated as such in the Supplemental Resolution, as hereinafter defined, and its successors and assigns.

M. "District" shall mean the Gauley River Public Service District.

N. "Event of Default" shall mean any occurrence or event specified in Section 8.01.

O. "FDIC" shall mean the Federal Depository Insurance Corporation or any successor thereto.

P. "Fiscal Year" shall mean each twelve month period beginning on July 1 and ending on the succeeding June 30.

Q. "Government Obligations" shall mean (i) direct obligations of, or obligations the timely payment of the principal of and interest on which is guaranteed by, the United States of America, (ii) evidences of ownership of a proportionate interest in specified direct obligations of, or specified obligations which are unconditionally and fully guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian and (iii) obligations, the sole source of the payment of the principal of and interest on which are obligations of the nature of those described in clause (i), which are irrevocably pledged for such purposes.

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

S. "Independent Accountants" shall mean any certified public accountant or firm of certified public accountants which shall be retained by the District as independent accountants for the System.

T. "Loan Agreement" shall mean the Loan Agreement between the Authority and the District, in substantially the form attached as Exhibit B hereto and incorporated herein by reference, providing for the purchase of the Primary Bonds originally authorized hereby from the District by the Authority.

U. "Net Revenues" shall mean the balance of the Gross Revenues remaining after deduction of Operating Expenses, as hereafter defined.

V. "Operating Expenses" shall mean the reasonable, proper and necessary costs of maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, fees and expenses of the Authority, fiscal agents, the Registrar and Paying Agent (both as hereinafter defined), other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles;

provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest, if any, 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.

W. "Original Bonds" or "Bonds originally authorized hereby" or similar phrases shall mean, collectively, the Primary Bonds and the Supplemental Bonds issued for the purpose of paying a portion of the Costs of the Project and for such other purposes permitted hereby and more particularly authorized by a resolution supplemental hereto.

X. "Outstanding," when used with reference to Bonds, whether Primary Bonds or Supplemental Bonds, and as of any particular date, describes all such Bonds theretofore having been and thereupon being authenticated and delivered except (i) any such Bond cancelled by the Registrar, at or prior to said date; (ii) any such Bond for the payment of which moneys, equal to its principal amount, with any interest to the date of maturity of any such Bonds, shall be in trust hereunder and set aside for such payment (whether upon or prior to maturity); (iii) any such 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, any such Bond registered to the District.

Y. "Parity Bonds" shall mean additional Bonds issued under the provisions and within the limitations prescribed by Section 6.08 hereof.

Z. "Paying Agent" shall mean the bank or banks or other entities designated in a resolution supplemental hereto.

AA. "Primary Bonds" shall mean the not more than $200,000 in aggregate principal amount of Waterworks Revenue Bonds, Series 1986, originally authorized by this Resolution and any pari passu additional Bonds hereafter issued within the terms, restrictions and conditions contained herein.

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

CC. "Project" shall mean the acquisition and construction of the new waterworks system described in Exhibit A attached hereto.

DD. "PSC" shall mean the Public Service Commission of West Virginia or any other agency of the State that succeeds the functions of the PSC.

EE. "Qualified Investments" shall mean and include 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; the Government National Mortgage Association; the Tennessee Valley Authority or the Washington Metropolitan Area Transit Authority;

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

(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) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (d), above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the owner of

such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties; and

(g) The "consolidated fund" (or any distinct portion thereof) managed by the West Virginia State Board of Investments pursuant to Article 6, Chapter 12 of the Code of West Virginia, 1931, as amended, provided that investments by such fund (or portion thereof) on behalf of the District may only be in Qualified Investments other than the those described in this paragraph (g).

FF. "Record Date" shall mean the 15th day of the month preceding any interest payment date (or, with respect to noninterest-bearing Bonds, any principal payment date) on the Bonds issued hereunder.

GG. "Registrar" shall mean the bank or banks or other entity designated as such in a resolution supplemental hereto.

HH. "Renewal and Replacement Fund" shall mean the fund created by Section 4.01(2) hereof.

II. "Reserve Account" shall mean the account in the Sinking Fund, as hereinafter defined, created by Section 4.02 (1)(a) hereof.

JJ. "Reserve Account Requirement" shall mean, as of any date of calculation, the maximum amount of principal and interest which will mature and come due on the Primary Bonds in the then current or any succeeding year.

KK. "Revenue Fund" shall mean the the fund created by Section 4.01(1) hereof.

LL. "Secretary" shall mean the Secretary of the District or any acting secretary duly appointed by the District.

MM. "Service Connection Fees" shall mean the fees, if any, paid by prospective customers of the System in order to connect thereto.

NN. "Sinking Fund" shall mean the fund created by Section 4.02(1) hereof.

OO. "State" shall mean the State of West Virginia.

PP. "Supplemental Bonds" shall mean the not more than $100,000 in aggregate principal amount of Supplemental Subordinate Waterworks Revenue Bonds, Series 1986, originally authorized by this Resolution and any pari passu additional Supplemental Bonds hereinafter issued within the terms, resolutions and conditions contained herein.

QQ. "Supplemental Loan Agreement" shall mean the Supplemental Loan Agreement between the Authority and the District, in substantially the form attached as Exhibit C hereto and incorporated herein by reference, providing for the purchase of the Supplemental Bonds originally authorized hereby from the District by the Authority.

RR. "Supplemental Reserve Account" shall mean the account established in the Supplemental Sinking Fund pursuant to Section 4.02(2)(a) hereof.

SS. "Supplemental Reserve Requirement" shall mean as of any date of calculation, the maximum amount of principal and interest, if any, which will become due on the Supplemental Bonds in the then current or any succeeding year.

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

UU. "Supplemental Sinking Fund" shall mean the fund established by Section 4.02(2) hereof.

VV. "System" shall mean the Project and any extensions, additions, betterments and improvements thereto hereafter acquired or constructed for said waterworks system from any sources whatsoever, both within and without said District.

WW. "WDA Loan Agreements" shall mean, collectively, the Loan Agreement and the Supplemental Loan Agreement.

XX. Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations. Words importing the masculine gender include all other genders.

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

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

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

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

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

A. The residents of the District have no public water service available to them, and the District has determined that their current sources of water are inadequate.

B. It is deemed necessary and desirable for the health, welfare and safety of the inhabitants of the District that there be acquired and constructed a waterworks system at an estimated cost of $1,174,980, in accordance with the plans and specifications prepared and revised by Consulting Engineers, which plans and specifications are on file with the District, and which Project is generally described in Exhibit A attached hereto and by this reference made a part hereof and has an estimated useful life in excess of forty (40) years.

C. The estimated revenues to be derived in each year after the enactment of this Resolution from the operation of said System will be sufficient to pay all the costs of the operation and maintenance of said System, the principal of and interest on the Original Bonds and all sinking fund and other payments provided for in this Resolution.

D. It is deemed necessary for the District to issue its Original Bonds to finance the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of the acquisition of any real property involved; the cost of the construction of the Project and any other expenses necessary, incidental, desirable or appurtenant to the acquisition and construction of the Project; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; expenses for fiscal or other agents in connection with the issuance of the Original Bonds; interest on the Primary Bonds prior to, during and for 6 months after completion of construction of the Project; and such other expenses as may be necessary or desirable to said acquisition and construction of the Project authorized by this Resolution and the financing authorized by this Resolution.

E. It is in the best interests of the District that its Original Bonds be sold to the Authority pursuant to the terms and provisions of the Loan Agreement and the Supplemental Loan Agreement between the District and the Authority.

F. There are not outstanding any obligations of the District which will rank prior to or on a parity with the Original Bonds as to lien and source of and security for payment.

G. The District has compiled with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Original Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a Certificate of Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal having expired.

Section 1.04. Resolution Constitutes Contract. In consideration of the acceptance of the Original Bonds and such other bonds authorized to be issued hereunder by those who shall own the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the District and such Bondholders, and the covenants and agreements herein set forth to be performed by said District shall be for the equal benefit, protection and security of the legal owners of any and all of such Primary Bonds or of such Supplemental Bonds, as the case may be, all of which Primary Bonds and Supplemental Bonds, respectively, shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds, as the case may be, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF PROJECT

Section 2.01. Authorization of Project. There is hereby authorized the acquisition and construction of the Project in accordance with plans and specifications therefor prepared by the Consulting Engineers.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF BONDS

Section 3.01. Authorization and Terms of Original Bonds. For the purpose of financing a portion of the costs of the acquisition and construction of the Project not otherwise provided for, there shall be issued the Original Bonds of the

Section 3.02. Execution of Bonds. Said Bonds shall be executed in the name of the District by the Chairman, and the seal of the District 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 District before the Bonds so signed and sealed have been 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 District by such person as at the actual time of the execution of such Bonds shall hold the proper office in the District, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.03. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.08, shall have been manually executed by the Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Resolution. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Registrar if manually signed by an authorized officer of the 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 3.04. 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 owner, 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 owner 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 District, through the Registrar, shall keep and maintain books for the registration and transfer of the Bonds.

Bonds shall be transferable only upon the books of the Registrar, by the 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 Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Bonds or transferring 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 cancelled by the Registrar. For every such exchange or transfer of Bonds, the 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 Registrar incurred in connection therewith, which sum or sums shall be paid by the District. The Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period beginning on the Record Date and ending on the day preceding the applicable interest payment date or principal payment date or, in the case of any proposed redemption of Bonds, on or after the date of the selection of Bonds to be redeemed.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bonds shall become mutilated or be destroyed, stolen or lost, the District may in its discretion issue and deliver, and the Registrar shall authenticate, a new Bond in exchange and substitution for such mutilated Bonds, upon surrender and cancellation of such mutilated Bonds, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Owner's furnishing the District and the Registrar proof of his ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the District and the Registrar may prescribe and paying such expenses as the District and the Registrar may incur. All Bonds so surrendered shall be cancelled by the Registrar and held for the account of the District. If such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the District may pay the same, upon being indemnified as aforesaid, and, if such Bond be lost, stolen, or destroyed, without surrender therefor.

Any such duplicate Bonds issued pursuant to this Section shall constitute original, additional contractual obligations on the part of the District, whether or not the lost, stolen or destroyed Bonds be at any time found by any one, and such duplicate Bonds shall be entitled to equal and proportionate benefits and rights as to lien and source of security for payment from the revenues pledged herein with all other Bonds issued hereunder provided that any such duplicate Bonds must be authenticated by the Registrar as set forth in Section 3.03 hereof.

Section 3.06. Bonds not to be Indebtedness of the District. The Bonds shall not, in any event, be or constitute an indebtedness of the District within the meaning of any constitutional or statutory provision or limitation, but shall

be payable solely from the Net Revenues derived from the operation of the System as herein provided. No Owner or Owners of any of the Bonds shall ever have the right to compel the exercise of the taxing power, if any, of the District to pay the Bonds or any interest thereon.

Section 3.07. Bonds Secured by Pledge of Net Revenues; Supplemental Bonds to be Junior and Subordinate to Primary Bonds. The payment of the debt service of all the Primary Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System. The payment of the debt service of all the Supplemental Bonds shall also be secured forthwith equally and ratably with each other by a lien on the Net Revenues derived from the System, but junior and subordinate to the lien on such Net Revenues in favor of the Owners of the Primary Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make the payments into the sinking funds and the reserve accounts therein and in the Renewal and Replacement Fund hereinafter established, are hereby irrevocably pledged to the payment of the principal of and any interest on the Bonds as the same become due.

Section 3.08. Form of Original Bonds. The text of the Primary Bonds and the Supplemental Bonds shall be of substantially the following tenor, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted by this Resolution or any subsequent resolution or ordinance adopted or enacted prior to the issuance thereof.

[FORM OF THE PRIMARY BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTIES OF FAYETTE, NICHOLAS AND CLAY
GAULEY RIVER PUBLIC SERVICE DISTRICT
WATERWORKS REVENUE BOND,
SERIES 1986

No. R-1 $123,230

KNOW ALL MEN BY THESE PRESENTS: That the GAULEY RIVER PUBLIC SERVICE DISTRICT, a public corporation organized and existing under the laws of, and a political subdivision of, the State of West Virginia in Fayette, Nicholas and Clay Counties of said State (the "District"), 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 One Hundred Twenty-three Thousand Two Hundred Thirty Dollars ($123,230), in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum of 9.75%.

The interest rate on each installment shall run from the date of this Bond until payment of such installment, and such interest shall be payable on the 1st day of April and the 1st day of October in each year beginning October 1, 1986. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of principal, is legal tender for the payment of public and private debts under the laws of the United States of America, at the principal corporate trust office of The Gauley National Bank, Gauley Bridge, West Virginia, as registrar and paying agent (the "Registrar"). The interest on this Bond is payable by check or draft mailed to the Authority at the address as it appears on the books of the Registrar on the 15th day of the month preceding an interest payment date or by such other method as shall be mutually agreeable so long as the Authority is 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 as otherwise provided by the Loan Agreement, dated as December 18, 1985, between the District and the Authority.

This Bond represents the entire series or is one of a series of bonds entitled "Waterworks Revenue Bonds", issued by the District in the aggregate principal amount of $123,230 (the "Bonds") to pay costs of acquisition and construction of a new public waterworks system of the District (the "Project") and to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), a Resolution duly adopted by the District on the 30th day of April, 1986, and a Supplemental Resolution adopted by the District on the 30th day of April, 1986 (collectively, the "Resolution"), and is subject to all the terms and conditions thereof. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Resolution.

This Bond is issued contemporaneously with the Supplemental Subordinate Waterworks Revenue Bonds, Series 1986 of the District (the "Supplemental Bonds"), issued in the

aggregate principal amount of $61,350, which Supplemental Bonds are junior and subordinate with respect to liens and sources of and security for payment of the Bonds of this issue.

This Bond is payable only from and secured by a first lien on and pledge of the Net Revenues (as defined in the Resolution) to be derived from the operation of the System, moneys in the Reserve Account created under the Resolution and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the District within the meaning of any constitutional or statutory provisions or limitations, nor shall the District be obligated to pay the same or the interest thereon except from said special fund provided from the Net Revenues, the moneys in the Reserve Account and unexpended Bond proceeds. Pursuant to the Resolution, the District 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 to provide for the reasonable expenses of operation, repair and maintenance of the System, _____

such percentage may be reduced to 110%. The District 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.

This Bond is transferable, as provided in the Resolution, only upon the books of the Registrar, kept for that purpose at the office 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, 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.

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 or to the appurtenant sinking fund, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the District, 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 District 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, the GAULEY RIVER PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be affixed and attested by its Secretary, and has caused this Bond to be dated May 2, 1986.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

THE GAULEY NATIONAL BANK,
as Registrar

By _____
Its Authorized Officer

Dated: _____

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

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

_____

_____

_____

_____

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

Dated: _____, _____.

_____

In the presence of:

_____

[FORM OF THE SUPPLEMENTAL BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTIES OF FAYETTE, NICHOLAS AND CLAY
GAULEY RIVER PUBLIC SERVICE DISTRICT
SUPPLEMENTAL SUBORDINATE WATERWORKS REVENUE BOND,
SERIES 1986

No. SR-1 $61,350

KNOW ALL MEN BY THESE PRESENTS: That the GAULEY RIVER PUBLIC SERVICE DISTRICT, a public corporation organized and existing under the laws of, and a political subdivision of, the State of West Virginia, in Fayette, Nicholas, and Clay Counties of said State, (the "District"), 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 respected assigns, the sum of Sixty-one Thousand three hundred fifty ($61,350), in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of principal, is legal tender for the payment of public and private debts under the laws of the United States of America, at the principal corporate office of The Gauley National Bank, Gauley Bridge, West Virginia, as registrar and paying agent (the "Registrar"). This Bond bears no interest.

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 as otherwise provided by the Supplemental Loan Agreement, dated December 18, 1985, between the District and the Authority.

This Bond represents the entire series or is one of a series of bonds entitled "Supplemental Subordinate Waterworks Revenue Bonds, Series 1986, issued by the District in the aggregate principal amount of $61,350 (the "Bonds") to pay costs of acquisition and construction of the new public waterworks system of the District (the "Project") and to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), a Resolution duly adopted by the District on the 30th day of April, 1986, and a Supplemental Resolution adopted by the District on the 30th day of April, 1986 (collectively, the "Resolution"), and is subject to all the terms and conditions thereof. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Resolution.

This Bond is issued contemporaneously with the Waterworks Revenue Bonds, Series 1986, of the District (the "Primary Bonds") issued in the aggregate principal amount of $123,230, which Primary Bonds rank prior with respect to liens and sources of and security for payment to the Bonds of this issue.

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

Net Revenues, the moneys in the Reserve Account and unexpended Bond proceeds. Pursuant to the Resolution, the District 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 to provide for the reasonable expenses of operation, repair and maintenance of the System, such percentage may be reduced to 110%. The District 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.

This Bond is transferable, as provided in the Resolution, only upon the books of the Registrar, kept for that purpose at the office 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, 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.

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; provided that such lien on moneys deposited in the Bond Construction Trust Fund created by the Resolution shall be subordinate to that of the Primary Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the District, 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 District for the prompt payment of the principal 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, the GAULEY RIVER PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be affixed and attested by its Secretary, and has caused this Bond to be dated May 2, 1986.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Supplemental Subordinate Waterworks Revenue Bonds, Series 1986 described in the within-mentioned Resolution and has been duly registered in the name of the registered owner set forth above.

THE GAULEY NATIONAL BANK,
as Registrar

By _____
Its Authorized Officer

Date: _____

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

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

_____

_____

_____

_____

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.09. Sale of Original Bonds; Execution of WDA Loan Agreements. The Original Bonds shall be sold to the Authority, pursuant to the respective terms and conditions of the WDA Loan Agreements. The District hereby ratifies and certifies the execution of the Loan Agreement by the Chairman and the Secretary. The WDA Loan Agreements are specifically incorporated into this Resolution.

ARTICLE IV

SYSTEM REVENUES AND APPLICATION THEREOF

Section 4.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created with and shall be held by the Depository Bank:

(1) Revenue Fund;

(2) Renewal and Replacement Fund; and

(3) Bond Construction Trust Fund.

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

(1) Sinking Fund;

(a) Within the Sinking Fund, the Reserve Account.

(2) Supplemental Sinking Fund;

(a) Within the Supplemental Sinking Fund, the Supplemental 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 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 District and the Depository Bank and used only for the purposes and in the manner herein provided.

(1) First, from the moneys in the Revenue Fund, the District shall pay all Operating Expenses of the System.

(2) Thereafter, from the money in the Revenue Fund, the District shall on the first day of each month, commencing seven months prior to the first date of payment of

interest on the Primary Bonds from Net Revenues, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Primary Bonds on the next ensuing semiannual interest payment date, with a credit to the deposit immediately preceding the interest payment for any amounts already on deposit therein.

(3) The District shall also, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Primary Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Primary Bonds on the next ensuing principal payment date, with a credit to the deposit immediately preceding the principal payment for any amounts already on deposit therein and not credited pursuant to paragraph (2) above.

(4) The District shall also, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Reserve Account, an amount equal to 1/120th of the Reserve Account Requirement; provided, that no further payments shall be made into the Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Reserve Account Requirement.

Moneys in the Sinking Fund shall be used only for the purposes of paying principal of and interest on the Primary Bonds as the same shall become due. Moneys in the Reserve Account in the Sinking Fund shall be used only for the purpose of paying principal of or interest on the Primary Bonds, as the same shall come due, when other moneys in the Sinking Fund are insufficient therefor, and for no other purpose. All investment earnings on moneys in the Reserve Account shall be transferred, not less than once each year, to the Bond Construction Trust Fund prior to completion of the Project and, thereafter, to the Sinking Fund.

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

(5) From the moneys remaining in the Revenue Fund, the District shall next, on the first day of each month, commencing the month succeeding the first full calendar month after completion of the Project, transfer to the Renewal and Replacement Fund a sum equal to 2-1/2% of the Gross Revenues

each month, exclusive of payments for account of the Reserve Account in the Sinking Fund. All funds in the Renewal and Replacement 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 VII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, or improvements or extensions to the System; provided, that any deficiency in the Reserve Account [except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required by Subsection 4.03(A)(4)] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(6) The District shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Supplemental Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Supplemental Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Supplemental Bonds on the next ensuing principal payment date, with a credit to the deposit or deposits immediately preceding the principal payment for any amounts already on deposit therein.

(7) The District shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Supplemental Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Supplemental Reserve Account, an amount equal to 1/120th of the Supplemental Reserve Requirement; provided, that no further payments shall be made into the Supplemental Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Supplemental Reserve Requirement.

Moneys in the Supplemental Sinking Fund shall be used only for the purposes of paying debt service on the Supplemental Bonds as the same shall become due. Moneys in the Supplemental Reserve Account in the Supplemental Sinking Fund shall be used only for the purpose of paying debt service on the Supplemental Bonds, as the same shall come due, when other moneys in the Supplemental Sinking Fund are insufficient therefor, and for no other purpose. All investment earnings on moneys in the Supplemental Reserve Account shall be transferred, no less than once each year, to the Bond Construction Trust Fund prior to completion of the Project, and thereafter to the Supplemental Sinking Fund.

Any withdrawals from the Supplemental Reserve Account which result in a reduction in the balance of the Supplemental Reserve Account to below the Supplemental Reserve Requirement

shall be subsequently restored from the first Net Revenues available after all required payments prescribed above have been made in full.

B. As and when additional Bonds ranking on a parity with the Primary Bonds or the Supplemental Bonds are issued, provision shall be made for additional payments into the respective Sinking Fund sufficient to pay any interest on such additional Parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective Reserve Account in an amount equal to the respective Reserve Requirement.

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

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

Moneys in the respective Reserve Accounts shall be invested and reinvested by the Commission in accordance with Article VII hereof.

The respective Sinking Funds, including the respective Reserve Accounts therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the respective Bonds and any additional Bonds ranking on a parity with either thereof 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 hereinabove 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 respective Sinking Funds, including the Reserve Accounts therein, and the Renewal and Replacement Fund during the following month or such longer period as shall be required by the Act, such excess shall be considered as surplus revenues (the "Surplus Revenue"). Surplus Revenues may be used for any lawful purpose of the District.

D. The District shall remit from the Revenue Fund to Commission or the Depository Bank, on such dates as the Commission or the Depository Bank, as the case may be, shall

require, such additional sums as shall be necessary to pay any Depository Bank's charges and the Paying Agent fees then due.

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

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

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

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

Section 4.04. Excess Bond Proceeds. The City shall place any excess proceeds from Bonds not required by the Project in the Reserve Account.

ARTICLE V

APPLICATION OF ORIGINAL BOND PROCEEDS; FUNDS AND ACCOUNTS

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

A. The amount of the proceeds which shall be at least sufficient to pay interest on the Primary Bonds for the period specified in the Supplemental Resolution shall be deposited in the Capitalized Interest Account created in Section 5.02 hereof; provided, that such period may not extend beyond the date which is six months after the estimated date of completion of construction of the Project.

B. The remaining moneys derived from the sale of the Original Bonds shall be deposited by the District in the Bond Construction Trust Fund.

Section 5.02. Bond Construction Trust Fund; Capitalized Interest Account. The Bond Construction Trust Fund shall be kept separate and apart from all other funds of the District and used and applied by the District solely for the payment of the Costs of the Projects, and for no other purposes whatsoever. The moneys in said fund shall be secured at all times by the deposit in such bank, as security, of direct obligations of the United States of America having a fair market value at least equal to the balance in said fund in excess of the amount insured by the FDIC. Any moneys not needed immediately for said purposes may, with the consent of the Consulting Engineers, be invested in Qualified Investments having maturities of not more than one year. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to, such purposes, then such unapplied proceeds shall be deposited by the District in the Reserve Accounts established pursuant to this Resolution and shall be used only as provided herein for said fund. 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 Owners of the Original Bonds with the lien on behalf of the Supplemental Bonds being subordinate to that of the Primary Bond.

Expenditures or disbursements from said Bond Construction Trust Fund, except for legal, fiscal and engineering expenses and expenses in connection with the issuance and sale of the Original Bonds, shall be made only after such expenditures or disbursements shall have been approved in writing by the Board and the Consulting Engineers.

There is hereby created and established within the Bond Construction Trust Fund a special account to be known as the "Capitalized Interest Account"; except as provided hereinafter, the funds of which account shall be kept separate and apart from all other funds of the District and used and applied to pay the interest on the Bonds during construction and for six months thereafter. Investment earnings on the Capitalized Interest Account shall be transferred monthly to the Bond Construction Trust Fund and used for Costs of the Project.

ARTICLE VI

ADDITIONAL COVENANTS OF THE DISTRICT

Section 6.01. General Covenants of the District. All the covenants, agreements and provisions of this Resolution shall be and constitute valid and legally binding covenants of the District and shall be enforceable in any court of competent jurisdiction by any Owner or Owners of the Bonds. In addition to the other covenants, agreements and provisions of this

Resolution, the District hereby covenants and agrees with the owners 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 District. The Bonds shall not be or constitute an indebtedness of the District within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the Net Revenues of the System, or from the respective Reserve Accounts, as herein provided. No Owner or Owners of any Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power, if any, of the District 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 all of the Primary Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on the Net Revenues derived from the operation of the System, and payment of the debt service of the Supplemental Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on said Net Revenues, but such lien shall be junior and subordinate to the lien on said Net Revenues in favor of the Primary Bonds, to the extent necessary to make the payments required under Section 4.03 of this Resolution. The Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest, if any, on the Bonds herein authorized, and to make the payments into the respective Sinking Funds, including the Reserve Accounts therein, and all other payments provided for in this Resolution, are hereby irrevocably pledged in the manner provided in this Resolution to the payment of the principal of and any interest on the Bonds herein authorized as the same become due and for the other purposes provided in this Resolution.

Section 6.04. Rates. The District hereby establishes the rates and charges of the System as set forth in Exhibit B hereto, said Exhibit B being incorporated herein and made a part hereof, said rates and charges being the rates and charges approved by the PSC 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 rates and charges shall be effective as prescribed by the rules and regulations of the PSC. The schedule of rates and charges shall at all times to 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 District 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 and maintenance of the System and (ii) to leave a balance each year equal to at least one hundred fifteen percent (115%) of the maximum amount required in any year for debt service on the Primary Bonds and the Supplemental Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Primary Bonds and prior to or on a parity with the Supplemental Bonds or, if the reserve accounts established for the payment of debt service on the Primary Bonds and for the payment of debt service on the Supplemental Bonds are funded, respectively, at an amount at least equal to the maximum amount of principal and interest which will come due on the Primary Bonds in any year or on the Supplemental Bonds in any year, as the case may be, and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, equal to at least one hundred ten percent (110%) of the maximum amount required in any year for debt service on the Primary Bonds and the Supplemental Bonds and any such prior or parity obligations.

Section 6.05. Completion, Operation and Maintenance. The District 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 this Resolution.

Section 6.06. Sale of the System. The System may be sold, mortgaged, leased, or otherwise disposed of only as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient fully to pay or redeem at or prior to maturity all the Bonds Outstanding. The proceeds from such sale, mortgage, lease or other disposition of the System shall immediately be remitted to the Commission for deposit in the Sinking Funds, and the District shall direct the Commission to apply such proceeds to the payment of principal and any interest at maturity of Bonds about to mature and to the redemption prior to maturity, at the earliest date permitted hereby and at the redemption price, of all other Outstanding Bonds. Any balance remaining after the redemption or payment of all the Bonds and interest thereon shall be remitted to the District by the 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 ten thousand dollars ($10,000), the District shall, in writing, 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 Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property shall be in excess of $10,000 but not in excess of $50,000, the District shall first, in writing, determine with the written approval of the Consulting Engineer 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, if it be so advised, by resolution duly adopted, approve and concur in such finding and 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, in excess of $10,000 and not in excess of $50,000, shall be remitted by the District to the Commission for deposit in the appropriate Sinking Funds and shall be applied only to the redemption of Bonds of the last maturities then outstanding or to the purchase of Bonds of the last maturities then outstanding at prices not greater than the redemption price of such Bonds; provided that as long as the Authority is the Owner of the Bonds, no Bonds may be redeemed without the Authority's written consent. Such payments of such proceeds into the Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this 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 fifty thousand dollars ($50,000) and insufficient to pay or redeem prior to maturity the Bonds then outstanding without the prior approval and consent in writing of the owners, or their duly authorized representatives, of sixty-six and two-thirds percent (66-2/3%) in amount of the Bonds then outstanding. The District shall prepare the form of such approval and consent for execution by the then Owners 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. The District shall not issue any other obligations whatsoever, except pari passu additional Bonds provided for in Section 6.08 hereof, 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 Supplemental Bonds or, if no Supplemental Bonds are outstanding, with the Primary Bonds; provided, however, that additional Parity Bonds may be issued as provided in Section 6.08 hereafter. All obligations hereafter 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 such revenues and in all other respects, to the Bonds to the extent such are Outstanding, and, so long as any Primary Bonds are Outstanding, all Parity Bonds on a parity with the Supplemental Bonds shall contain an express statement that such Parity Bonds 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 Primary Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the respective Reserve Accounts and the Renewal and Replacement Fund at the time of the issuance of such subordinate obligations have been made and are current.

Except as provided above, the 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 said pari passu additional Bonds, 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. No Parity Bonds payable out of the revenues of the System, shall be issued after the issuance of any Bonds pursuant to this Resolution, except under the conditions and in the manner herein provided.

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

Except as provided herein, no bonds on parity with the Primary Bonds shall be issued so long as any Supplemental Bonds are Outstanding. No Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Secretary a written statement by Independent Accountants, based upon the necessary investigation and certification by the Consulting Engineer, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided, from the System during any twelve (12) consecutive months within the eighteen (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 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 maximum debt service in any succeeding year on the following:

(1) The Original 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 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 any increase in rates enacted by the District, the time for appeal of which shall have expired prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Consulting Engineer, which shall be filed with 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 Engineer and the Independent Accountants as stated in a certificate jointly made and signed by the Consulting Engineer and 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 prior to issuance of such Parity Bonds.

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

All the covenants and other provisions of this Resolution (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the owners of the Primary Bonds and the owners of any Parity Bonds and of the owners of the Supplemental Bonds and the Parity Supplemental Bonds subsequently issued from time to time within the limitations of and in compliance with this Section. All the Primary Bonds, regardless of the time or times of their issuance, and all the

Supplemental Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their respective liens on the Net Revenues of the System, and their respective sources of and security for payment from said Net Revenues, without preference of any Primary Bond over any other or any Supplemental Bond over any other. The District 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.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the outstanding Primary Bonds and Supplemental Bonds on such revenues.

Parity Bonds shall be not issued at any time unless all the payments into the respective funds and accounts provided for in this Resolution and 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 the Parity Bonds.

Notwithstanding the foregoing, the District may issue 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.

With the written consent in advance of the Authority and anything to the contrary in Section 6.07 or this Section 6.08 notwithstanding, Bonds on a parity with the Primary Bonds and with the Supplemental Bonds may be authorized and issued by the District pursuant to Supplemental Resolution solely to complete the Project as described in the District's Program application to the Authority and in accordance with the plans and specifications, in the event that the Original Bonds should be insufficient, together with other funds lawfully available therefor, to pay all costs of acquisition and construction of the Project; provided, however, that, prior to the issuance of such 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 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 construction costs to complete the

Project, and the maturities of any such Parity Bonds shall be in years and amounts suggested by the Authority.

Section 6.09. Insurance. The District will carry such insurance and in such amounts as is customarily carried with respect to works and properties similar to the System, with a reputable insurance carrier or carriers, against loss or damage by fire, explosion, hurricane, earthquake, cyclone, occupancy or other hazards and risks. In time of war, the District shall also carry in said amount such insurance as may be available against loss or damage by the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repair and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund. The District will also carry liability insurance for damage or injury to persons or property in amounts adequate for such purposes and customarily carried with respect to works and properties similar to the System. The District shall carry such other insurance as is required by the Authority.

Section 6.10. Services Rendered to the District. The District will not render or cause to be rendered any free services of any nature by its System nor will any preferential rates be established for uses of the same class; and, in the event the District or any department, agency, instrumentality, officer or employee of the District shall avail itself or 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 such operation of the System.

Section 6.11. Enforcement of Collections. The District will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the services and facilities of the System to all users of the System delinquent in payments of charges for the services of the System and will not restore the services of the System until all delinquent charges for the services of the System have been fully paid. All such rates and charges, if not paid when due, shall become a lien on the premises served by the System.

Whenever any rates, rentals or charges for the services or 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 and the owner, user and property shall be held liable at law until such time as all such rates and charges are fully paid. The District further covenants and agrees that it will, to the full extent permitted by law, and any rules and regulations promulgated by the PSC applicable thereto, shut off and discontinue the water services and facilities of the System to all delinquent users of the System.

Section 6.12. No Competing Franchise. To the extent allowable by law, the District will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 6.13. 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 Owner 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 District relating thereto.

The accounting system for the System shall follow currently accepted accounting practices in accordance with the rules and regulations of the PSC and the Act. Separate control accounting records shall be maintained by the District. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books, and along with other bookkeeping records as prescribed by the District. The District 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 District shall be reported to such agent of the District as the District shall direct.

The District shall file with the Consulting Engineer, if any, and the Authority, and shall mail in each year to any Owner or Owners of Bonds requesting the same, an annual report containing the following:

A. A statement of Gross Revenues, Operating Expenses and Net Revenues derived from the System.

B. A balance sheet statement showing all deposits in all the funds and accounts provided for in this 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 completely audited by Independent Accountants and shall submit the report of said audit to the Authority. The report of said audit shall include a statement that the District is in compliance with the terms and provisions of the WDA Loan Agreements and this Resolution.

Section 6.14. Initial Schedule of Rates. The rates, fees and other charges for the use of the services and facilities of the System established under a resolution of the District enacted on or before the date of enactment of the Supplemental Resolution shall constitute the initial schedule of rates for said System for purposes of this Resolution.

Section 6.15. Operating Budget. The Board shall annually, at least forty-five (45) days preceding 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 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 District 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 District shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to any Bondholder who requests in writing that copies of all such budgets and resolutions be furnished him, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Bondholder or anyone acting for and in behalf of such Bondholder.

Section 6.16. Connection. To the extent authorized by the laws of the State and the rules and regulations of the PSC, prospective users of the System shall be required to connect thereto.

Section 6.17. Covenant to Amend Resolution. The District shall amend this Resolution by a resolution supplemental hereto to comply with any tax reform act as enacted by the Congress of the United States and signed by the President, if terms of the law as enacted are applicable to the Bonds and

are not addressed by or are in conflict with the terms hereof. In its determination to amend or supplement this Resolution, the District may rely on the opinion of nationally recognized bond counsel.

Section 6.18. Essential Governmental Function Bonds. The District shall use the Bond proceeds solely for the Project. The District shall take all action necessary to insure that the Bonds are not (i) industrial development bonds, (2) bonds that would be industrial development bonds if Section 501(c)(3) organizations were nonexempt persons, (3) student loan bonds, (4) mortgage subsidy bonds, (5) private ("consumer") loan bonds or(6) pension bonds.

ARTICLE VII

INVESTMENT OF FUNDS

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, or such other bank or national banking association holding such fund or account, as the case may be, at the direction of the District 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 specified restrictions and provisions set forth in this Section 7.01.

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, provided that investment earnings shall be transferred as provided in the Resolution. 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 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 of such liquidation. Such other bank or national banking association may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

Section 7.02. 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 103(c)(2) of the Internal Revenue Code of 1954, as amended, or the rules and regulations promulgated pursuant thereto, and the Chairman of the District shall deliver his certificate, based upon this covenant, with regard thereto to the purchaser of the Primary Bonds originally authorized hereby.

DEFAULT AND REMEDIES

Section 8.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Primary Bonds or the Supplemental Bonds as the case maybe:

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

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

(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 or applicable State bankruptcy acts.

Section 8.02. Remedies. Upon the happening and continuance of any Event of Default with respect to any Primary Bonds or Supplemental Bonds, as the case may be, any registered Owner of such Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such registered Owners including the right to require the District 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 such 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

such Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Resolution with respect to such Bonds, or the rights of such registered Owners. The provisions of this section shall be subject to the senior rights of the Primary Bonds over the Supplemental Bonds.

Section 8.03. Appointment of Receiver. Any Bondholder may, by proper legal action, compel the performance of the duties of the District under this Resolution and the Act, including the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any default in the payment of interest on any Bond or Bonds when the same shall become due, or in the payment of the principal of any Bond or Bonds, either at the specified date of maturity thereof or at a date set for redemption thereof, or otherwise in the performance of any covenant contained in this Resolution other than as to such payment and such default shall continue for a period of thirty (30) days after written notice to the District of such default, any Bondholder 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, rentals, fees and other charges sufficient to provide for the payment of the Bonds and any interest thereon, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Resolution and the Act.

The receiver so appointed shall forthwith, directly or by his agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold, operate, maintain, manage and control such facilities, and each and every part thereof, 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 issued pursuant to this Resolution 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 District upon the entry of an order of the court to that effect. Upon any subsequent default, any owner of Bonds issued pursuant to this Resolution shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby and a successor receiver 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 District and for the joint protection and benefit of the District and owners of Bonds issued pursuant to this Resolution. 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 Bondholders, and the curing and making good of any default under the provisions of this Resolution, and the title to and ownership of said 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. The provisions of this section shall be subject to the senior rights of the Primary Bonds over the Supplemental Bonds.

ARTICLE IX

DEFEASANCE

Section 9.01. Defeasance of Primary Bonds. If the District shall pay or cause to be paid, or there shall otherwise be paid, to the owners of all Primary Bonds the principal thereof, and redemption premium, if applicable, 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 Primary Bonds only, the pledge of Net Revenues and any other moneys and securities pledged under this Resolution and all covenants, agreements and other obligations of the District to the Bondholders of the Primary Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Primary Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be

sufficient, to pay, as and when due, the principal of and interest on the Primary Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section. All Primary 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 agents, 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 Primary Bonds on and prior to the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this Section nor principal or interest payments on any such securities shall be withdrawn or used for any purposes other than, and shall be held in trust for, the payment of the principal of and redemption premium, if applicable, on and interest on said Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the 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 redemption premium, if applicable, on and interest to become due on said Primary Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the District, as received by the Commission, free and clear of any trust, lien or pledge. For the purpose of this Section, securities shall mean and include only Government Obligations.

Section 9.02. Defeasance of Supplemental Bonds. If the District shall pay or cause to be paid, or there shall otherwise be paid, to the respective Owners of all Supplemental Bonds, the principal thereof and interest, if any, at the times and in the manner stipulated therein and in this Resolution, then with respect to the Supplemental 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 District to the registered Owners of the Supplemental Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Supplemental Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the principal installments of and interest, if any, on such Supplemental Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the

first paragraph of this section. All Supplemental 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 said Supplemental Bonds on and prior to the maturity dates thereof. Neither securities or 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 said Supplemental 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 said Supplemental Bonds on and prior to the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the District as received by the Commission and 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. Modification or Amendment. No material modification or amendment of this Resolution or of any ordinance or resolution amendatory hereof or supplemental hereto which would materially and adversely affect the rights of Bondholders shall be made without the consent in writing of the owners of two-thirds (2/3) or more in principal amount of the Bonds then outstanding and to be affected by said modification; provided, however, 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 District to pay such principal and interest out of the revenues of the System without the consent of the owner thereof. No amendment or modification shall be made which would reduce the percentage of the principal amount of Bonds required for consent to the above permitted amendments or modifications.

Section 10.02. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Resolution.

Section 10.03. Repeal of Conflicting Resolutions. All resolutions and orders, or parts thereof, in conflict with this Resolution are to the extent of such conflict repealed.

Section 10.04. Covenant of Due Procedure. The District covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the final enactment and passage of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State applicable thereto; and that the Chairman, the Secretary and members of the Public Service District 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 10.05. Effective Date. This Resolution shall take effect immediately upon its adoption.

EXHIBIT A

PROJECT DESCRIPTION

The Project consists of the construction of a public water system including installation of approximately 40,000 linear feet of water transmission and distribution lines with associated appurtenances. The District will purchase water for the system from the Kanawha Falls Public Service District.

Exhibit B

APPENDIX A

GAULEY RIVER PUBLIC SERVICE DISTRICT
CASE NO. 85-589-W-CN

APPROVED RATES

Applicable in entire territory served.

AVAILABILITY OF SERVICE

Available for general, domestic, commercial and industrial service.

RATE

Meter Rates - (Based on the metered amount of water supplied)

Commercial and Industrial Service

First	3,000 gallons used per month	$6.00 per 1,000 gallons
Next	3,000 gallons used per month	$5.50 per 1,000 gallons
Next	4,000 gallons used per month	$5.00 per 1,000 gallons
Next	10,000 gallons used per month	$4.50 per 1,000 gallons
All Over	20,000 gallons used per month	$4.00 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than $18.00 per month.

PROMPT PAYMENT DISCOUNT OR DELAYED PAYMENT PENALTY

On all accounts not paid in full within twenty (20) days of the billing date, ten percent (10%) will be added to the net amount shown. This delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

SERVICE CONNECTION FEE

For connection to water main, with connection to be made by the District after construction has passed the customer's property - $150.00

For water service prior to the time that construction passes the customer's property - $50.00

The foregoing Resolution was adopted the 30th day of April, 1986.

[SEAL]

Russell G. Dering
Chairman, Public Service Board

Louis Greenwitt
Secretary, Public Service Board

Gauley River Public Service District

PHONE 632-1294 BOX 7 — BELVA, WV 26656

Public Notice

Special Meeting of The Gauley River PSD

Wednesday April 30, 10.00 AM

Brownsville Holiness Church

Brownsville, W.VA.

To Discuss The Closing of The Loan With West Virginia Water Development, And The Signing of Contract With The Contractors

Regular Meeting Second Wednesday of Each Month

By Committee

The regular monthly meeting of The Gauley River Public Service District was held April 9, 1986 at The Brownsville Holiness Church at Brownsville, W.Va at 10:00 A.M.

All committee members were present. Visitors were Dan Warner, Engineer, Applachian Usher & Milam, Inc & Sammy Gee, Lawyer, Jackson, Kelly, Holt & O'Farrell.

Meeting called to order.

Minutes read & approved.

Discussion was held to adopt resolution referred as "Sunshine Resolution." Resolution establishing rules of all regular & special meetings. Motion was made by Louise Grimmett & second by Sue Gray. Approved by committee.

Motion was made by Louise Grimmett & second by Sue Gray to adopt resolution authorizing Chairman Russell Deering to sign "Notice of Award" to Rowen Const., Inc. - Contract A & to Trimble Engineer & Const., Inc - Contract B. Issued April 14, 1986. Approved by committee.

Special meeting will be held April 30, 1986 at 10:00 A.M. for Bond Resolution Pkg.

Signing of the contract will be held May 2, 1986 at WDA at Denbar, W.Va at 10:00 A.M.

Meeting adjourned at 11:05 A.M.

Next meeting 5-14-86 Signed - [illegible]

A special meeting of The Gawley River Public Service District was held April 30, 1986 at 10:00 A.M. at The Brownsville Holiness Church at Brownsville, W.Va.

Present were Chairman - Russell Deering & Sec. - Louise Grimmett.

Lawyer Gordan Billhimer, Lawrence Sammy Sec.

Meeting was called to order.

Motion was made by Russell Deering & second by Louise Grimmett to adopt bond resolution. Approved by committee.

Motion was made by Russell Deering & second by Louise Grimmett to pass the supplemental resolution. Approved by Committee.

Charlie Keenan, Rep. of The Treasurer of State of W.Va. was present & the committee voted to invest in the state consolidated fund. Russell Deering made the motion & was second by Louise Grimmett.

Motion was made by Russell Deering & second by Louise Grimmett to authorize payment to Wayne Cole, Sebra, W.Va. in the amount of $2000.00 road of entry to tank site until court settlement.

Russell Deering made the motion authorizing payment to lawyers Billhimer & Billhimer

Second by Louise Gummett.
Meeting adjourned 11:05.
Russell G Deering Chair

CERTIFICATE OF TRUTH AND ACCURACY

I, the undersigned, as Secretary of the Gauley River Public Service District, do hereby certify that the foregoing document is a true and accurate copy of an official record of the Public Service District, such records being in the custody of the undersigned and that the action taken by the Public Service Board in the foregoing document remains in full force and effect and has not been amended or repealed.

Dated this 9th day of May, 1986.

Secretary

[SEAL]

Supplemental Resolution

Introduced on:

April 30, 1986

Passed by Board:

April 30, 1986

Introduced by:

Russell Deering

SUPPLEMENTAL RESOLUTION PROVIDING AS TO DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES, AND OTHER TERMS OF THE WATERWORKS REVENUE BONDS, SERIES 1986, AND SUPPLEMENTAL SUBORDINATE WATERWORKS REVENUE BONDS, SERIES 1986, OF THE GAULEY RIVER PUBLIC SERVICE DISTRICT; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board of the Public Service District of Gauley River (the "District") has duly and officially adopted a Bond Resolution on April 30, 1986, effective April 30, 1986 (the "Resolution"), entitled:

A Resolution authorizing the acquisition and construction of, and operation and maintenance of, certain public service properties constituting water facilities all within the Gauley River Public Service District; authorizing the issuance of not more than $200,000 in aggregate principal amount of Waterworks Revenue Bonds, Series 1986, and not more than $100,000 in aggregate principal amount of Supplemental Subordinate Waterworks Revenue Bonds, Series 1986, of said Gauley River Public Service District to be used, along with other funds and moneys of, or available to, the Gauley River Public Service District which may be lawfully expended for such purposes, to finance the cost of such acquisition and construction, to pay interest during construction, to pay other costs in connection therewith and if

determined by supplemental resolution to fund reserve accounts for such bonds; establishing rates for use of System; providing for the rights and remedies of and security for the owners of such bonds; and adopting other provisions related thereto.

WHEREAS, the Resolution provides for the issuance of Waterworks Revenue Bonds, Series 1986 (the "Primary Bonds"), and the Supplemental Subordinate Waterworks Revenue Bonds, Series 1986 (the "Supplemental Bonds") (collectively herein the "Bonds") of the Gauley River Public Service District (the "District") in aggregate principal amounts not to exceed $200,000 and $100,000, respectively, all in accordance with Chapter 16, Article 13A, of the Code of West Virginia, 1931, as amended, (the "Act"), and the terms of the Loan Agreement and Supplemental Loan Agreement (the "Loan Agreement") entered into between the District and the West Virginia Water Development Authority (the "Authority"), and in the Resolution it is provided that the dates, interest rates, maturities, sale prices and other terms of the Bonds should be established by a supplemental resolution and that other matters relating to the Bonds be herein provided for;

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

WHEREAS, the Public Service Board (the "Board") of the Gauley River Public Service District deems it essential and desirable that this resolution (the "Supplemental Resolution"), be adopted and that the prices, the maturity dates, the redemption provisions, the interest rates, and the interest and

principal dates of the 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 PUBLIC SERVICE BOARD OF THE GAULEY RIVER 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 Waterworks Revenue Bonds, Series 1986, in the aggregate principal amount of $123,230 (the "Primary Bonds"), and the Supplemental Subordinate Waterworks Revenue Bonds, Series 1986 in the aggregate principal amount of $61,350 (the "Supplemental Bonds") (collectively, the "Bonds"), all in the form set forth below and in the Resolution:

(A) The Primary Bonds of the District shall be originally issued in the form of a single bond, numbered R-1, in the principal amount of $123,230. The Primary Bonds shall be dated the date of delivery thereof, shall bear interest at the rate of 9.75% per annum, payable semiannually on April 1 and October 1 of each year, first interest payable October 1, 1986, shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and subject to the other requirements provided in the Loan Agreement, as long as the Authority shall be the registered owner of the Primary Bonds, and shall be payable in installments of principal on October 1

of each of the years from 1988 through 2025, inclusive, and in the amounts as set forth in "Schedule X," attached to the Loan Agreement and incorporated therein by reference.

(B) The Supplemental Bonds of the District shall be originally issued in the form of a single bond, numbered SR-1, in the principal amount of $61,350. The Supplemental Bonds shall be dated the date of delivery thereof, shall be interest free, shall be subject to redemption upon the written consent of the Authority as long as the Authority shall be the registered owner of the Supplemental Bonds, and shall be payable in installments of principal on October 1 of each of the years from 1988 through 2025, inclusive, and in the amounts as set forth in "Schedule X," attached to the Loan Agreement and incorporated therein by reference.

Section 2. All other provisions relating to the Bonds shall be as provided in the Resolution, and the Bonds shall be in substantially the form provided in the Resolution with such changes, insertions and omissions as may be approved by the Chairman of the District. The execution of the Primary Bonds and Supplemental Bonds by the Chairman shall be conclusive evidence of such approval.

Section 3. The District does hereby ratify, approve and accept the Loan Agreement and the Supplemental Loan Agreement, including the "Schedule X" attached to each, copies of which are incorporated herein by reference, and the execution and delivery by the Chairman of the Loan Agreement

and the Supplemental Loan Agreement, and the performance of the obligations contained therein, on behalf of the District have been and are hereby authorized, approved and directed. The price of the Bonds shall be 100% of par value.

Section 4. The District hereby appoints and designates The Gauley National Bank, Gauley Bridge, West Virginia, as the Depository Bank, as provided in the Resolution.

Section 5. The District hereby appoints and designates The Gauley National Bank, Gauley Bridge, West Virginia, as Registrar and Paying Agent for the Bonds and reserves the right to appoint such other bank or other entity or entities as the District may approve by supplemental resolution with the approval of the Authority and notice to said The Gauley National Bank.

Section 6. The District hereby directs that approximately $13,400 of the proceeds of the Bonds be placed in the Capitalized Interest Account in the Bond Construction Trust Fund to be used solely for the payment of interest on the Bonds for the period of construction, being nine months and for six months thereafter.

Section 7. The District hereby directs that no proceeds of the Bonds be placed in the Reserve Accounts created under the Resolution and directs that the Reserve Accounts be funded from net revenues as provided in the Resolution.

Section 8. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates, including the Registrar's

Agreement, required or desirable in connection with the Bonds hereby and by the Resolution approved and provided for, to the end that the Bonds may be delivered on or about May 2, 1986, to the Authority pursuant to the Loan Agreement and the Supplemental Loan Agreement.

Section 9. The financing of the Project in part with proceeds of the Bonds is in the public interest, serves a public purpose of the District and will promote the health, welfare and safety of the residents of the District.

Section 10. This Supplemental Resolution shall be effective immediately upon adoption.

GAULEY RIVER PUBLIC SERVICE DISTRICT

Russell H Deering,
Chairman

[SEAL]

Louise Greenwalt,
Secretary

STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, to-wit:

I, HOWARD M. CUNNINGHAM, Executive Secretary of the Public Service Commission of West Virginia, do certify that the attached is a true and complete copy of an order entered by the Commission on April 1, 1986, in Case No. 85-598-W-CN, as same appears on file and of record in my office.

Given under my hand and the seal of The Public Service Commission of West Virginia, 201 Brooks Street, Charleston, West Virginia, this 1st day of April, 1986.

HOWARD M. CUNNINGHAM
Executive Secretary

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: April 1, 1986

CASE NO. 85-598-W-CN

GAULEY RIVER PUBLIC SERVICE DISTRICT
Application for a certificate of convenience and necessity to construct or acquire by purchase or otherwise, and maintain, operate, improve and extend properties and supply water service at the area between Gauley Bridge, extending to Beech Glen and Dixie, in the Counties of Fayette, Clay and Nicholas, West Virginia.

FINAL ORDER

On October 21, 1985, Gauley River Public Service District filed an application, duly verified, for a certificate of convenience and necessity to construct or acquire by purchase or otherwise, and maintain, operate, improve and extend properties and supply water services between Gauley Bridge, Fayette County, West Virginia, extending to Beech Glen and Dixie in the Counties of Fayette, Clay and Nicholas and furnish water services.

FINDINGS OF FACT

1. The notice of the application, including the amount of money to be borrowed, the cost of the project, and the anticipated rates and charges to be charged to customers were published in The Nicholas Chronicle, Inc., The Montgomery Herald, and The Fayette Tribune for two (2) successive weeks on or about January 22, 1986. (Certificate of Publication from those publications).

2. The notice of the application, as well as the amount of money to be borrowed; the cost of the project and the anticipated rates and charges were posted in accordance with West Virginia Code §16-13A-25 (Certificates of Russell G. Deering, Chairman of the District; Clerk of the County Commission of Fayette County; and Clerk of the County Commission of Nicholas County).

3. No protests were filed objecting to the project. (Id.).

4. The estimated cost of the proposed project is $1,174,980.

5. The project is proposed to be funded by (1) a West Virginia Development Authority Loan of $152,580; (2) a Grant from the Fayette County Commission in the amount of $180,000; (3) a Grant from the Nicholas County Commission in the amount of $92,400; and (4) a Grant from the Governor's Office in the amount of $750,000, totaling $1,174,980. (Memorandum of Thomas L. Wagoner, Finance and Special Studies Division, dated December 5, 1985).

6. The proposed rates are contained in Appendix A, attached hereto.

7. By memorandum dated March 26, 1986, David Hippchen, Commission Engineering Division, recommended approval of the project without hearing, provided (1) there is a review of the usage levels and adequacy of rates one year following commencement of billing; (2) a cost of service study be performed on the Kanawha Falls Public Service District; (3) that the tariff should be reworded to include a $50.00 preconstruction tap fee and a $150.00 post-construction tap fee and (4) that Paragraph 3 of the Sale/Purchase Agreement between Gauley River and Kanawha Falls have a rate of $1.50 per 1,000 gallons and the master meter provision should read "to be installed by Gauley River Public Service District and maintained by Kanawha Falls Public Service District . . ." and (5) consolidation of the

Gauley River Public Service and the Kanawha Falls Public Service District, as soon as practicable.

8. By memorandum dated March 20, 1986, Marc E. Lewis, Esq., of the Commission's Staff recommended approval of the project provided that (1) an audit be performed to review usage levels one year after billing begins; (2) that the tariff be amended to reflect a preconstruction tap fee of $50.00 and a post-construction tap fee in the amount of $150.00; and (3) that a cost of service study be performed on Kanawha Falls Public Service District.

9. The application was further reviewed by Thomas L. Wagoner of the Finance and Special Studies Division (Memorandum dated December 5, 1985), who recommended approval of the application after reviewing the commitment letters, the cash flow analysis and the tariff.

DISCUSSION

The concern of Staff regarding the projection of revenue appears to be justified and the Examiner directs the Audit Division to perform an audit approximately one (1) year after billing commences.

The tap fee for pre and post-construction rates is in conformity with Commission policy and this Staff recommendation is determined by the Examiner to be acceptable.

The Sale/Purchase Agreement between Gauley River and Kanawha Falls should be completed as recommended by Staff.

Other recommendations of Staff do not have a direct bearing on the application and will not be considered here.

CONCLUSION OF LAW

1. The public convenience and necessity require the proposed service.

2. The proposed water system will provide adequate service.

3. The project was adequately financed.

4. The project is economically feasible.

5. The proposed rates and charges, as amended by Staff recommendations are just and reasonable and are not unduly discriminatory.

6. The recommendation of Staff pertaining to tap fee, Sale/Purchase Agreement and first year audit are hereby endorsed by the Examiner.

ORDER

IT IS, THEREFORE, ORDERED that the application of Gauley River Public Service District for a certificate of convenience and necessity to construct or acquire by purchase or otherwise, and maintain, operate, improve and extend properties and supply water services between Gauley Bridge, Fayette County, West Virginia, extending to Beech Glen and Dixie in the Counties of Fayette, Clay and Nicholas and furnish water services, is hereby granted, contingent upon (1) that the water usage and revenues generated from the rates be examined one year subsequent to the commencement of billing; (2) that the Sale/Purchase Agreement between Kanawha Falls Public Service District and Gauley River Public Service District amend paragraph 3 to insert $1.50 per 1,000 gallons into the blank space and amend that paragraph further to reflect the master meter will be installed by the Gauley River Public Service District and maintained by the Kanawha Falls Public Service District.

IT IS FURTHER ORDERED that all requirements of the financing as outlined to the Commission shall complied with by the District or that the District immediately notify the Public Service Commission of any changes.

IT IS FURTHER ORDERED that the rates and charges as contained in Appendix A, as amended by Staff, attached hereto are approved and accepted for filing with the Commission when this order becomes final.

IT IS FURTHER ORDERED that the Executive Secretary of the Commission serve a copy of this order upon Staff by hand delivery and upon all other parties of record by United States Certified Mail, return receipt requested.

This order is issued pursuant to General Order No. 212, dated December 16, 1982, which order designates the Division of Hearing Examiners as the initial decision making body in the Public Service Commission and authorizes the Public Service Commission Hearing Examiners to issue orders on behalf of the Commission in all proceedings filed pursuant to Chapter 24 of the West Virginia Code, which proceedings are not set for hearing and which orders shall have the full force and effect of Commission orders, without the provision for the filing of exceptions thereto.

Leave is hereby granted to the parties to file a petition for further hearing, reopening, or rehearing pursuant to Rule 19 of the Commission's Rules of Practice and Procedure with the Executive Secretary of the Commission within ten (10) days after the date this order is mailed.

Ann Rodak

Ann Rodak
Hearing Examiner

ACR:dfs

Exhibit B

APPENDIX A

GAULEY RIVER PUBLIC SERVICE DISTRICT
CASE NO. 85-589-W-CN

APPROVED RATES

Applicable in entire territory served.

AVAILABILITY OF SERVICE

Available for general, domestic, commercial and industrial service.

RATE

Meter Rates - (Based on the metered amount of water supplied)

Commercial and Industrial Service

First	3,000 gallons used per month	$6.00 per 1,000 gallons
Next	3,000 gallons used per month	$5.50 per 1,000 gallons
Next	4,000 gallons used per month	$5.00 per 1,000 gallons
Next	10,000 gallons used per month	$4.50 per 1,000 gallons
All Over	20,000 gallons used per month	$4.00 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than $18.00 per month.

PROMPT PAYMENT DISCOUNT OR DELAYED PAYMENT PENALTY

On all accounts not paid in full within twenty (20) days of the billing date, ten percent (10%) will be added to the net amount shown. This delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

SERVICE CONNECTION FEE

For connection to water main, with connection to be made by the District after construction has passed the customer's property - $150.00

For water service prior to the time that construction passes the customer's property - $50.00

Public Service Commission Of West Virginia

Michael D. Greer
Chairman

201 Brooks Street, P. O. Box 812
Charleston, West Virginia 25323

May 7, 1986

Ms Samme Gee
Jackson, Kelly, Holt
& O'Farrell
P.O. Box 553
Charleston, WV 25322

Re: Case No. 85-598-W-CN
Gauley River PSD

Dear Ms Gee:

On April 1, 1986, Gauley River Public Service District was granted a Certificate of Convenience and Necessity to construct and operate a water system. The order granting the certificate required, inter alia, the District to "immediately notify the Public Service Commission of any changes" in the approved financing.

On April 25, 1986, the Staff received a copy of a revised calculation of the estimated debt service for the District's water project. Essentially, the revisions amount to an increase in the principal from $152,580 to $184,580 and a decrease in the interest rate from 9.75% to 7%. The net effect is a decrease in the annual debt service of $1,458. (see, attached)

The Staff of the Public Service Commission has reviewed the revisions and believes that they are within the scope of the approval of the financing of the District's water project. Moreover, a copy of this letter will be sent to the Commission's Executive Secretary, and thus, in my opinion as Staff Attorney, the District has complied with the Commission's notification requirement.

If I can be of further assistance, please contact me.

Respectfully yours,

MARC E. LEWIS
Staff Attorney

MEL/iw
cc: Howard M. Cunningham

PUBLIC SERVICE COMMISSION OF W. VA.

LEWIS

Memorandum

TO: Howard M. Cunningham
Executive Secretary

RECEIVED
1986 MAY -5 A 11:
PUBLIC SERVICE COMMISSION OF W. VA.

DATE: April 30, 1986

FROM: Thomas L. Wagoner, Utilities Analyst
Finance & Special Studies Division

MAY - 5 1986

SUBJECT: CASE NO. 85-98-W-CN
GAULEY RIVER PUBLIC SERVICE DISTRICT

RECEIVED

Gauley River Public Service District, in its original application, estimated debt service for a WDA loan of $152,580 at 9.75% for 38 years. The terms of this loan have since been altered. The interest rate has been reduced to 7% and the amount of the loan has been increased to $184,580. This results in a reduction in debt service of $1,458.

This Division sees no problem with this modification in financing and recommends approval.

TLW:lf

N O T I C E

GAULEY RIVER PUBLIC SERVICE DISTRICT
FAYETTE & NICHOLAS COUNTIES, WEST VIRGINIA
$200,000 WATERWORKS REVENUE BONDS

Notice is hereby given to the residents of the GAULEY RIVER PUBLIC SERVICE DISTRICT in Fayette and Nicholas Counties, West Virginia (the "District"), and to other interested persons as follows:

1. The District intends to acquire, contract, operate, and maintain a water utility system consisting of a water line connecting with the Kanawha Falls Public Service District at Gauley Bridge, Fayette County, West Virginia, and serving approximately 200 customers in the unincorporated areas of Brownsville, Alta, and part of Belva in Fayette and Nicholas Counties, West Virginia, at a cost of approximately $1,174,500. The District will also build a $120,000 storage tank. The water will be purchased from the Kanawha Falls Public Service District at a rate to be determined by the Public Service Commission of West Virginia.

2. To finance acquisition and construction of the Project, including funding a reserve account for the Bonds hereinafter described, the District proposes to borrow not more than $200,000 by the issuance of not more than $200,000 in aggregate principal amount of waterworks revenue bonds (the "Bonds"). The precise principal amount of the Bonds will be determined by a resolution to be adopted in connection with the sale of the Bonds. As of the date hereof, it is expected that the principal amount will be $152,580. The principal amount may increase or decrease from $152,580, but in no way will it exceed $200,000.

3. The Bonds are expected to be sold to the West Virginia

Water Development Authority (the "Authority") and are anticipated to bear interest at the rate of 7.00 percent per annum, to mature over a term of 38 years, more or less.

4. The District expects to fund the balance of acquisition and construction of the Project through grants from the State of West Virginia and the County Commissions of Fayette and Nicholas Counties.

5. The anticipated rates which will be charged by the District to its customers, including those served by the Kanawha Falls Public Service District portion are as follows:

AVAILABILITY OF SERVICE

Available for general, domestic, commercial, and industrial service.

RATE

Flat Rate

Residential Service ..... NONE

Meter Rate - (Based on metered amount of water supplied)

Commercial and Industrial Service

First	3,000 gallons used per month	6.00 per 1,000 gallons
Next	3,000 gallons used per month	5.50 per 1,000 gallons
Next	4,000 gallons used per month	5.00 per 1,000 gallons
Next	10,000 gallons used per month	4.50 per 1,000 gallons
All Over	20,000 gallons used per month	4.00 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than $19.00 per month.

PROMPT PAYMENT DISCOUNT OR DELAYED PAYMENT PENALTY

On all accounts not paid in full within twenty (20) days of the billing date, ten percent (10%) penalty will be added to the net amount shown.

SERVICE CONNECTION FEE

For connection to water main, with connection to be made by the District - $150.

6. For a period of thirty (30) days following the first publication of this Notice, a form will be available in the Office of the Clerk of the County Commission of Fayette and Nicholas Counties from 8:00 a.m. to 4:00 p.m., Monday through Friday, and (because the District does not have an office) at the residence of Louise Grimmett, Commissioner of Gauley River Public Service District, Brownsville, West Virginia, from 8:00 a.m. to 8:00 p.m., Monday through Saturday, for registered voters who are residents of that portion of the District which will be served by the Project, including the Kanawha Falls Public Service District portion, to sign indicating their opposition to the District's borrowing money or issuing the Bonds. West Virginia Code Chapter 16, Article 13A, Section 25, which authorizes such form, provides for the signing of such form only by registered voters who are residents of that portion of the District which will be served by the Project, which for such purposes includes the Kanawha Falls Public Service District portion.

A form is available in the Fayette and Nicholas County Clerk's Office and at the residence of Louise Grimmett. This form is available for persons who are to be served by the Public Service District indicating any opposition to the Public Service District borrowing money or issuing bonds.

You are further notified that there will be posted in conspicuous places throughout the portion of the Public Service District, signs measuring not less than 8 1/2 inches in width and 11 inches in length, which include this same information.

The prospective customers of the Gauley River Public Service

District shall have a period of thirty (30) days beginning with the first publication of this legal advertisement in which to sign said petition.

Dated: December 14, 1986.

GAULEY RIVER PUBLIC SERVICE DISTRICT
By: Gordon Billheimer, Legal Counsel

The undersigned oppose the District borrowing money or issuing bonds:

NAME	ADDRESS & PHONE

THIS AGREEMENT made this the 13th day of December, 1985, by and between KANAWHA FALLS PUBLIC SERVICE DISTRICT, of Fayette County, West Virginia, hereinafter referred to as "KFPSD", and GAULEY RIVER PUBLIC SERVICE DISTRICT, hereinafter referred to as "GRPSD".

WHEREAS, the KFPSD has constructed a regional water treatment facility, and it was constructed and designed to provide water to the GRPSD; and

WHEREAS, the parties hereto desire to enter into an agreement to outline and specify the cost for the providing of water to the GRPSD and to specify the responsibilities of both parties hereto.

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

That for and in consideration of the mutual promises hereinafter set forth, the parties agree as follows:

1. That during the term of this contract and during any renewal hereof, the KFPSD will provide water to the GRPSD at a point which is at the end of the present line of the KFPSD and will deliver treated water to that point.

2. That the GR agrees not to make any major extension of its lines beyond those presently planned and approved by the West Virginia Public Service Commission without first obtaining the written approval of the KFPSD, which approval shall not be unreasonably withheld, provided that such extension will not overly tax the production facilities of the water treatment and delivery facilities of the KFPSD.

3. The KFPSD agrees to charge the GRPSD a rate of $_____ per thousand gallons of water delivered to the GRPSD, and said water used will be calculated by a meter to be installed and maintained by GRPSD, and the GRPSD will be billed monthly for the said water.

This rate shall be in effect for one year. The rate shall be determined and approved by the West Virginia Public Service Commission.

After the first anniversary of the commencement of the providing of water service, the rate shall be adjusted according to the actual cost of service provided, which rate shall be applied for a period of each year. Each year thereafter, the rate to be charged for the following year shall be determined by the cost of service as stated hereinbefore, but shall not be retroactive to the previous year.

4. It is understood that the KFPSD shall not include as a part of the cost of providing water or include in the rate the amount of money received as a grant from the Environmental Protection Agency for the increase in the facilities needed to provide the additional water.

5. This contract is subject to the approval of the West Virginia Public Service Commission, and the parties hereto agree to cooperate in submitting a petition to the West Virginia Public Service Commission for approval of this contract according to the rules and regulations promulgated by said Public Service Commission and the pertinent laws of the State of West Virginia.

6. This contract shall be binding upon and its benefits shall insure to the successors and assigns of the parties hereto and any sale or transfer by the parties hereto of all or any portion of their water facilities shall be made in such a manner so that the rights of the parties to this contract shall be fully preserved and protected.

7. It is further agreed by the parties hereto that the books and records of each party shall be available for inspection by the other party, which books and records shall relate to the pertinent data and other reports pertaining to the financial status of each party, and in particularly, the

number of gallons of water billed each month by each PSD.

8. At any time during the term of this contract that it is determined by either party that the rates charged hereunder are burdensome to the other party based on the actual cost of treatment, either party with thirty days written notice to the other party may request a re-evaluation of the cost of service. If no agreement can be reached regarding a re-evaluation of the rate to be paid hereunder, then the matter may be submitted to the West Virginia Public Service Commission for a determination based on the appropriate studies.

IN WITNESS WHEREOF the KFPSD pursuant to a resolution adopted by the district on the 16th day of December, 1985, has caused its name to be subscribed by its Chairman, Lyle Blackwell, and the GRPSD pursuant to a resolution adopted by the district on the 11th day of December, 1985, has caused its name to be subscribed hereto by its Chairman, Russell Deering.

KANAWHA FALLS PUBLIC SERVICE DISTRICT

By: Lyle Blackwell
LYLE BLACKWELL, CHAIRMAN

ATTEST: Joe J. Caffrey
SECRETARY

GAULEY RIVER PUBLIC SERVICE DISTRICT

By: Russell E. Deering
RUSSELL DEERING, CHAIRMAN

ATTEST: Louise Guinn
SECRETARY

ADDENDUM TO AGREEMENT

THIS ADDENDUM to an agreement made the 13th day of December, 1985, by and between KANAWHA FALLS PUBLIC SERVICE DISTRICT, of Fayette County, West Virginia, hereinafter referred to as "KFPSD", and GAULEY RIVER PUBLIC SERVICE DISTRICT, hereinafter referred to as "GRPSD".

WHEREAS, an Agreement was signed by the Parties hereto providing for water service between the parties; and

WHEREAS, by an Order of the Public Service Commission of West Virginia dated April 1, 1986, the parties were ordered to amend said agreement.

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

That pursuant to said Order, there is inserted in Paragraph 3 of the Agreement, a rate of $1.50 per thousand gallons to be charged by KFPSD to GRPSD.

It is further agreed that the master meter to serve GRPSD will be installed by said District, but will be maintained by KFPSD.

Dated: May 1, 1986.

KANAWHA FALLS PUBLIC SERVICE DISTRICT

By: _____
BERT BUCKBEE, CHAIRMAN

GAULEY RIVER PUBLIC SERVICE DISTRICT

By: Russell H Deering
RUSSELL DEERING, CHAIRMAN

GAULEY RIVER PUBLIC SERVICE DISTRICT

$123,230 Waterworks Revenue Bonds, Series 1986

$61,350 Supplemental Subordinate Waterworks Revenue Bonds, Series 1986

CERTIFICATE OF:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES
6. PUBLIC SERVICE COMMISSION ORDER; RATES
7. INCUMBENCY AND OFFICIAL NAME
8. LAND AND RIGHTS-OF-WAY
9. MEETINGS
10. GRANTS
11. INSURANCE
12. LOAN AGREEMENT
13. SPECIMEN BONDS

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of the Gauley River Public Service District (herein called the "District"), and the undersigned ATTORNEY for the District, hereby certify in connection with the single, fully registered Gauley River Public Service District Waterworks Revenue Bond, Series 1986, numbered R-1, dated the date hereof, in the principal amount of $123,230 and bearing interest at the rate of nine and seventy-five hundredths percent (9.75%) per annum (the "Primary Bonds"), and the single, fully registered Gauley River Public Service District Supplemental Subordinate Waterworks Revenue Bond, Series 1986, numbered SR-1, dated the date hereof, in the principal amount of $61,350 and bearing no interest (the "Supplemental Bonds") (collectively herein called the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning as in the Bond Resolution adopted by the District on April 30, 1986, and a Supplemental Resolution adopted April 30, 1986, relating to the Bonds (collectively, the "Resolution"), and the Loan Agreement and Supplemental Loan Agreement (collectively, the "Loan Agreement") entered into between the District and the West Virginia Water Development Authority (the "Authority"), dated December 18, 1985.

2. NO LITIGATION: No controversy or litigation of any nature is now pending, or, to the knowledge of any of the

undersigned, threatened, restraining, enjoining or affecting the issuance and delivery of the Bonds; nor questioning the proceedings and authority by which the Board of the District authorized the issuance and sale of the Bonds; nor affecting the validity of the Bonds or any provisions made or authorized for the payment thereof; nor questioning the existence of the District or the title of the members or officers of the District or of the Board thereof to their respective offices; nor questioning the construction and acquisition of the new water-works system of the District financed in part by the proceeds of sale of the Bonds (herein called the "Project"), nor operation by the District of the Project (the Project and any further extensions, additions, improvements or betterments thereto, herein collectively called the "System"), nor challenging the collection or use of the revenues of the System.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals and certificates required by law for construction of the Project, operation of the System, and issuance of the Bonds have been duly and timely obtained and remain in full force and effect, and competitive bids for construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the Code of West Virginia, 1931, as amended, which bids remain in full force and effect.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the District since December 18, 1986. Further, there has been no adverse change in the status of any grant necessary to finance the acquisition and construction of the Project. The District has no debt outstanding with a lien on the revenues of the System.

5. SIGNATURES: The undersigned Chairman and Secretary are the duly elected or appointed, qualified and serving officers of the District as indicated by the official titles opposite their signatures below, and were duly authorized to execute and seal the Bonds for the District. The seal impressed upon the Bonds and this certificate is the duly authorized, proper and only seal of the District.

6. PUBLIC SERVICE COMMISSION ORDER; RATES: The undersigned Attorney hereby certifies that his firm has filed any information with the Public Service Commission and taken any other actions required to maintain the Public Service Commission order which grants a certificate of convenience and necessity, approves the sale of the Bonds and approves the District's rates, dated the 1st day of April, 1986, in full force and effect, and has taken all other action required by application law.

7. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the District is "Gauley River Public Service District," and it is a public corporation organized and existing

under the laws of, and a political subdivision of, the State of West Virginia in Fayette, Nicholas and Clay Counties of said State. The governing body of the District is its Public Service Board, consisting of three (3) members, whose names and dates of commencement and termination of terms of office for all members during these Bond proceedings are as follows:

Name		Date of Commencement of Office	Date of Termination of Office
Board Member	Russell G. Deering (Chairman)	12/31/81	12/31/87
Board Member	Louise Grimmett (Secretary)	1/1/86	12/31/92
Board Member	Mary Susan Gray (Treasurer)	12/31/83	12/31/89

At the July 8, 1986 organizational meeting, the following were duly elected and qualified as officers of the Board for 1986: Russell G. Deering, Chairman, Louise Grimmett, Secretary and Mary Susan Gray, Treasurer.

Bellheimer and Bellheimer, Attorneys at Law, of Montgomery, West Virginia, are the duly appointed and acting Attorneys for the District.

8. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the construction of the Project and the operation and maintenance of the System have been acquired or can and will be acquired by purchase or, if necessary, by condemnation by the District and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions that would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties that may have to be acquired by condemnation are, in the opinion of all the undersigned, within the ability of the District to pay for the same without jeopardizing the security of or payments on the Bonds.

9. MEETINGS: All actions, resolutions, orders and agreements taken, adopted and entered into by or on behalf of the District in any way connected with the construction, acquisition, operation and financing of the Project were authorized or adopted at meetings of the Board duly and regularly or specially called and held pursuant to all applicable statutes and the rules of procedure of the Board, and a quorum of duly appointed, qualified and acting members of the Board was present and acting at all times during all such meetings.

10. GRANTS: The Project is being funded with proceeds of the Bonds and by (1) a grant from The County Commission of Fayette County in the amount of $180,000; (2) a grant from The County Commission of Nicholas County in the amount of $92,400; and (3) a United States Department of Housing and Urban Development Small Cities Block Grant in the amount of $750,000. The commitments for said grants are as of this date in force and effect.

11. INSURANCE: The District will maintain or, as appropriate, will require all contractors to, maintain Worker's Compensation, public liability and property damage insurance, standard hazard insurance, and builder's risk insurance where applicable, in accordance with the Resolution.

12. LOAN AGREEMENT: As of the date hereof, (i) the representations of the District contained in the Loan Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and (iii) to the best knowledge of the undersigned, no event affecting the District has occurred since the date of the Loan Agreement which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading.

13. SPECIMEN BONDS: Attached hereto as Exhibit A are specimens of the Bonds which, except as to execution and authentication, are identical in all respects with such Bonds this day delivered to the Authority and being substantially in the form prescribed in the Resolution.

WITNESS our signatures and the official corporate seal of the Gauley River Public Service District on this 9th day of May, 1986.

[SEAL]

Signature	Official Title
Russell G. Deering	Chairman
Louis Gemmett	Secretary
Gordon Bell	Attorney

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTIES OF FAYETTE, NICHOLAS AND CLAY
GAULEY RIVER PUBLIC SERVICE DISTRICT
WATERWORKS REVENUE BOND,
SERIES 1986

No. R-1 $123,230

KNOW ALL MEN BY THESE PRESENTS: That the GAULEY RIVER PUBLIC SERVICE DISTRICT, a public corporation organized and existing under the laws of, and a political subdivision of, the State of West Virginia in Fayette, Nicholas and Clay Counties of said State (the "District"), 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 One Hundred Twenty-three Thousand Two Hundred Thirty Dollars ($123,230), in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum of 9.75%.

SPECIMEN

The interest rate on each installment shall run from the date of this Bond until payment of such installment, and such interest shall be payable on the 1st day of April and the 1st day of October in each year beginning October 1, 1986. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of principal, is legal tender for the payment of public and private debts under the laws of the United States of America, at the principal corporate office of The Gauley National Bank, Gauley Bridge, West Virginia, as registrar and paying agent (the "Registrar"). The interest on this Bond is payable by check or draft mailed to the Authority at the address as it appears on the books of the Registrar on the 15th day of the month preceding an interest payment date or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and as otherwise provided by the Loan Agreement, dated as December 18, 1985, between the District and the Authority.

This Bond represents the entire series or is one of a series of bonds entitled "Waterworks Revenue Bonds, Series 1986," issued by the District in the aggregate principal amount of $123,230 (the "Bonds") to pay costs of acquisition and construction of a new public waterworks system of the District (the "Project"), to pay interest during construction and for a period of six months thereafter and to pay certain costs of

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issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), a Resolution duly adopted by the District on the 30th day of April, 1986, and a Supplemental Resolution adopted by the District on the 30th day of April, 1986 (collectively, the "Resolution"), and is subject to all the terms and conditions thereof. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Resolution.

This Bond is issued contemporaneously with the Supplemental Subordinate Waterworks Revenue Bonds, Series 1986 of the District (the "Supplemental Bonds"), issued in the aggregate principal amount of $61,350, which Supplemental Bonds are junior and subordinate with respect to liens and sources of and security for payment of the Bonds.

This Bond is payable only from and secured by a first lien on and pledge of the Net Revenues (as defined in the Resolution) to be derived from the operation of the System, moneys in the Reserve Account created under the Resolution and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the District within the meaning of any constitutional or statutory provisions or limitations, nor shall the District be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Reserve Account and unexpended Bond proceeds. Pursuant to the Resolution, the District 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 to provide for the reasonable expenses of operation and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Bonds and on the Supplemental Bonds and all obligations prior to or on a parity therewith; provided that if the reserve account established for the payment of debt service on the Bonds and the reserve account established for the payment of debt service on the Supplemental Bonds are funded, respectively, at an amount at least equal to the maximum amount of principal and interest which will come due on the Bonds in any year and on the Supplemental Bonds in any year, and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, then such percentage may be reduced to 110%. The District 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.

This Bond is transferable, as provided in the Resolution, only upon the books of the Registrar, kept for that purpose at the office 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, 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.

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.

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 District, 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 District for the prompt payment of the principal of and interest on this Bond.

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

"SPECIMEN"

IN WITNESS WHEREOF, the GAULEY RIVER PUBLIC SERVICE DISTRICT has caused this Bond to be signed by the Chairman of its Public Service Board and its corporate seal to be affixed hereto and attested by the Secretary of its Public Service Board, and has caused this Bond to be dated May 9, 1986.

[SEAL]

Russell G. Young
Chairman

ATTEST:

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

THE GAULEY NATIONAL BANK,
as Registrar

By
Its Authorized Officer

RD

Dated: May 9, 1986

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

Period Ending 10/1	Coupon	Principal	Interest	Debt Service
1986	9.75%	0.00	4,739.92	4,739.92
1987	9.75%	0.00	12,014.93	12,014.93
1988	9.75%	361.00	12,014.93	12,375.93
1989	9.75%	396.00	11,979.73	12,375.73
1990	9.75%	435.00	11,941.12	12,376.12
1991	9.75%	477.00	11,898.71	12,375.71
1992	9.75%	523.00	11,852.20	12,375.20
1993	9.75%	574.00	11,801.21	12,375.21
1994	9.75%	630.00	11,745.24	12,375.24
1995	9.75%	692.00	11,683.82	12,375.82
1996	9.75%	759.00	11,616.35	12,375.35
1997	9.75%	833.00	11,542.34	12,375.34
1998	9.75%	915.00	11,461.13	12,376.13
1999	9.75%	1,004.00	11,371.91	12,375.91
2000	9.75%	1,102.00	11,274.02	12,376.02
2001	9.75%	1,209.00	11,166.58	12,375.58
2002	9.75%	1,327.00	11,048.70	12,375.70
2003	9.75%	1,456.00	10,919.32	12,375.32
2004	9.75%	1,598.00	10,777.36	12,375.36
2005	9.75%	1,754.00	10,621.55	12,375.55
2006	9.75%	1,925.00	10,450.54	12,375.54
2007	9.75%	2,113.00	10,262.85	12,375.85
2008	9.75%	2,319.00	10,056.83	12,375.83
2009	9.75%	2,545.00	9,830.73	12,375.73
2010	9.75%	2,793.00	9,582.59	12,375.59
2011	9.75%	3,066.00	9,310.28	12,376.28
2012	9.75%	3,364.00	9,011.34	12,375.34
2013	9.75%	3,692.00	8,683.35	12,375.35
2014	9.75%	4,053.00	8,323.38	12,376.38
2015	9.75%	4,448.00	7,928.21	12,376.21
2016	9.75%	4,881.00	7,494.53	12,375.53
2017	9.75%	5,357.00	7,018.64	12,375.64
2018	9.75%	5,879.00	6,496.33	12,375.33
2019	9.75%	6,453.00	5,923.13	12,376.13
2020	9.75%	7,082.00	5,293.96	12,375.96
2021	9.75%	7,772.00	4,603.46	12,375.46
2022	9.75%	8,530.00	3,845.69	12,375.69
2023	9.75%	9,362.00	3,014.02	12,376.02
2024	9.75%	10,275.00	2,101.22	12,376.22
2025	9.75%	11,276.00	1,099.41	12,375.41
		123,230.00	363,801.56	487,031.56

SPECIMEN

R-1 B

[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 District with full power of substitution in the premises.

Dated: _____, _____.

"SPECIMEN"

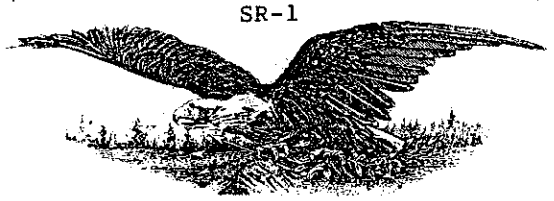
In the presence of:

_____

RJD

NUMBER

SR-1



UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTIES OF FAYETTE, NICHOLAS AND CLAY
GAULEY RIVER PUBLIC SERVICE DISTRICT
SUPPLEMENTAL SUBORDINATE WATERWORKS REVENUE BOND,
SERIES 1986

No. SR-1 $61,350

KNOW ALL MEN BY THESE PRESENTS: That the GAULEY RIVER PUBLIC SERVICE DISTRICT, a public corporation organized and existing under the laws of, and a political subdivision of, the State of West Virginia, in Fayette, Nicholas, and Clay Counties of said State (the "District"), 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 Sixty-one Thousand Three Hundred Fifty Dollars ($61,350), in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference.

SPECIMEN

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of principal, is legal tender for the payment of public and private debts under the laws of the United States of America, at the principal corporate office of The Gauley National Bank, Gauley Bridge, West Virginia, as registrar and paying agent (the "Registrar"). This Bond bears no interest.

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 as otherwise provided by the Supplemental Loan Agreement, dated December 18, 1985, between the District and the Authority.

This Bond represents the entire series or is one of a series of bonds entitled "Supplemental Subordinate Waterworks Revenue Bonds, Series 1986," issued by the District in the aggregate principal amount of $61,350 (the "Bonds") to pay costs of acquisition and construction of the new public waterworks system of the District (the "Project") and to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), a Resolution duly adopted by the District on the 30th day of April, 1986, and a Supplemental Resolution adopted by the District on the 30th day of April, 1986 (collectively, the "Resolution"), and is subject to all the terms and conditions thereof. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Resolution.

This Bond is junior and subordinate as to lien on and source of and security for payment to the District's Waterworks Revenue Bonds, Series 1986 (the "Primary Bonds") issued contemporaneously herewith in the aggregate principal amount of $123,230.

This Bond is payable only from and secured by a second lien on and pledge of the Net Revenues (as defined in the Resolution) to be derived from the operation of the System, moneys in the Reserve Account created under the Resolution and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the District within the meaning of any constitutional or statutory provisions or limitations, nor shall the District be obligated to pay the same except from said special fund provided from the Net Revenues, the moneys in the Reserve Account and unexpended Bond proceeds. Pursuant to the Resolution, the District 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 to provide for the reasonable expenses of operation and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Primary Bonds, the Bonds and all obligations secured by or payable from the revenues of the System prior to or on a parity with the Primary Bonds and prior to or on a parity with the Bonds; provided that if the reserve account established for the payment of debt service on the Primary Bonds and the reserve account established for the payment of debt service on the Bonds are funded, respectively, at an amount at least equal to the maximum amount of principal and intent which will come due on the Primary Bonds in any year and on the Bonds in any year, and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, then such percentage may be reduced to 110%. The District 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.

This Bond is transferable, as provided in the Resolution, only upon the books of the Registrar, kept for that purpose at the office 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, 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.

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; provided that such lien on moneys deposited in the Bond Construction Trust Fund created by the Resolution shall be subordinate to that of the Primary Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the District, 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 District for the prompt payment of the principal this Bond.

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

IN WITNESS WHEREOF, the GAULEY RIVER PUBLIC SERVICE DISTRICT has caused this Bond to be signed by the Chairman of its Public Service Board and its corporate seal to be affixed hereon and attested by the Secretary of its Public Service Board, and has caused this Bond to be dated May 9, 1986.

[SEAL]

_____
Chairman

"SPECIMEN"

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Supplemental Subordinate Waterworks Revenue Bonds, Series 1986 described in the within-mentioned Resolution and has been duly registered in the name of the registered owner set forth above.

THE GAULEY NATIONAL BANK,
as Registrar

By _____
Its Authorized Officer

Date: _____

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

Period Ending 10/1	Zero Coupon Bonds
1986	0.00
1987	0.00
1988	1,615.72
1989	1,614.44
1990	1,614.44
1991	1,614.44
1992	1,614.44
1993	1,614.44
1994	1,614.44
1995	1,614.44
1996	1,614.44
1997	1,614.44
1998	1,614.44
1999	1,614.44
2000	1,614.44
2001	1,614.44
2002	1,614.44
2003	1,614.44
2004	1,614.44
2005	1,614.44
2006	1,614.44
2007	1,614.44
2008	1,614.44
2009	1,614.44
2010	1,614.44
2011	1,614.44
2012	1,614.44
2013	1,614.44
2014	1,614.44
2015	1,614.44
2016	1,614.44
2017	1,614.44
2018	1,614.44
2019	1,614.44
2020	1,614.44
2021	1,614.44
2022	1,614.44
2023	1,614.44
2024	1,614.44
2025	1,614.44
	61,350.00

"SPECIMEN"

[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 District with full power of substitution in the premises.

Dated: _____, _____.

"SPECIMEN"

In the presence of:

_____

GAULEY RIVER PUBLIC SERVICE DISTRICT

$123,230 Waterworks Revenue Bonds, Series 1986

$61,350 Supplemental Subordinate Waterworks Revenue Bonds, Series 1986

CERTIFICATE OF SECRETARY AS TO TRUTH AND ACCURACY OF DOCUMENTS DELIVERED

I, the undersigned Louise Grimmett, Secretary of the Public Service Board (the "Board") of the Gauley River Public Service District (the "District"), hereby certify that the copies of the following documents being delivered in connection with the closing of the sale of $123,230 in principal amount of the Gauley River Public Service District Waterworks Revenue Bonds, Series 1986, and the sale of $61,350 in principal amount of the Gauley River Public Service District Supplemental Subordinate Waterworks Revenue Bonds, Series 1986 (collectively the "Bonds"), are, as of the date hereof, true and accurate copies of the originals of those documents maintained on file with the District and delivered in the transcript of proceedings, that said documents have been duly adopted or entered by the Board, and that said documents are still in full force and effect as of the date hereof and have not been repealed, rescinded, superseded, amended or modified in any way unless the document effecting such repeal, rescission, supersedence, amendment or modification is also listed below:

1. Rules of Order and Procedure.

2. The County Commission of Fayette County Grant Commitment.

3. The County Commission of Nicholas County Grant Commitment.

4. United States Department of Housing and Urban Development Small Cities Block Grant Commitment and Extension Letter.

5. Oaths of Office, dated April 7, 1986, of the following officials: Russell G. Deering and Louise Grimmett, Board Members; an Oath of Office, dated April 4, 1986, of Mary Susan Gray, Board Member.

6. West Virginia Water Development Authority ("WDA") Loan Agreement, dated December 18, 1985.

7. WDA Supplemental Loan Agreement, dated December 18, 1985.

8. Water Purchase Agreement by and between District and Kanawha Falls Public Service District.

9. Minutes of 1986 organizational meeting of the Board.

10. Minutes of the April 30, 1986, special meeting of the Board, wherein the bond resolution and supplemental resolution were adopted.

11. Bond Resolution.

12. Supplemental Resolution Authorizing the Sale of the Gauley River Public Service District Waterworks Revenue Bonds, Series 1986, and the Gauley River Public Service District Supplemental Subordinate Waterworks Revenue Bonds, Series 1986.

WITNESS my signature and the official seal of the Gauley River Public Service District as of the 9th day of May, 1986.

Secretary, Public Service Board,
Gauley River Public Service
District

(SEAL)

GAULEY RIVER PUBLIC SERVICE DISTRICT

$123,230 Waterworks Revenue Bonds, Series 1986

CERTIFICATE AS TO NON-ARBITRAGE

I, Russell G. Deering, Chairman of the Public Service Board (the "Board) of the Gauley River Public Service District (the "District"), hereby certify and reasonably expect with respect to the issuance of the $123,230 Gauley River Public Service District Waterworks Revenue Bonds, Series 1986, dated as of the date hereof (the "Bonds"), as follows:

1. Capitalized words not defined herein shall have the meaning defined in the Bond Resolution adopted by the District on April 30, 1986 (the "Resolution").

2. The original proceeds of the Bonds, being $123,230, will be used as follows: (1) approximately $103,830 for the financing of the cost of construction and acquisition of the waterworks system of the District (the "Project"), (2) approximately $13,400 to pay interest during construction and for a period of six months thereafter, and (3) approximately $6,000 for expenses incurred in connection with the issuance of the Bonds.

3. The District's Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purpose of providing funds to pay the costs of issuance of the Bonds, to capitalize interest during construction and for a period of six months thereafter, and to pay a portion of the costs of acquisition and construction of the Project. The remainder of such costs are expected to be paid with a grant from The County Commission of Fayette County in the amount of $180,000, a grant from The County Commission of Nicholas County in the amount of $92,400, a United States Department of Housing and Urban Development Small Cities Block Grant in the amount of $750,000, and the proceeds of the District's $61,350 Supplemental Subordinate Waterworks Revenue Bonds, Series 1986, which bear no interest (the "Supplemental Bonds").

4. The total Cost (including capitalized interest and costs of issuance) of the Project is estimated to be $1,206,980. The amount of Project costs (excluding capitalized interest and costs of issuance) not expected to be reimbursed or paid from the grants or the Supplemental Bonds or interest earnings on the Reserve Accounts (as defined in the Resolution) is estimated to be at least $103,830. Except for the proceeds of the grants and bonds described in Paragraph 3 above, no other funds of the District will be available to meet costs of

the Project, and no balances are available to meet such costs in any account which may, without legislative or judicial action, be invaded to pay such expenditures without a legislative, judicial or contractual requirement that such account be reimbursed.

5. Pursuant to Article IV of the Resolution, the following special funds or accounts have been created:

(1) Revenue Fund;

(2) Renewal and Replacement Fund;

(3) Bond Construction Trust Fund;

(4) Primary Bonds Sinking Fund, and within the Primary Bonds Sinking Fund, the Primary Bonds Reserve Account; and

(5) Supplemental Bonds Sinking Fund, and within the Supplemental Bonds Sinking Fund, the Supplemental Bonds Reserve Account.

6. Pursuant to Article V of the Resolution, the proceeds of the Bonds will be deposited in the Bond Construction Trust Fund and applied solely to payment of the Cost of the Project.

7. All moneys in the Primary Bonds Sinking Fund described in Paragraph 5(4) above (including any income earned thereon) will be held for the payment of the principal due and the interest to accrue on the Bonds on or prior to the maturity thereof and will not be available to meet Costs of the Project.

8. Except for the Primary Bonds Sinking Fund described in Paragraph 5(4) above (including the Primary Bonds Reserve Account established therein), there are no other funds or accounts established or held by the District which are reasonably expected to be used to pay debt service on the Bonds or which are pledged as collateral for the Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Bonds, if the District encounters financial difficulties.

9. Any money deposited in the Primary Bonds Sinking Fund, other than in the Primary Bonds Reserve Account therein, will be spent within a thirteen-month period beginning on the date of receipt, and any money received from the investment of the amounts held in the Primary Bonds Sinking Fund, other than in the Primary Bonds Reserve Account therein, will be spent

within a one-year period beginning on the date of receipt. Such funds are designed to achieve a proper matching of the District's revenues and debt service on the Bonds within each bond year. Investment earnings on the Primary Bonds Reserve Account shall be transferred not less than once each year to the Primary Bonds Sinking Fund.

10. The West Virginia Water Development Authority, as the original purchaser of the Bonds, requires the District to fund and maintain its Primary Bonds Reserve Account at the maximum amount of the principal of and interest which will mature and come due on the Bonds in any year. The District expects to fund this reserve requirement over a ten year period.

11. The District has entered into binding obligations for construction of the Project and work on the Project will proceed with due diligence to completion. The construction period for the Project is approximately nine months. All of the proceeds of the Bonds will be expended within three years of the date of issue.

12. Except as provided in the Resolution, the Project will not be sold or otherwise disposed of in whole or in part before the maturity of the Bonds.

13. The original proceeds of the Bonds will not exceed the amount necessary for the purposes of the issue.

14. The District has not been notified by the Internal Revenue Service of any listing or proposed listing of it as an issuer, the certification of which may not be relied upon by holders of obligations of the District or that there is any disqualification of the District by the Internal Revenue Service because a certification made by the District contains a material misrepresentation.

15. The District has covenanted in the Bond Resolution to make no use of the proceeds of the Bonds which would cause the Bonds to be "arbitrage bonds" within the meaning of the regulations or Section 1.103(c).

16. To the best of my knowledge, information and belief, the above expectations are reasonable.

This certification has been delivered pursuant to Sections 1.103-13, 1.103-14 and 1.103-15 of the Treasury Regulations under Section 103(a) of the Internal Revenue Code of 1954, as amended, as part of the record of proceedings and accompanying certificates with respect to the Bonds. I am one of the officers of the District charged by the District in the Resolution with responsibility for issuance of the Bonds,

and, as such, I am an official referred to in Section 1.103-13(a)(2)(ii) whose certification may be relied upon as the certification of the District.

IN WITNESS WHEREOF, I have hereunto set my hand as of this 9th day of May, 1986.

GAULEY RIVER PUBLIC SERVICE DISTRICT

By: Russell G Deering
Chairman, Public Service Board

GAULEY RIVER PUBLIC SERVICE DISTRICT

$123,230 Waterworks Revenue Bonds, Series 1986

$61,350 Supplemental Subordinate Waterworks Revenue Bonds, Series 1986

CERTIFICATE OF CONSULTING ENGINEER

I, Robert Y. Hayne, Registered Professional Engineer, West Virginia License No. 1536, of Appalachian, Hart & Milam Inc., Consulting Engineers, Dunbar, West Virginia, hereby certify that my firm is engineer for the construction and acquisition of a new waterworks distribution system (herein called the "Project") of the Gauley River Public Service District (the "District") to be constructed in Fayette and Nicholas Counties, West Virginia, which construction and acquisition are being financed in part by the above-captioned bonds (the "Bonds") of the District. Capitalized words not defined herein shall have the meaning set forth in the Bond Resolution adopted by the District on April 30, 1986 and the Loan Agreement and Supplemental Loan Agreement by and between the District and the West Virginia Water Development Authority (the "Authority") dated December 18, 1985.

1. The Project is estimated to cost $1,206,980 and is being funded by (i) a grant from The County Commission of Fayette County in the amount of $180,000; (ii) a grant from The County Commission of Nicholas County in the amount of $92,400; (iii) a Small Cities Block Grant from the United States Department of Housing and Urban Development in the amount of $750,000; and (iv) West Virginia Water Development Authority loans aggregating $184,580.

2. The undersigned hereby certifies that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm and as described in the application submitted to the Authority requesting the Authority to purchase the Bonds (the "Application") and approved by all necessary governmental bodies, (ii) the Project is adequate for the purpose for which it was designed and has an estimated useful life of at least forty years, (iii) the District has received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application and my firm has ascertained that all contractors have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified by my firm for accuracy, (iv) the District has obtained all permits required by the laws of the State and the federal government necessary for the

construction of the Project, (v) the rates and charges for the System as adopted by the District and approved by the Public Service Commission of West Virginia are sufficient to comply with the provisions of Subsection 4.1(b)(ii) of the Loan Agreements, and (vi) that the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, are sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application.

WITNESS my signature on this 9TH day of May, 1986.

Donald L. Hayes, P.E.
APPALACHIAN, HART & MILAM INC.

Adkins & Culp
CERTIFIED PUBLIC ACCOUNTANTS

1015 ARBUCKLE ROAD
Summersville, West Virginia 26651

304 - 872-4578

May 9, 1986

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

RE: Gauley River Public Service District
Waterworks Revenue Bonds

Gentlemen:

I have reviewed the water service rates which were proposed by the Gauley River Public Service District (the "District") and which were approved in the Order granting the District a Certificate of Convenience and Necessity, dated April 1, 1986. Based on customer counts, water consumption patterns, as well as other representations made to me by the District, and based on other conditions now existing, it is my opinion that those rates are adequate to pay operation and maintenance expenses, and to meet the debt service coverage requirements of the Bond Resolution enacted by the District on April 30, 1986, and a Supplemental Resolution subsequently adopted April 30, 1986.

Very truly yours,

Stanley S. Adkins,
Partner

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 2nd day of May, 1986, by and between the GAULEY RIVER PUBLIC SERVICE DISTRICT, a public corporation organized and existing under the laws of, and a political subdivision of, the State of West Virginia (the "Governmental Agency"), and THE GAULEY NATIONAL BANK, a national banking association (the "Registrar").

WHEREAS, the Governmental Agency has, contemporaneously with the execution hereof, issued and sold its $123,230 Waterworks Revenue Bonds, Series 1986 (the "Primary Bonds"), in the form of one bond numbered R-1 and its $61,350 Supplemental Subordinate Waterworks Revenue Bonds, Series 1986 (the "Supplemental Bonds"), in the form of one bond numbered SR-1, both in fully registered form (collectively the "Bonds"), pursuant to a Bond Resolution adopted April 30, 1986, and a Supplemental Resolution adopted April 30, 1986 (collectively, the "Resolution");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Resolution, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Resolution provides for an appointment by the Governmental Agency of a Registrar and Paying Agent for the Bonds; and

WHEREAS, the Governmental Agency desires to appoint, and by the Resolution and this Registrar's Agreement does appoint, the Registrar to act as Paying Agent and Registrar under the Resolution and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Governmental Agency and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Paying Agent and Registrar, for the Bonds, all as set forth in the Resolution, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Primary Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Governmental Agency advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Governmental Agency with appropriate records of all transactions carried out by it as Paying Agent and Registrar and to furnish the Governmental Agency with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Governmental Agency may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Governmental Agency.

4. The Governmental Agency hereby agrees to indemnify the Registrar against any loss, liability or expense incurred by the Registrar other than liability arising by reason of the bad faith, negligence or willful misconduct of the Registrar, and the Registrar hereby agrees to indemnify the Governmental Agency against any loss, liability or expense incurred by the Governmental Agency by reason of the bad faith, negligence or willful misconduct of the Registrar. Such expense, in either case, shall include the costs and expenses of defending against any claim or liability. Neither the Governmental Agency nor the Registrar shall be liable under or held in breach of this Registrar's Agreement if prevented, hindered or delayed in the performance or observance of any provision of this Registrar's Agreement by reason of any act of God, strikes, lockouts, riots, acts of war, epidemics, government action or regulation imposed after the fact, judicial order, earthquakes, floods, fires or other causes beyond their reasonable control.

5. The Governmental Agency hereby agrees to pay to the Registrar, from time to time, reasonable compensation for services rendered and reimbursement for reasonable expenses incurred in connection with this Registrar's Agreement.

6. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Resolution with respect to the Paying Agent and 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.

7. The Governmental Agency and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Resolution will violate any order, decree or agreement to which it is a party or by which it is bound.

8. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or

certified mail to the other party, at the following respective address:

GOVERNMENTAL AGENCY

Public Service Board
Gauley River Public Service District
Beech Glen Route, Box 7
Belva, West Virginia 26656
Attention: Chairman

REGISTRAR:

The Gauley National Bank
Box 668
Gauley Bridge, West Virginia 25085
Attention: President

The Governmental Agency and the Registrar shall notify the other in writing of any change of address.

9. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Resolution.

IN WITNESS WHEREOF, the GAULEY RIVER PUBLIC SERVICE DISTRICT and THE GAULEY NATIONAL BANK have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

GAULEY RIVER PUBLIC SERVICE DISTRICT

By: Russell E. Deering
Chairman, Public Service Board

THE GAULEY NATIONAL BANK

By: Robert L. Bell
Its President

EXHIBIT A

See Transcript of Proceedings Document No. 2.2

GAULEY RIVER PUBLIC SERVICE DISTRICT

$123,230 Waterworks Revenue Bonds, Series 1986

$61,350 Supplemental Subordinate Waterworks Revenue Bonds, Series 1986

ACCEPTANCE OF DUTIES OF DEPOSITORY BANK

THE GAULEY NATIONAL BANK, a national banking association, with its principal office in Gauley Bridge, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Resolution of the Gauley River Public Service District duly adopted April 30, 1986, and the Supplemental Resolution adopted April 30, 1986 (collectively, the "Resolution") authorizing issuance of the Gauley River Public Service District Waterworks Revenue Bonds, Series 1986, dated May 9, 1986, in the aggregate principal amount of $123,230 and the Gauley River Public Service District Supplemental Subordinate Waterworks Revenue Bonds, Series 1986, in the aggregate principal amount of $61,350 (the "Bonds") and agrees to perform all duties of Depository Bank in connection with such Bonds, all as set forth in said Resolution.

Witness my signature as of the 9th day of May, 1986.

THE GAULEY NATIONAL BANK

By: Robert L. Bell
Its President

REQUEST AND AUTHORIZATION AS TO AUTHENTICATION
AND DELIVERY OF THE BONDS

May 9, 1986

The Gauley National Bank
Box 668
Gauley Bridge, West Virginia 25085

Ladies and Gentlemen:

We herewith hand to you, duly executed, $123,230 Waterworks Revenue Bonds, Series 1986, in the form of one bond numbered R-1 and $61,350 Supplemental Subordinate Waterworks Revenue Bonds, Series 1986, in the form of one bond numbered SR-1 (the "Bonds") of the Gauley River Public Service District (the "District"), authorized to be issued under and pursuant to the Bond Resolution, duly adopted by the District on April 30 1986, and a Supplemental Resolution adopted on April 30, 1986 (collectively, the "Resolution").

You are hereby requested and authorized to register, authenticate and deliver the Bonds on behalf of the District to the West Virginia Water Development Authority.

GAULEY RIVER PUBLIC SERVICE DISTRICT

By Russell G Delong
Chairman

(SEAL)

Attest:

Secretary

GAULEY RIVER PUBLIC SERVICE DISTRICT

$123,230 Waterworks Revenue Bonds, Series 1986

$61,350 Supplemental Subordinate Waterworks Revenue Bonds, Series 1986

CERTIFICATE OF REGISTRATION OF BONDS

I, Robert L. Bell, President of The Gauley National Bank, as Registrar (the "Registrar") under a Registrar's Agreement between the Registrar and the Gauley River Public Service District (the "District") dated as of the date hereof hereby certify that on the 9th day of May, 1986, the bonds of the District in the principal amount of $123,230 designated "Gauley River Public Service District Waterworks Revenue Bonds, Series 1986", and numbered R-1, and the bonds in the principal amount of $61,350 designated "Gauley River Public Service District Supplemental Subordinate Waterworks Revenue Bonds, Series 1986", and numbered SR-1, both dated as of the date hereof, were registered as to principal and the Waterworks Revenue Bonds, Series 1986 were registered as to interest in the name of "West Virginia Water Development Authority" in the books of the District kept for that purpose at our office, by a duly authorized officer on behalf of The Gauley National Bank, as Registrar.

WITNESS my signature as of the 9th day of May, 1986.

THE GAULEY NATIONAL BANK,
as Registrar

By: Robert L Bell
Its President

GAULEY RIVER PUBLIC SERVICE DISTRICT

$123,230 Waterworks Revenue Bonds, Series 1986

$61,350 Supplemental Subordinate Waterworks Revenue Bonds, Series 1986

RECEIPT FOR BONDS

The undersigned, EDGAR N. HENRY, Director of the West Virginia Water Development Authority, for and on behalf of the West Virginia Water Development Authority (the "Authority"), hereby certifies as follows:

1. On the 9th day of May, 1986, in Dunbar, West Virginia, the Authority received the entire original issue of $123,230 in aggregate principal amount of the Gauley River Public Service District Waterworks Revenue Bonds, Series 1986 (the "Primary Bonds") and the entire original issue of $61,350 in aggregate principal amount of the Gauley River Public Service District Supplemental Subordinate Waterworks Revenue Bonds, Series 1986 (the "Supplemental Bonds") (collectively, the "Bonds"), said Bonds being dated the 9th day of May, 1986; and issued in the form of one bond per issue, fully registered to the Authority, and numbered R-1 and SR-1, respectively.

2. At the time of receipt of such Bonds, they had been executed by Russell G. Deering, as Chairman of the District, by manual signature, and attested by Louise Grimmett, as Secretary of the District, by manual signature, and the official seal of the said District had been impressed upon each Bond.

IN WITNESS WHEREOF, Edgar N. Henry duly signed and delivered this receipt on behalf of the West Virginia Water Development Authority on the 9th day of May, 1986.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: _____
Director

GAULEY RIVER PUBLIC SERVICE DISTRICT

$123,230 Waterworks Revenue Bonds, Series 1986

$61,350 Supplemental Subordinate Waterworks Revenue Bonds, Series 1986

RECEIPT FOR BOND PROCEEDS

The undersigned Russell G. Deering, Chairman of the Public Service Board of the Gauley River Public Service District (the "District"), hereby certifies as follows:

1. The District has received and hereby acknowledges receipt from the West Virginia Water Development Authority (the "Authority"), as original purchaser of the District's $123,230 Waterworks Revenue Bonds, Series 1986, of the proceeds of said bonds in the amount of $123,230 (100% of par value) and with no interest having been accrued thereon.

2. The District has received and hereby acknowledges receipt from the Authority, as original purchaser of the District's $61,350 Supplemental Subordinate Waterworks Revenue Bonds, Series 1986, of the proceeds of said bonds in the amount of $61,350 (100% of par value) and said bonds bearing no interest.

IN WITNESS WHEREOF, the Gauley River Public Service District has caused this receipt to be executed by the Chairman of its Public Service Board on this 9th day of May, 1986.

GAULEY RIVER PUBLIC SERVICE DISTRICT

By: Russell G Deering
CHAIRMAN, PUBLIC SERVICE BOARD

JACKSON, KELLY, HOLT & O'FARRELL
(IN KENTUCKY, JACKSON, KELLY, WILLIAMS & PALMORE)
ATTORNEYS AT LAW
1600 LAIDLEY TOWER
P. O. BOX 553
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TELEPHONE 304-340-1000 TELECOPIER 304-340-1130

WRITER'S DIRECT DIAL NO.

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TELEPHONE 502-425-3055

LEXINGTON OFFICE
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LEXINGTON, KENTUCKY 40504
TELEPHONE 606-223-3080

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

May 9, 1986

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

Ladies and Gentlemen:

We are bond counsel to the Gauley River Public Service District (the "Governmental Agency"), a public corporation created and existing under the laws of, and a political subdivision of, the State of West Virginia.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement, dated December 18, 1985 (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated May 2, 1986 (the "Governmental Agency Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Governmental Agency Bonds are in the principal amount of $123,230, issued in the form of one bond registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, beginning October 1, 1986, at the respective rate and with principal payable in installments on October 1 in each of the years 1988 through 2025, inclusive, all as set forth in Exhibit A incorporated in and made a part of the Governmental Agency Bonds.

The Governmental Agency Bonds are issued for the purpose of acquiring and constructing a new waterworks system for the Government Agency, and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Local Statute"), under which the Governmental Agency Bonds are issued, and the Loan Agreement that has been undertaken, including all schedules and exhibits to the Loan Agreement. The Governmental Agency Bonds have been authorized by a bond resolution (the "Local Act") duly adopted by the Governmental Agency, which contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement. The Governmental Agency Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

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

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

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

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

7. The Governmental Agency Bonds are, by statute, exempt from all taxation by the State of West Virginia and the other taxing bodies of the State, and the interest on the Governmental Agency Bonds is exempt from personal income taxes imposed directly thereon by the State of West Virginia, and under existing statutes and court decisions of the United States of America, as presently written and applied, the interest on the Governmental Agency Bonds is exempt from federal income taxation.

We have reviewed the provisions of H.R. 3838, the "Tax Reform Act of 1985" as passed by the United States House of Representatives on December 17, 1985 ("H. R. 3838"), and a "Joint Statement" on the effective dates of certain provisions of H. R. 3838 (the "Joint Statement") of the Chairmen and Ranking Members of both the Ways and Means Committee of the United States House of Representatives and the Finance Committee of the United States Senate, together with the Secretary of the United States Treasury Department, dated March 14, 1986. In our opinion, if H.R. 3838 is enacted into law in the form passed by the House of Representatives on December 17, 1985, and such law reflects a postponement of effective date to the extent endorsed in the Joint Statement, interest on the Governmental Agency Bonds will continue to be exempt from federal income taxation, except that with respect to property and casualty insurance companies such interest may be included in an alternative calculation of taxable income.

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

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

Very truly yours,

Jackson, Kelly, Holt & O'Farrell

JACKSON, KELLY, HOLT & O'FARRELL
(IN KENTUCKY, JACKSON, KELLY, WILLIAMS & PALMORE)
ATTORNEYS AT LAW
1600 LAIDLEY TOWER
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OWENSBORO, KENTUCKY 42301
TELEPHONE 502-926-8332

May 9, 1986

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

Ladies and Gentlemen:

We are bond counsel to the Gauley River Public Service District (the "Governmental Agency"), a public corporation created and existing under the laws of, and a political subdivision of, the State of West Virginia.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement, dated December 18, 1985 (the "Supplemental Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority"), and (ii) the issue of a series of supplemental, subordinate revenue bonds of the Governmental Agency, dated May 9, 1986 (the "Supplemental Bonds"), to be purchased by the Authority in accordance with the provisions of the Supplemental Loan Agreement. The Supplemental Bonds are in the principal amount of $61,350, issued in the form of one bond registered as to principal to the Authority, without interest thereon, with principal payable in installments on October 1 in each of the years 1988 through 2025, inclusive, all as set forth in Exhibit A incorporated in and made a part of the Supplemental Bonds.

The Supplemental Loan Agreement is supplemental to a loan agreement dated December 18, 1985, also between the Governmental Agency and the Authority (the "Loan Agreement"). The Supplemental Bonds are junior, subordinate and inferior as to lien and source of and security for payment to the bonds issued pursuant to the Loan Agreement (the "Primary Bonds"), which Primary Bonds are issued simultaneously herewith.

The Supplemental Bonds are issued, together with the Primary Bonds, for the purpose of acquiring and constructing a new waterworks system for the Governmental Agency, and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Local Statute"), under which the Supplemental Bonds are issued, and the Supplemental Loan Agreement that has been undertaken, including all schedules and exhibits to the Supplemental Loan Agreement. The Supplemental Bonds have been authorized by a bond resolution (the "Local Act") duly adopted by the Governmental Agency, which contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Supplemental Loan Agreement. The Supplemental Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Supplemental Loan Agreement.

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

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

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

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

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

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

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

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

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

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

Very truly yours,

Jackson, Kelly, Holt & O'Farrell

JACKSON, KELLY, HOLT & O'FARRELL
(IN KENTUCKY: JACKSON, KELLY, WILLIAMS & PALMORE)
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TELEPHONE 502-926-8332

May 9, 1986

Public Service Board
Gauley River Public Service District
Jodie, West Virginia

Re: Gauley River Public Service District
$123,230 Waterworks Revenue Bonds, Series 1986

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of the Waterworks Revenue Bonds, Series 1986 (the "Bonds"), in the principal amount of $123,230 of the Gauley River Public Service District (the "District"), a public corporation organized and existing under the laws of, and a political subdivision of, the State of West Virginia.

In connection with such examination, we have reviewed the certification of even date herewith of Russell G. Deering, Chairman of the Public Service Board of the District, relating to the expectation that the proceeds of the issuance of the Bonds will not be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 103(c) of the Internal Revenue Code of 1954, as amended and in effect on the date hereof.

Based upon our examination of existing law and review of such certification, it is our opinion that the Bonds will not be "arbitrage bonds" for the purposes of Section 103(c) and Sections 1.103-13, 1.103-14 and 1.103-15 of the Treasury Regulations under the Internal Revenue Code of 1954, as amended and in effect on the date hereof.

No matters have come to our attention which in our opinion make unreasonable or incorrect the representations made in such certification.

Very truly yours,

Jackson, Kelly, Holt & O'Farrell

BILLHEIMER AND BILLHEIMER

ATTORNEYS AT LAW

GORDON BILLHEIMER
GORDON BILLHEIMER, JR.

311 WASHINGTON STREET
MONTGOMERY, WEST VIRGINIA 25136
MONTGOMERY 442-5161
CHARLESTON 949-1981

May 9, 1986

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

Jackson, Kelly, Holt & O'Farrell
P. O. Box 553
Charleston, WV 25322

RE: GAULEY RIVER PUBLIC SERVICE DISTRICT
$123,230 WATERWORKS REVENUE BONDS, SERIES 1986

$61,350 SUPPLEMENTAL SUBORDINATE WATERWORKS
REVENUE BONDS, SERIES 1986

Ladies and Gentlemen:

We are Counsel to the Gauley River Public Service District (the "District"). As such counsel, we have examined copies of the approving opinions of Jackson, Kelly, Holt & O'Farrell, as bond counsel, relating to the above-captioned bonds of the District (the "Bonds"), the Loan Agreement and Supplemental Loan Agreement by and between the West Virginia Water Development Authority (the "Authority") and the District, both dated December 18, 1985, and a Bond Resolution duly adopted by the District on April 30, 1986, as supplemented by a Supplemental Resolution adopted April 30, 1986, (collectively, the "Resolution"), and other documents relating to the Bonds. Terms used in said opinions, the Loan Agreement, Supplemental Loan Agreement and Resolution and not otherwise defined herein have the same meanings herein.

We are of the opinion that:

1. The Loan Agreement and Supplemental Loan Agreement have been duly authorized, executed and delivered by the District and, assuming due authorization, execution and delivery by the Authority, constitute valid and binding agreements of District in accordance with their terms.

2. The members of the Public Service Board were duly and properly elected or appointed and are thereby authorized to act on behalf of the District.

3. The Resolution has been duly adopted by the District and is in full force and effect.

4. The District has obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the issuance of the Bonds, and has taken any and all other action required for the imposition of such rates and charges and the appeal period from such orders has expired.

5. The execution and delivery of the Bonds and the Loan Agreement and Supplemental Loan Agreement and the consummation of the transactions contemplated by the Loan Agreement or the Supplemental Loan Agreement, and the carrying out of the terms thereof, do not and will not in any material respect conflict with or constitute on the part of the District a breach of or default under any agreement or other instrument to which the District is a party or any existing law, regulation, court order or consent decree to which the District is subject.

6. The District has received all the necessary permits, licenses, approvals and authorizations that are presently obtainable to construct the Project.

7. To the best of our knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public council or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by or the validity of the Bonds or the collection or pledge of the revenues.

All counsel to this transaction may rely upon this opinion as if specifically addressed to them.

Sincerely,

Gordon E. Billheimer, Jr.
Counsel to Gauley River
Service District

GBj:lw