

\$150,400
HAMLIN PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND,
SERIES 1997

DISTRIBUTION LIST

Bond Counsel

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Barbara B. Meadows, Secretary/
Treasurer
West Virginia Water Development
Authority
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Lender

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Division of Environmental Protection
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E.L. Robinson Engineering Co.
5088 Washington Street, West
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Issuer

Hamlin Public Service District
Esau J. Duty, Chairman
Phyllis J. Ashworth, Secretary
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Telecopier

Issuer's Counsel

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Issuer's Accountant

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Project Coordinator

Randall Lewis, Assistant Executive
Director
Region 2 Planning and Development
Council
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Registrar

Bank One, West Virginia, N.A.
Attn: Teresa L. Davis, Vice President
707 Virginia Street, East
Charleston, WV 25301
(304) 348-5667 Telephone
(304) 348-7978 Telecopier

Depository Bank

Bank One, West Virginia, N.A.
Attn: David L. Burch, Branch Center
Manager
8049 Lynn Avenue
Hamlin, WV 25523
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TRANSCRIPT LIST

\$150,400
Hamlin Public Service District
Sewer Revenue Bond,
Series 1997

Closing: May 7, 1997

A. BASIC

1. County Commission Orders on Creation and Expansion of Hamlin Public Service District (the "Issuer").
2. County Commission Orders on Appointment of Board Members.
3. Oaths of Office of Board Members.
4. Issuer's Rules of Procedure.
5. Certified Copy of Bond Resolution of the Issuer adopted on May 7, 1997.
6. Notice of Meeting on Bond Resolution and Affidavit of Publication.
7. Minutes of Meeting of Board with respect to Resolution.
8. Loan Agreement among West Virginia Water Development Authority, West Virginia Division of Environmental Protection and the Issuer.
9. Sewage Rate Tariff.

B. CERTIFICATES AND RECEIPTS

10. General Certificate signed by the Chairman, Secretary and Attorney of the Issuer.
11. Non-Arbitrage Certificate of the Issuer.
12. Certificate of Consulting Engineer.
13. Certificate of Certified Public Accountant.
14. Certificate of Secretary as to Truth and Accuracy of Documents Delivered.
15. NPDES Permit (cover page).
16. Registrar's Agreement between the Issuer and Registrar.
17. Acceptance of Duties of Depository Bank.
18. Acceptance of Duties of Registrar.

19. Request and Authorization as to Authentication and Delivery of the Bond.
20. Certificate of Registration of Bond.
21. Cross-Receipt for Bond and Bond Proceeds.
22. Notice of Delivery of Bond.
23. Rural Utilities Service's Consent to Issuance of Parity Bond and Waiver of Debt Service Coverage Requirement.
24. Copy of Form 8038-G filed with Internal Revenue Service Center, Philadelphia, Pennsylvania 19255.

C. LEGAL OPINIONS

25. Opinion of Goodwin & Goodwin, Bond Counsel.
26. Non-Arbitrage Opinion of Goodwin & Goodwin.
27. Opinion of Jack Stevens, Counsel to the Issuer.

D. MISCELLANEOUS

28. Municipal Bond Commission New Issue Report Form.
29. West Virginia Public Service Commission Recommended Decision.
30. West Virginia Infrastructure and Jobs Development Council approval letter.
31. Specimen Bond.
32. 1968 Bond Resolution.
33. Copy of Statutory Authority.

The closing of the sale of \$150,400 in aggregate principal amount of Hamlin Public Service District, Sewer Revenue Bond, Series 1997, will take place at the office of the West Virginia Water Development Authority, 1201 Dunbar Avenue, Dunbar, West Virginia, at 2:30 p.m., Eastern Time, on May 7, 1997. No transaction shall be deemed to have been completed and no documents shall be deemed to have been delivered unless and until all transactions are complete and all documents are delivered. Any document which references an Exhibit or Schedule to be attached thereto shall be considered completed and attached if the referenced Exhibit or Schedule appears elsewhere in this Transcript.

IN THE COUNTY COURT OF LINCOLN COUNTY, WEST VIRGINIA

IN RE: HAMLIN PUBLIC SERVICE DISTRICT

At a Regular Meeting of the County Court of Lincoln County, West Virginia, held on this the 3rd day of January, 1966, it came to the attention of the Court and the Court doth find that a petition has been filed with the Clerk of this Court asking and praying for the creation of the Hamlin Public Service District within Lincoln County; that said Clerk has on this date at said Regular Meeting presented said petition to this Court.

Now, therefore, it is hereby RESOLVED, ADJUDGED, ORDERED and DECREED, that said petition is in proper form and order as required by Chapter 16, Article 13A of the Code of West Virginia, as amended; that said petition adequately describes the area to properly identify the territory to be embraced within the proposed public service district; that the name of the same shall be the Hamlin Public Service District; that said petition has been signed by at least one hundred legal voters and residents within and owning real property within the limits of the proposed public service district, and this Court is required by the laws of this state to fix a date of hearing in this County on the creation of the proposed public service district, which date shall be not more than forty (40) days nor less than twenty (20) days from the date hereof; that the Clerk of this Court is required to 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 at least once in a newspaper of general circulation published in Lincoln County at least ten (10) days prior to such hearing.

That the territory to be embraced in said Hamlin Public Service District is shown by the map and plat and description made by J. H. Milam, Inc., which is hereto attached and made a part hereof as if fully set forth herein, and includes the Town of Hamlin and the surrounding area, all within Carroll District of Lincoln County.

That the purpose of said public service district shall be to construct, acquire by purchase or otherwise, and maintain, operate, improve and extend property for collection, treatment, purification and disposal of liquid and solid waste, sewage and industrial waste and to otherwise provide sewage disposal facilities within such territory to the extent provided by law.

That the territory described above does not include within its limits the territory of any other public service district and does not include within its limits any city, incorporated town or municipal corporation, except the Town of Hamlin.

That this Regular Meeting of this Court be and the same is hereby recessed until 7:00 o'clock P. M. on Monday the 24th day of January, 1966, at which time this Court will meet at its offices in the Lincoln County Court House at Hamlin, West Virginia, for the purpose of conducting a public hearing on the creation of said proposed public service district, at which time and place all persons residing in or owning or having any interest in property in said proposed public service district may appear before this Court and shall have an opportunity to be heard for and against the creation of said district, and at said meeting and hearing, this Court shall consider and determine the feasibility of the creation of the proposed public service district.

That the Clerk of this Court be and he is hereby authorized and directed to cause a notice of such hearing to be published on the 6th day of January, 1965, in the Hamlin Democrat, a newspaper of general circulation published in Lincoln County in substantially the form following:

"Notice is hereby given that a legally sufficient petition has been filed with the Clerk of the County Court of Lincoln County, West Virginia, and the same has been presented to the County Court of said Lincoln County, for the creation of a public service district within Carroll District of Lincoln County, for the purpose of constructing

or acquiring by purchase or otherwise, and providing the maintenance, operation, improvement and extension of public service properties for collection, treatment, purification and disposal of liquid and solid waste, sewage and industrial waste and to otherwise provide sewage disposal facilities within said district to the extent provided and permitted by law, such district to be named the Hamlin Public Service District, and having the following described boundaries and comprised of the area surrounding Hamlin and including the Town of Hamlin:

Located in Carroll Magisterial District of Lincoln County, and including the Town of Hamlin and surrounding area containing approximately 0.9 square miles and described as follows:

BEGINNING at a point in Mud River, coordinates N. 38° 16' 46", W. 82° 07' 08";
THENCE, N. 4° 26' W. for a distance of 0.2 miles to latitude N. 38° 16' 58" longitude W. 82° 07' 10";
THENCE, N. 78° 56' E. 0.2 miles;
THENCE, N. 67° 04' E. 0.6 miles;
THENCE, S. 31° 55' E. 0.2 miles intersecting the Town limits of Hamlin;
THENCE, with Town Limits S. 78° 41' E. 0.3 miles to a point, latitude N. 38° 16' 58" longitude W. 82° 06' 00";
THENCE, N. 79° 30' E. 1.1 miles to point in W. Va. Secondary Route 10; coordinates N. 38° 17' 07" W. 82° 04' 49";
THENCE, North along Route 10, a distance of 0.5 miles to a point; N. 38° 17' 23", W. 82° 04' 40";
THENCE, Due East 0.1 miles to the Intersection of Lake Branch and Mud River;
THENCE, up Mud River 0.4 miles to the Intersection of Middle Fork and Mud River;
THENCE, up Middle Fork 0.5 miles to a point in W. Va. Route 3; latitude N. 38° 16' 47" longitude W. 82° 04' 30";
THENCE, NW along highway 0.3 miles to Mud River, latitude N. 38° 16' 57", longitude W. 82° 04' 49";
THENCE, Westward in Mud River 1.4 miles to a point N. 38° 16' 32", W. 82° 06' 07";
THENCE, S. 26° 22' W. 0.4 miles to a point N. 38° 16' 15", W. 82° 05' 54";
THENCE, S. 83° 57' W. 0.1 mile;
THENCE, N. 7° 54' W. 0.2 miles;
THENCE, N. 33° 53' E. 0.3 miles to a point in Mud River, latitude N. 38° 16' 32", longitude W. 82° 06' 16";
THENCE, following Mud River in a Westerly direction to the place of BEGINNING.

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 Lincoln County will conduct a public hearing at 7:00 o'clock P. M. on Monday the 27th day of January, 1966,

in their offices in the Lincoln County Court House at Hamlin, at which time and place, all interested persons may appear before said 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 entered on the 3rd day of January, 1966.

George W. Johnson
County Court Clerk

That this matter be and the same is hereby continued until Manday, the 24th day of January, 1966.

The foregoing resolution adopted by order of the County Court of Lincoln County, West Virginia, on this the 3rd day of January, 1966.

O R D E R

ENTER: W. C. King
PRESIDENT

TESTE:

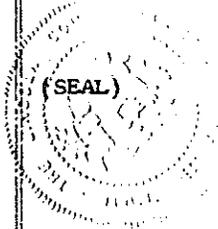
George W. Johnson
George W. Johnson, Clerk

STATE OF WEST VIRGINIA
COUNTY OF LINCOLN, to-wit:

I, GEORGE W. JOHNSON, do hereby certify that I am the duly qualified and acting clerk of the County Court of Lincoln County, West Virginia; that the foregoing is a true, correct and complete transcript of the proceedings of said Court as had under date of the 3rd day of January, 1966, and a resolution and order then adopted and entered relating to the proposed creation of the Hamlin Public Service District, all of which is shown by the official records in my office.

IN WITNESS WHEREOF, I have hereunto affixed my signature and
the official seal of said Court on this the 3rd day of January, 1966.


George W. Johnson, Clerk



IN THE COUNTY COURT OF LINCOLN COUNTY, WEST VIRGINIA

IN RE: HAMLIN PUBLIC SERVICE DISTRICT:

At a recessed meeting of the County Court of Lincoln County, West Virginia, on this the 24th day of January, 1966, from a regular meeting of said Court held on the 3rd day of January, 1966, it came to the attention of the Court, that by former order of the Court, this date was appointed as the date on which this Court would conduct a public hearing on the creation of the proposed Hamlin Public Service District and at which time and place all persons residing in or owning or having any interest in property in the proposed public service district might appear and have the opportunity to be heard for and against the creation of said district.

And the Court finds that the Clerk of this Court caused a notice of such public hearing to be published on the 6th day of January, 1966, in The Hamlin Democrat, a newspaper of general circulation published in Lincoln County as provided by the former order of this Court.

And came R. A. Woodall, Attorney for the Town of Hamlin and the petitioners herein and moved the Court to conduct said public hearing and permit all persons residing in or owning or having any interest in property in said proposed public service district to be heard for or against the creation of such district which motion was sustained by the Court and all interested persons were afforded an opportunity to be heard, and the Court, having given due consideration to all matters herein and no written protest having been filed, doth resolve, adjudge, order and decree as follows:

1. That a public service district within Lincoln County, West Virginia, be and the same is hereby created; that said district is located in Carroll District and includes the Town of Hamlin and surrounding area, containing approximately 0.9 square miles ~~and~~ and has the following described boundaries:

BEGINNING at a point in Mud River, coordinates N. 38° 16' 46", W. 82° 07' 08"; N. 4° 26' W. for a distance of 0.2 miles to latitude N. 38° 16' 58" longitude W. 82° 07' 10"; N. 78° 56' E. 0.2 miles; N. 67° 04' E. 0.6 miles; S. 31° 55' E. 0.2 miles intersecting the Town limits of Hamlin; with Town Limits S. 78° 41' E. 0.3 miles to a point, latitude N. 38° 16' 58" longitude W. 82° 06' 00"; N. 79° 30' E. 1.1 miles to point in W. Va. Secondary Route 10; coordinates N. 38° 17' 07" W. 82° 04' 49"; North along Route 10, a distance of 0.5 miles to a point; N. 38° 17' 23", W. 82° 04' 40"; Due East 0.1 miles to the Intersection of Lake Branch and Mud River; up Mud River 0.4 miles to the Intersection of Middle Fork and Mud River; up Middle Fork 0.5 miles to a point in W. Va. Route 3; latitude N. 38° 16' 47" longitude W. 82° 04' 30"; NW along highway 0.3 miles to Mud River; latitude N. 38° 16' 57", longitude W. 82° 04' 49"; Westward in Mud River 1.4 miles to a point N. 38° 16' 32", W. 82° 06' 07"; S. 26° 22' W. 0.4 miles to a point N. 38° 16' 15", W. 82° 05' 54"; S. 83° 57' W. 0.1 mile; N. 7° 54' W. 0.2 miles; N. 33° 53' E. 0.3 miles to a point in Mud River, latitude N. 38° 16' 32", longitude W. 82° 06' 16"; following Mud River in a Westerly direction to the place of BEGINNING.

2. That said public service district so created is hereby named and given the corporate title of "Hamlin Public Service District" and the same constitutes a public corporation and political subdivision of the State of West Virginia, having all of the rights, powers and privileges conferred upon public service districts by the Laws of the State of West Virginia, and especially as provided by Chapter 16, Article 13-A of the West Virginia Code.

3. That this Court has found and determined that the territory within Lincoln County, West Virginia, having the above described boundaries is so situated that the construction or acquisition by purchase or otherwise, and the maintenance, operation, improvement and extention of properties for the collection, treatment, purification and disposal of

liquid and solid waste, sewage and industrial waste and to otherwise provide sewage disposal facilities and services within such territory, will be conducive to the preservation of the public health, comfort and convenience of the residents of such area.

4. That the Court further finds that there is not a municipal corporation, town or city with a population in excess of 3000 within the Hamlin Public Service District, and the Court doth hereby appoint a public service board for said district as follows:

1. S. L. Koontz, Jr. for a term of two years;
2. W. Edwin Black for a term of four years; and
3. Lawrence M. Barrett for a term of six years.

It is further resolved, adjudged, ordered and decreed that the members of said board shall meet forthwith in the office of the Clerk of this Court; shall qualify by taking a proper oath of office; shall promptly organize said Board and select one member as Chairman and appoint a secretary and treasurer for such district; that the members of such board shall serve as such until their successors shall have been appointed and qualified as provided by law; that said board shall meet annually at 7:30 P. M. on the first Tuesday evening following the first Monday in the month of January of each year, and at such other times and places as may be determined by said board.

All of which is resolved, adjudged, ordered and decreed by unanimous decision of the County Court of Lincoln County, West Virginia, all members being present and in attendance, on this the 24th day of January, 1966.

E N T E R:

W. W. C. King

PRESIDENT

IN THE COUNTY COURT OF LINCOLN COUNTY, WEST VIRGINIA

IN RE: HAMLIN PUBLIC SERVICE DISTRICT

At a Special Meeting of the County Court of Lincoln County, West Virginia, on this the 25th day of July, 1967, came R. A. Woodall, Attorney for the Hamlin Public Service District, a corporation, who represented unto the Court that it was desirable and necessary to extend the lines of said District in two instances, as shown in RED on a map designated "Map of Annexation Areas A & B" made by J. H. Milan, Inc., engineers, dated the 18th day of July, 1967, as described herein, which said map and plat is filed herewith and made a part hereof, and the said R. A. Woodall, attorney for said District, moved the Court to extend said District in conformity therewith, which said motion is hereby sustained and said District be and the same is hereby extended as follows:

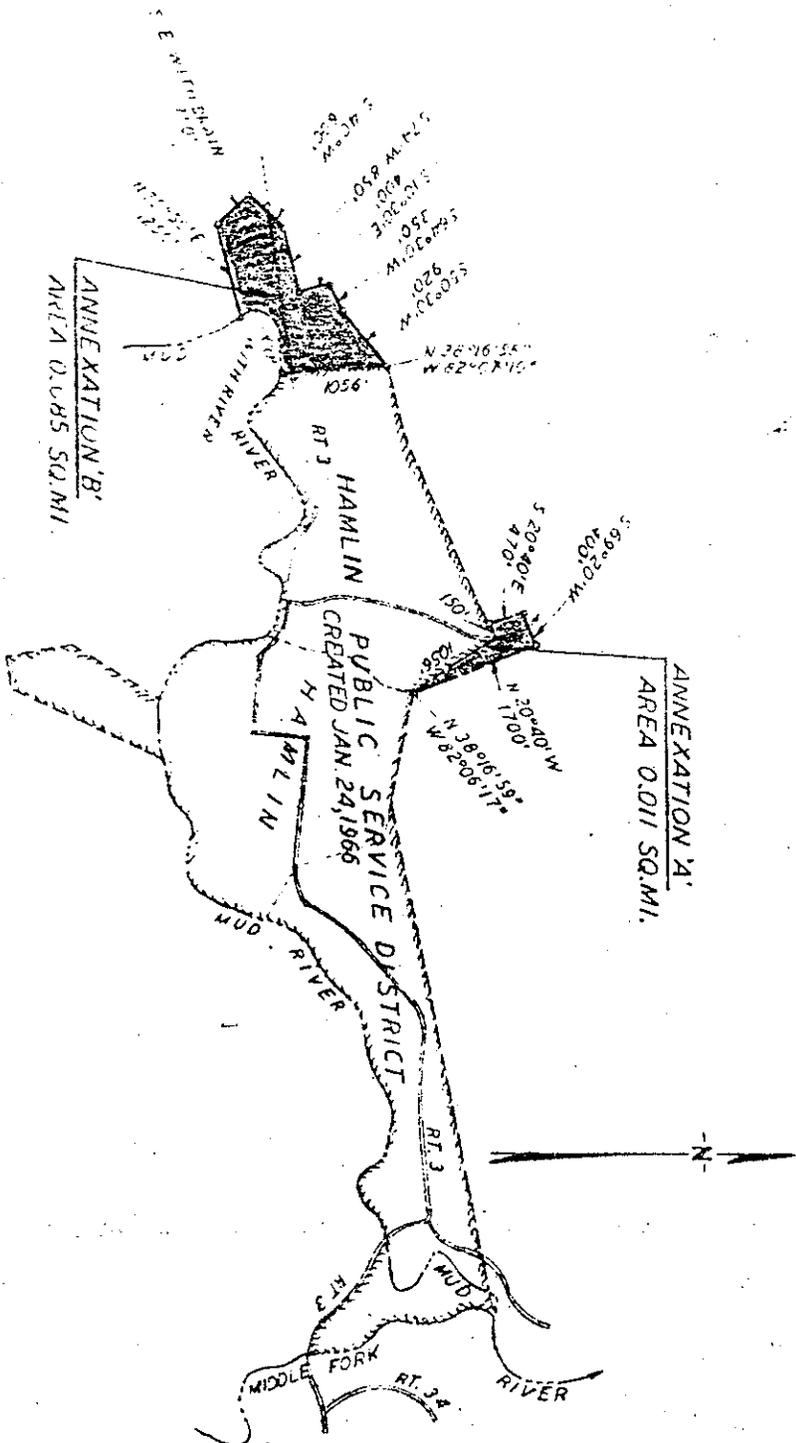
1. AREA A - Beginning at a corner of the boundary of the Public Service District created January 24, 1966, said corner being at Latitude N. $38^{\circ} 16' 59''$ and Longitude W. $82^{\circ} 06' 17''$ and running thence N. $20^{\circ} 40'$ W. 1700 feet; thence S. $69^{\circ} 20'$ W. 400 feet; thence S. $20^{\circ} 40'$ E. 470 feet to a point in a line of the District created January 24, 1966; thence with same in an easterly direction for 150 feet; thence in a southerly direction 1056 feet to the beginning containing 0.011 Square mile, more or less. (7.38 acres).
2. AREA B - Beginning at the northwesterly corner of the boundary of the Public Service District created January 24, 1966, at Latitude N. $38^{\circ} 16' 58''$ and Longitude W. $82^{\circ} 07' 10''$ and running thence S. $50^{\circ} 30'$ W. 920 feet; thence $64^{\circ} 30'$ W. 350 feet; thence S. $10^{\circ} 30'$ E. 400 feet; thence S. 74° W. 850 feet; thence S. 40° W. 600 feet (crossing W. Va. Route 3 at about 300 feet) to a point in a drain; thence following said drain in a south easterly direction 750 feet; thence N. $75^{\circ} 50'$ E. 1250 feet to a point at Mud River; thence with Mud River in a northerly and easterly direction 1000 feet to the south westerly corner of the District created January 24, 1966; thence with the west boundary line of the said District in a northerly direction 1056 feet to the beginning, containing 0.085 square miles, more or less (54.62 acres).

Both of the above described areas are shown on the attached map dated July 18, 1967.

All of which is resolved, adjudged, ordered and decreed by unanimous decision of the County Court of Lincoln County, West Virginia, all members being present and in attendance, on this the 25th day of July, 1967.

ORDER

ENTER: W. W. O'Leary
President



HAMLIN PUBLIC SERVICE DISTRICT
LINCOLN COUNTY WEST VIRGINIA
MAP OF ANNEXATION AREAS 'A' AND 'B'

0 25 50 75 100
 SCALE OF MILES
 J.H. MILAM, INC., CONSULTING ENGINEERS
 DUNBAR W.VA. JULY 18, 1967



AT A REGULAR SESSION OF THE COUNTY COMMISSION OF LINCOLN COUNTY WEST VIRGINIA, HELD AT THE COURTHOUSE THEREOF, ON THE 6TH DAY OF FEBRUARY, 1997 THE FOLLOWING ORDER WAS MADE AND ENTERED.

SUBJECT: HAMLIN PUBLIC SERVICE DISTRICT

THE FOLLOWING MOTION WAS OFFERED BY DOUG WALDRON COMMISSIONER TO APPOINT PHYLLIS ASHWORTH AS COMMISSIONER FOR THE HAMLIN PUBLIC SERVICE DISTRICT. TERM BEING JANUARY 1, 1997 - DECEMBER 31, 2002. SEND NOTIFICATION TO THE HAMLIN PUBLIC SERVICE DISTRICT TO SEND IN NAME TO REPLACE MR. WELDON WALKER.

THE ADOPTION OF THE FOREGOING MOTION HAVING BEEN MOVED BY DOUG WALDRON, COMMISSIONER, AND DULY SECONDED BY BUSTER STOWERS, COMMISSIONER, THE VOTE THEREON WAS AS FOLLOWS:

CHARLES S. MCCANN	PRESIDENT	AYE
BUSTER STOWERS	COMMISSIONER	AYE
DOUG WALDRON	COMMISSIONER	AYE

WHEREUPON, CHARLES S. MCCANN, PRESIDENT DECLARED SAID MOTION DULY ADOPTED, AND IT IS THEREFORE ADJUDGED AND ORDERED THAT SAID MOTION BE, AND THE SAME IS HEREBY ADOPTED.

Charles S. McCann
CHARLES S. MCCANN, COMMISSIONER

Buster Stowers
BUSTER STOWERS, COMMISSIONER

Douglas Waldron
DOUGLAS WALDRON, COMMISSIONER

CERTIFIED TO BE A TRUE COPY

TESTE: *Donald C. Whitson*
CLERK, LINCOLN COUNTY COMMISSION

AT A REGULAR SESSION OF THE COUNTY COMMISSION OF LINCOLN COUNTY WEST VIRGINIA, HELD AT THE COURTHOUSE THEREOF, ON THE 3RD DAY OF APRIL, 1997 THE FOLLOWING ORDER WAS MADE AND ENTERED.

SUBJECT: HAMLIN PUBLIC SERVICE DISTRICT

THE FOLLOWING MOTION WAS OFFERED BY DOUG WALDRON, COMMISSIONER TO APPROVE THE APPOINTMENT OF E. J. DUTY AS BOARD OF COMMISSIONER FOR THE HAMLIN PUBLIC SERVICE DISTRICT. TERM BEING RETROACTIVE TO JANUARY 1995 TO DECEMBER 31, 1997.

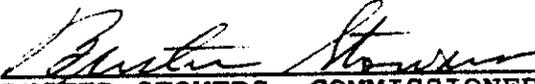
THE ADOPTION OF THE FOREGOING MOTION HAVING BEEN MOVED BY DOUG WALDRON, COMMISSIONER, AND DULY SECONDED BY BUSTER STOWERS, COMMISSIONER, THE VOTE THEREON WAS AS FOLLOWS:

CHARLES S. MCCANN	PRESIDENT	AYE
BUSTER STOWERS	COMMISSIONER	AYE
DOUG WALDRON	COMMISSIONER	AYE

WHEREUPON, CHARLES S. MCCANN, PRESIDENT DECLARED SAID MOTION DULY ADOPTED, AND IT IS THEREFORE ADJUDGED AND ORDERED THAT SAID MOTION BE, AND THE SAME IS HEREBY ADOPTED.



CHARLES S. MCCANN, COMMISSIONER



BUSTER STOWERS, COMMISSIONER



DOUGLAS WALDRON, COMMISSIONER

AT A REGULAR SESSION OF THE COUNTY COMMISSION OF LINCOLN COUNTY, WEST VIRGINIA, HELD AT THE COURTHOUSE THEREOF, ON THE 6th DAY OF JANUARY 1994, THE FOLLOWING ORDER WAS MADE AND ENTERED.

SUBJECT: HAMLIN PSD

THE FOLLOWING MOTION WAS OFFERED BY PAUL DUNCAN

TO RE-APPOINT WELDON WALKER AS BOARD OF DIRECTOR FOR THE HAMLIN PSD

TERM BEING JANUARY 1, 1994-DECEMBER 31, 1999.

THE ADOPTION OF THE FOREGOING MOTION HAVING BEEN MOVED

BY PAUL DUNCAN, COMMISSIONER, AND DULY SECONDED

BY BUSTER STOWERS, COMMISSIONER, THE VOTE THEREON WAS AS FOLLOWS:

GREGORY STOWERS	PRESIDENT	<u>AYE</u>
BUSTER STOWERS	COMMISSIONER	<u>AYE</u>
PAUL DUNCAN	COMMISSIONER	<u>AYE</u>

WHEREUPON, GREGORY STOWERS, PRESIDENT DECLARED SAID MOTION DULY ADOPTED, AND IT IS THEREFORE ADJUDGED AND ORDERED THAT SAID MOTION BE, AND THE SAME IS HEREBY ADOPTED.

Gregory Stowers
GREGORY STOWERS, PRESIDENT

Buster Stowers
BUSTER STOWERS, COMMISSIONER

Paul Duncan
PAUL DUNCAN, COMMISSIONER

CERTIFIED TRUE AND CORRECT
TESTE: *[Signature]*
CLERK, LINCOLN COUNTY, WEST VIRGINIA



OATH OF OFFICE OF MEMBERS OF THE
BOARD OF HAMLIN PUBLIC SERVICE DISTRICT

STATE OF WEST VIRGINIA

COUNTY OF LINCOLN, to-wit:

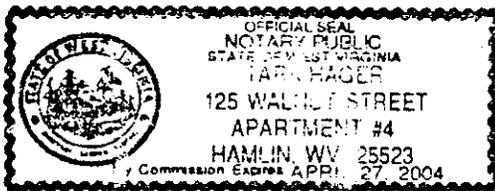
I, the undersigned, do hereby solemnly swear that I will support the Constitution of the United States of America, the Constitution of the State of West Virginia, and that I will faithfully execute the duties of the office as a Member of the Public Service Board of the Hamlin Public Service District to the best of my skill and ability, So Help Me God.

Given under my hand this 13th day of February, 1997.

Stelton Hatcher

Taken, subscribed and sworn to before the undersigned Notary Public on this 13th day of February, 1997.

My commission expires April 27, 2004.



Tarn Hager
Notary Public

OATH OF OFFICE OF MEMBERS OF THE
BOARD OF HAMLIN PUBLIC SERVICE DISTRICT

STATE OF WEST VIRGINIA

COUNTY OF LINCOLN, to-wit:

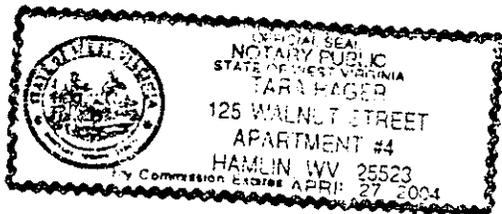
I, the undersigned, do hereby solemnly swear that I will support the Constitution of the United States of America, the Constitution of the State of West Virginia, and that I will faithfully execute the duties of the office as a Member of the Public Service Board of the Hamlin Public Service District to the best of my skill and ability, So Help Me God.

Given under my hand this 11 day of February, 1997.

Chris J. Duty

Taken, subscribed and sworn to before the undersigned Notary Public on this 11th day of February, 1997.

My commission expires April 27, 2004.



Tara Hager
Notary Public

OATH OF OFFICE OF MEMBERS OF THE
BOARD OF HAMLIN PUBLIC SERVICE DISTRICT

STATE OF WEST VIRGINIA

COUNTY OF LINCOLN, to-wit:

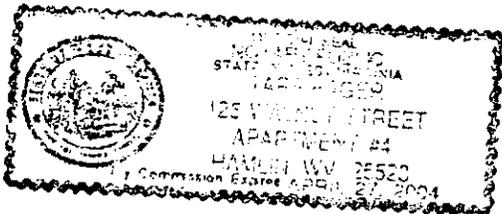
I, the undersigned, do hereby solemnly swear that I will support the Constitution of the United States of America, the Constitution of the State of West Virginia, and that I will faithfully execute the duties of the office as a Member of the Public Service Board of the Hamlin Public Service District to the best of my skill and ability, So Help Me God.

Given under my hand this 11th day of February, 1997.

Phyllis G. Ashworth

Taken, subscribed and sworn to before the undersigned Notary Public on this 11th day of February, 1997.

My commission expires April 27, 2004.



Tara Hood
Notary Public

1

2

3

RULES OF PROCEDURE

HAMLIN PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: Hamlin Public Service District (the "District")

Section 2. The principal office of the District will be located at 220-3 Main Street, Hamlin, Lincoln County, West Virginia.

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

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

ARTICLE II

PURPOSE

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

ARTICLE III

MEMBERSHIP

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

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

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

ARTICLE IV

MEETINGS OF THE PUBLIC SERVICE BOARD

Section 1. The members of the Board of the District shall hold regular monthly meetings on the first Wednesday of each month at 12:00 p.m. at the Hamlin Community Center or at such day, hour and location as the members shall determine from time to time. If the day stated shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the Board may be called at any time by the Chairman or by a quorum of the Board.

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

Section 3. Unless otherwise waived, notice to members by letter or telephone shall be required for special meetings. Unless otherwise waived, notice in writing of each special meeting of the membership shall be given to all members by the Secretary by mailing the same to the last known post office addresses of the members at least 2 days before the date fixed for such meeting. The notice of any special meeting shall state briefly the purposes of such meeting and the nature of the business to be transacted thereat, and no business other than that stated in the notice or incidental thereto shall be transacted at any such special meeting.

Section 4. At the regular meetings of the Board, the following shall be the order of business:

1. Roll call.
2. Reading and approval of the Minutes of the previous meeting.
3. Bills and communications.
4. Reports of the Secretary and Treasurer.
5. Reports of committees.
6. Unfinished business.
7. Adjournment.

Section 5. Pursuant to Section 3, Article 9A, Chapter 6 of the West Virginia Code of 1931, as amended, notice of the time and place of all regularly scheduled meetings of the Board, and the time, place and purpose of all special meetings of the Board, shall be made available, in advance, to the public as follows:

A. A notice shall be posted by the Secretary of the Board at the front door of the place fixed for the regular meetings of the Board of the time and place fixed and entered of record by the Board for the holding of regularly scheduled meetings and may be posted at the front door of the Lincoln County Courthouse. If a particular regularly scheduled meeting is cancelled or postponed, a notice of such cancellation or postponement shall be posted at the front doors of the meeting place and at any other posted location as soon as feasible after such cancellation or postponement has occurred.

B. A notice shall be posted by the Secretary of the Board at the front door of the place fixed for any special meetings of the Board, at least 48 hours before a special meeting is to be held, stating the time, place and purpose for which such special meeting shall be held and may be posted at the front door of the Lincoln County Courthouse. If the special meeting is cancelled, a notice of such cancellation shall be posted at the front doors of the meeting place and at any other posted location as soon as feasible after such cancellation has occurred.

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

HAMLIN PUBLIC SERVICE DISTRICT

NOTICE OF SPECIAL MEETING

The Public Service Board of Hamlin Public Service District will meet in special session on _____, 199_, at _____.m., prevailing time, at _____, Hamlin, West Virginia, for the following purposes:

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

2. To authorize the Chairman and Secretary of the Board to sign such documents

as may be required to accomplish the purposes set forth above.

Secretary

Date: _____, 19__

D. Notice to any news media which requests such notices or regularly attends such meetings may be given by mailing or telecopying a copy of such notice to the address or fax number furnished in writing to the District by such news media.

ARTICLE V

OFFICERS

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

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

ARTICLE VI

DUTIES OF OFFICERS

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

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

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

Section 4. All resolutions shall be in writing and shall be copied in minutes of the meetings of the Board, and the voting on all questions coming before the Board shall be by roll call, and the Ayes and Nays shall be entered upon the minutes of such meeting.

Section 5. The Treasurer shall be the lawful custodian of all funds of the District and shall pay same out on orders authorized or approved by the Board. The Treasurer shall keep or cause to be kept proper and accurate books of accounts and proper receipts and vouchers for all disbursements made by or through him and shall prepare and submit such reports and statements of the financial condition of the Board as the members may from time to time prescribe. He shall perform such other duties as may be required of him by law or as may be conferred upon him by the members of the Board.

ARTICLE VII

AMENDMENTS TO RULES OF PROCEDURE

These Rules of Procedure may be altered, changed, amended or added to at any regular or special meeting of the Board by a majority vote of the entire Board, or at any regular or special meeting of the members when a quorum is present in person and a majority of those present voting for the amendment; but no such change, alteration, amendment or addition shall be made at any special meeting unless notice of the intention to propose such change, alteration, amendment or addition and a clear statement of the substance thereof has been included in the written notice calling such meeting.

CERTIFICATION

I, Phyllis Ashworth, Secretary of the Public Service Board of the Hamlin Public Service District, hereby certify that the foregoing is a true and correct copy of the Rules of Procedure of said Public Service Board including the amendments thereto adopted on March 7, 1997. I further certify that such Rules of Procedure remain in full force and effect and have not been amended further or repealed.

WITNESS my signature on this 7th day of May, 1997.



Secretary

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HAMLIN PUBLIC SERVICE DISTRICT

\$150,400
HAMLIN PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND,
SERIES 1997

BOND RESOLUTION

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HAMLIN PUBLIC SERVICE DISTRICT

BOND RESOLUTION

RESOLUTION AUTHORIZING THE DESIGN OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS FOR THE PUBLIC SEWER SYSTEM OF THE HAMLIN PUBLIC SERVICE DISTRICT, AND THE FINANCING OF THE DESIGN COST THROUGH THE ISSUANCE BY THE DISTRICT OF \$150,400 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1997, AND THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF THE PUBLIC SEWER SYSTEM THROUGH FINANCING TO BE OBTAINED BY THE DISTRICT AND AT A COST ESTIMATED TO BE APPROXIMATELY \$1,050,000; WITH BOND PROCEEDS TO BE USED, ALONG WITH OTHER FUNDS AND MONEYS OF, OR AVAILABLE TO, THE HAMLIN PUBLIC SERVICE DISTRICT WHICH MAY BE LAWFULLY EXPENDED FOR SUCH PURPOSES, TO FUND RESERVE ACCOUNTS FOR SUCH BONDS, AND TO PAY OTHER COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE OWNERS OF SUCH BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT RELATING TO SUCH BONDS; PLEDGING NET REVENUES AS SECURITY FOR BONDS; PLACING LIMITATION ON SALE OF SYSTEM; AND AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE PUBLIC SERVICE BOARD OF THE HAMLIN PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution (together with any ordinance, order or resolution supplemental hereto or amendatory hereof, the "Resolution") is adopted pursuant to the provisions of Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A. The Hamlin Public Service District (the "Issuer") is a public service district, public corporation and political subdivision duly created under the laws of the State of West Virginia in Lincoln County.

B. The Issuer desires to repay certain existing indebtedness and to have improvements to an existing sewer system designed and constructed. Therefore, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer and surrounding areas that there be designed additions to

the existing wastewater collection system and treatment facility to serve the Issuer. The proposed work will consist of the design and engineering of approximately 2,800 linear feet of gravity sewer main, 700 linear feet of force main, 100 linear feet of river/creek crossing, 2 pumping stations, improvements to a 0.25 MGD secondary sewage treatment facility, and related property and equipment (the "Project") which constitute properties for the collection and/or transportation, purification and disposal of liquid or solid wastes, sewage or industrial wastes (the existing and proposed sewer facilities of the Issuer, the Project and any further additions thereto or extensions thereof is herein called the "System") at an estimated cost of \$150,400 to design the Project and an estimated cost of \$1,050,000 to acquire, construct and equip the Project, in accordance with the plans and specifications to be prepared by the Consulting Engineers, which plans and specifications will be filed with the Issuer.

C. The Issuer currently has outstanding its \$132,200 Hamlin Public Service District, Sewer Revenue Bonds, Series 1968, which were issued by resolution duly adopted by the Issuer on May 8, 1968, are currently outstanding in the amount of \$63,029, are on a parity with the Bonds as to lien on the Net Revenues of the System and are owned by the United States of America, Department of Agriculture, Rural Utilities Services (formerly Farmers Home Administration), which has given its consent to the issuance of the Bonds. In addition, the Issuer has two (2) outstanding loans owed to Bank One, West Virginia, N.A. which are currently outstanding in the amount of \$36,335.

D. In accordance with Section 18 of the Act, the System will be under the supervision and control of the Public Service Board of the Issuer (the "Board").

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

F. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of \$150,400 to finance the cost of the design and engineering of the Project and to repay certain existing debt. The acquisition and construction has been estimated to cost \$1,050,000 to acquire, construct and equip the System in the manner hereinafter provided.

G. The estimated maximum cost of repaying such debt and designing the Project is \$150,400, all of which will be obtained from the sale of the Bonds. The cost of such design and engineering shall be deemed to include but not limited to the cost of preparing drawings, plans and specifications detailing the Project and all attendant expenses; amounts which may be deposited

in the Series 1997 Bond Reserve Account; engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees of DEP or the Authority (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, and the performance of the things herein required or permitted in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bonds or the repayment of indebtedness incurred by the Issuer for design and engineering purposes shall be deemed Costs of the Project, as hereinafter defined.

H. The period of usefulness of the System after completion of the Project is not less than twenty (20) years.

I. The Issuer has completed and filed with the Authority and the West Virginia Division of Environmental Protection ("DEP") an Application for a Loan with attachments and exhibits and will file an Amended Application for a Loan also with attachments and exhibits (together, as further revised and supplemented, the "Application"), and upon review thereof, the Authority and DEP have indicated their willingness to lend the Issuer \$150,400 through the purchase of revenue bonds of the Issuer with moneys held in the Fund, hereinafter defined, subject to the Issuer's satisfaction of certain legal and other requirements of the Program, hereinafter defined.

J. It is in the best interests of the Issuer that its Bonds be sold to the Authority pursuant to the terms and provisions of the Loan Agreement entered into among the Issuer, DEP and the Authority.

K. The Issuer has complied with all requirements of West Virginia law relating to authorization of the design of the Project and issuance of the Bonds including, among other things, the obtaining of a Certificate of Convenience and Necessity from the Public Service Commission of West Virginia in Case No. 96-1377-PSD-PC, which became a Final Order of the Public Service Commission on January 27, 1997. Prior to any acquisition and construction of the Project and issuance of any additional indebtedness, the Issuer will comply with all requirements of West Virginia law including, among other things, the obtaining of a Certificate of Convenience and Necessity from the Public Service Commission of West Virginia by final order, if necessary, the time for rehearing and appeal of which will either have expired prior to the issuance of the Bonds or such final order will not be subject to appeal. The Issuer has

received the approval of the West Virginia Infrastructure and Jobs Development Council.

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

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

"Act" means Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

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

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

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

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

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

"Bond Year" means the 12-month period beginning on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary date of the Closing Date in the following

year except that the first Bond Year shall begin on the Closing Date.

"Bonds" means the \$150,400 in aggregate principal amount of Hamlin Public Service District, Sewer Revenue Bonds issued for the purpose of designing the Project, and any bonds on a parity therewith authorized to be issued hereunder.

"Chairman" means the Chairman of the Issuer.

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

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

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

"Consulting Engineers" means E.L. Robinson Engineering Co., Cross Lanes, West Virginia, or any engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

"Costs" or "Costs of the Project" means those costs described in Section 1.02G hereof to be a part of the cost of design and engineering of the Project.

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

"DEP" means the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment, or any other agency of the State of West Virginia that succeeds to the functions of DEP.

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

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

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

"Fund" means the West Virginia Water Pollution Control Revolving Fund created pursuant to Chapter 22C, Article 2, Section 1, et seq., of the Code of West Virginia of 1931, as amended.

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

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

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

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

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

"Issuer" means the Hamlin Public Service District, in Lincoln County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" shall mean the Loan Agreement to be entered into among the Authority, DEP and the Issuer providing for the purchase of the Bonds from the Issuer by the Authority, the form of which may be approved, and the execution and delivery by the Issuer authorized and directed or ratified herein or by a Supplemental Resolution.

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

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

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

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

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

"Parity Bonds" means additional Bonds issued under the provisions and within the limitation prescribed by Section 6.08 hereof.

"Paying Agent" means the West Virginia Municipal Bond Commission, its successors and assigns.

"Prior Resolution" means the resolution adopted by the Issuer and effective on May 8, 1968, authorizing the issuance of \$132,200 of the Issuer's Sewage System Revenue Bonds, Series A, which were issued to and are currently owned by the United States of America, Department of Agriculture, Farmers Home Administration, now known as Rural Utilities Services.

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

"Program" means the State DEP Revolving Fund program, under which the Authority purchases the sewer revenue bonds of local governmental entities satisfying certain legal and other requirements with funds on deposit in the West Virginia Water Pollution Control Revolving Fund established under the provisions of Chapter 22C, Article 2 of the Code of West Virginia of 1931, as amended.

"Project" means the design and engineering of certain additions, betterments and improvements for sewer facilities of the Issuer, within or surrounding the Hamlin Public Service District and all appurtenant facilities.

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

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

(a) Government Obligations;

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

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

(d) Any bond, debenture, note, participation certificate or other similar obligations issued by the

Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;

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

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

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

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

(i) Obligations of States or political subdivisions or agencies thereof, the interest on which is exempt from federal income taxation, and which are rated at least "A"

by Moody's Investors Service, Inc. or Standard & Poor's Corporation.

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

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

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

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

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

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

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

"Series 1997 Bond Reserve Account" means the Series 1997 Bond Reserve Account established in the Series 1997 Bond Sinking Fund pursuant to Section 4.02 hereof.

"Series 1997 Bond Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the 1997 Bonds in the then current or any succeeding year.

"Series 1997 Bond Sinking Fund" means the Series 1997 Bond Sinking Fund established by Section 4.02 hereof.

"Series 1968 Bonds" means the \$132,200 Hamlin Public Service District, Sewage System Revenue Bonds, Series A, issued by the Issuer by resolution duly adopted on May 8, 1968, currently outstanding in the amount of \$63,029, which are on a parity with the Bonds.

"SRF Administrative Fee" means any administrative fee required to be paid pursuant to the Loan Agreement.

"SRF Regulations" means the regulations set forth in Title 47, Series 31 of the West Virginia Code of State Regulations.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Resolution.

"Surplus Revenues" means the Net Revenues not required by the Resolution to be set aside and held for the payment of or security for the Bonds, or any other obligations of the Issuer, including the Renewal and Replacement Account, and the Series 1997 Bond Reserve Account, the proceeds of which Bonds or other obligations are to be used to pay Costs of the Project.

"System" means all facilities and other property of every nature, real and personal, now or hereafter owned, held or used in connection with the sewer system; and shall also include any and all additions, extensions, improvements, properties, or other facilities at any time acquired or constructed for the sewer system after completion of the Project.

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

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

ARTICLE II

AUTHORIZATION OF DESIGN OF THE PROJECT

Section 2.01. Authorization of Design of the Project. There is hereby authorized the design of the Project, at an estimated cost of \$150,400 in accordance with plans and specifications to be prepared by the Consulting Engineers and filed in the office of the Governing Body. The proceeds of the Bonds hereby authorized shall be applied as provided in Article IV hereof. The Issuer has received proposals and has entered or will enter into contracts for the design of the Project, compatible with the financing plan submitted to the SRF Program.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of paying for design and engineering of the Project not otherwise provided for and paying certain costs of issuance of the Bonds and related costs, or any other purposes as determined by a Supplemental Resolution, there shall be issued negotiable Bonds of the Issuer, in an aggregate principal amount of \$150,400 for design

of the Project. Said Bonds shall be issued and designated, "Sewer Revenue Bonds, Series 1997", in the aggregate principal amount of \$150,400 and shall have such terms as set forth hereinafter or in a Supplemental Resolution. The proceeds of the Bonds remaining after funding of the Series 1997 Bond Reserve Account (if funded from Bond proceeds) shall, subject to Section 5.02 hereof, be deposited in or credited to the Project Account established by Section 4.01 hereof.

Section 3.02. Terms of Bonds. The Bonds shall be registered and numbered consecutively from R-1 upward. The Bonds shall bear interest beginning December 1, 1997, provided that the repayment of principal and payment of interest shall begin not later than one (1) year after the completion date. The Bonds shall bear interest at such rate or rates, not exceeding two percent (2%) per annum plus an annual administrative fee of one percent (1%) payable quarterly; shall mature in twenty (20) years; and shall be redeemable in whole or in part, all as prescribed herein. The Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Bonds shall be paid by check or draft of the Paying Agent mailed to the registered owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

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

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

Section 3.03. Execution of Bonds. The Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if

the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

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

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

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

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

In all cases in which the privilege of exchanging Bonds or transferring the registered Bonds are exercised, Bonds shall be delivered in accordance with the provisions of this Resolution. All Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such

exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

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

Section 3.07. Bonds not to be Indebtedness of Issuer. The Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided and amounts, if any, in the Series 1997 Bond Reserve Account. No holder or holders of any of the Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Bonds shall be secured by a lien on the Net Revenues derived from the System. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make the payments into the Series 1997 Bond Sinking Fund, the Series 1997 Bond Reserve Account therein and the Renewal and Replacement Account, hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

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

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HAMLIN PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND,
SERIES 1997

No. R-1

Date: _____, 1997
\$150,400

KNOW ALL MEN BY THESE PRESENTS: That HAMLIN PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Lincoln County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the order of the West Virginia Water Development Authority (the "Authority") or registered assigns, the sum of One Hundred Fifty Thousand Four Hundred and 00/100 Dollars (\$150,400.00), or such lesser amount as set forth on the Record of Advances attached as Exhibit A hereto and incorporated herein by reference, plus interest on the unpaid principal balance hereof at the rate set out below. Interest on this Bond is set at zero percent (0%) per annum until December 1, 1997; thereafter interest shall be paid on the unpaid principal balance at the rate of two percent (2%) per annum plus a one percent (1%) annual administrative fee payable quarterly. Principal and interest on the Bond is payable in quarterly installments commencing March 1, 1998, and thereafter in quarterly installments on each March 1, June 1, September 1 and December 1, as set forth on the "Debt Service Schedule" attached as Exhibit B hereto and incorporated herein by reference. The final installment of principal and interest shall be paid at the end of twenty (20) years from the date interest begins to accrue on this Bond and shall be in an amount equal to the amount of outstanding principal and interest due on the Bond at said date. Notwithstanding any provision of this Bond to the contrary, this Bond shall evidence only the indebtedness reflected as outstanding on the Record of Advances attached hereto. Interest shall accrue only on the amount of each advance from its actual date as listed on said Record of Advances and shall cease to accrue on the amount outstanding, or portions thereof, as the same is paid, as reflected by said Record of Advances.

Principal and interest installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond

Commission, Charleston, West Virginia (the "Paying Agent"). Principal and interest on this Bond are payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of Bank One, West Virginia, N.A. at its principal office in Charleston, West Virginia (the "Registrar"), on the 25th day of the month next preceding such 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 at par, but only upon thirty (30) days prior written notice to the Authority and the West Virginia Division of Environmental Protection ("DEP") and upon the terms and conditions prescribed by and otherwise in compliance with the Loan Agreement by and among the Issuer, the Authority and DEP.

This Bond is issued (i) to pay the costs of design of certain additions, betterments and improvements to the public sewer facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The sewer system of the Issuer, together with the Project, and any further extensions, additions, betterments or improvements thereto is herein called the "System". This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution duly adopted and enacted by the Issuer and effective May 7, 1997 (the "Resolution"), and is subject to all the terms and conditions thereof. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bond under the Resolution.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Resolution) to be derived from the operation of the System, from moneys in the Reserve Account created under the Resolution for the Bonds (the "Series 1997 Bond Reserve Account") and unexpended proceeds of the Bonds on a parity with the Issuer's Sewage System Revenue Bonds, Series A (the "Prior Bonds"). Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1997 Bond Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Resolution, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered

thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System and to leave a balance each year equal to at least one hundred fifteen percent (115%) of the maximum amount payable in any year for principal of and interest on the Bonds and the Prior Bonds, and all other obligations secured by a lien on or payable from such net revenues prior to or on a parity with the Bonds, provided however, that so long as there exists in the Series 1997 Bond Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year and in the reserve account established for any other obligations outstanding prior to or on a parity with the Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to one hundred ten percent (110%). The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Resolution. More particularly, the Issuer has covenanted that it will be in default hereunder if any Bond proceeds are used for a purpose that contributes to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity. Remedies provided the registered owners of the Bonds are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof.

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

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

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

THIS BOND IS ON A PARITY AS TO LIEN AND SOURCE OF PAYMENT WITH THE CERTAIN SEWAGE SYSTEM REVENUE BONDS, SERIES A, OF THE ISSUER DESCRIBED IN A RESOLUTION ADOPTED MAY 8, 1968.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed

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

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

IN WITNESS WHEREOF, HAMLIN PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary and has caused this Bond to be dated May 7, 1997.

HAMLIN PUBLIC SERVICE DISTRICT

[SEAL]

By: _____
Chairman

ATTEST:

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is the Series 1997 Bond described in the within-mentioned Resolution and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: May 7, 1997

BANK ONE, WEST VIRGINIA, N.A.

By: _____
Vice President

EXHIBIT A
RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$ _____		(6) \$ _____	
(2) \$ _____		(7) \$ _____	
(3) \$ _____		(8) \$ _____	
(4) \$ _____		(9) \$ _____	
(5) \$ _____		(10) \$ _____	
		TOTAL \$ _____	

Hamlin Public Service District
 \$150.400 SRF Loan
 2% interest, 1% Administrative Fee
 20 years
 DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
12/01/1997	-	-	-	-
3/01/1998	1,534.00	2.000x	752.00	2,286.00
6/01/1998	1,541.00	2.000x	744.33	2,285.33
9/01/1998	1,549.00	2.000x	736.63	2,285.63
12/01/1998	1,557.00	2.000x	728.88	2,285.88
3/01/1999	1,565.00	2.000x	721.10	2,286.10
6/01/1999	1,572.00	2.000x	713.27	2,285.27
9/01/1999	1,580.00	2.000x	705.41	2,285.41
12/01/1999	1,588.00	2.000x	697.51	2,285.51
3/01/2000	1,596.00	2.000x	689.57	2,285.57
6/01/2000	1,604.00	2.000x	681.59	2,285.59
9/01/2000	1,612.00	2.000x	673.57	2,285.57
12/01/2000	1,620.00	2.000x	665.51	2,285.51
3/01/2001	1,628.00	2.000x	657.41	2,285.41
6/01/2001	1,636.00	2.000x	649.27	2,285.27
9/01/2001	1,645.00	2.000x	641.09	2,286.09
12/01/2001	1,653.00	2.000x	632.87	2,285.87
3/01/2002	1,661.00	2.000x	624.60	2,285.60
6/01/2002	1,669.00	2.000x	616.30	2,285.30
9/01/2002	1,678.00	2.000x	607.95	2,285.95
12/01/2002	1,686.00	2.000x	599.56	2,285.56
3/01/2003	1,695.00	2.000x	591.13	2,286.13
6/01/2003	1,703.00	2.000x	582.66	2,285.66
9/01/2003	1,712.00	2.000x	574.14	2,286.14
12/01/2003	1,720.00	2.000x	565.58	2,285.58
3/01/2004	1,729.00	2.000x	556.98	2,285.98
6/01/2004	1,737.00	2.000x	548.34	2,285.34
9/01/2004	1,746.00	2.000x	539.65	2,285.65
12/01/2004	1,755.00	2.000x	530.92	2,285.92
3/01/2005	1,764.00	2.000x	522.15	2,286.15
6/01/2005	1,772.00	2.000x	513.33	2,285.33
9/01/2005	1,781.00	2.000x	504.47	2,285.47
12/01/2005	1,790.00	2.000x	495.56	2,285.56
3/01/2006	1,799.00	2.000x	486.61	2,285.61
6/01/2006	1,808.00	2.000x	477.62	2,285.62
9/01/2006	1,817.00	2.000x	468.58	2,285.58
12/01/2006	1,826.00	2.000x	459.49	2,285.49
3/01/2007	1,835.00	2.000x	450.36	2,285.36
6/01/2007	1,844.00	2.000x	441.19	2,285.19
9/01/2007	1,854.00	2.000x	431.97	2,285.97
12/01/2007	1,863.00	2.000x	422.70	2,285.70
3/01/2008	1,872.00	2.000x	413.38	2,285.38
6/01/2008	1,882.00	2.000x	404.02	2,286.02
9/01/2008	1,891.00	2.000x	394.61	2,285.61
12/01/2008	1,900.00	2.000x	385.16	2,285.16 *

*Plus a one-percent annual administrative fee paid quarterly in the amount of \$202.32. The total administrative fee over the life of the loan is \$16,225.60.

EXHIBIT B

Hamlin Public Service District
 \$150,400 SRF Loan
 2% interest, 1% Administrative Fee
 20 years
 DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
3/01/2009	1,910.00	2.000%	375.66	2,285.66
6/01/2009	1,920.00	2.000%	366.11	2,286.11
9/01/2009	1,929.00	2.000%	356.51	2,285.51
12/01/2009	1,939.00	2.000%	346.86	2,285.86
3/01/2010	1,948.00	2.000%	337.17	2,285.17
6/01/2010	1,958.00	2.000%	327.43	2,285.43
9/01/2010	1,968.00	2.000%	317.64	2,285.64
12/01/2010	1,978.00	2.000%	307.80	2,285.80
3/01/2011	1,988.00	2.000%	297.91	2,285.91
6/01/2011	1,998.00	2.000%	287.97	2,285.97
9/01/2011	2,008.00	2.000%	277.98	2,285.98
12/01/2011	2,018.00	2.000%	267.94	2,285.94
3/01/2012	2,028.00	2.000%	257.85	2,285.85
6/01/2012	2,038.00	2.000%	247.71	2,285.71
9/01/2012	2,048.00	2.000%	237.52	2,285.52
12/01/2012	2,058.00	2.000%	227.28	2,285.28
3/01/2013	2,069.00	2.000%	216.99	2,285.99
6/01/2013	2,079.00	2.000%	206.64	2,285.64
9/01/2013	2,089.00	2.000%	196.25	2,285.25
12/01/2013	2,100.00	2.000%	185.80	2,285.80
3/01/2014	2,110.00	2.000%	175.30	2,285.30
6/01/2014	2,121.00	2.000%	164.75	2,285.75
9/01/2014	2,131.00	2.000%	154.15	2,285.15
12/01/2014	2,142.00	2.000%	143.49	2,285.49
3/01/2015	2,153.00	2.000%	132.78	2,285.78
6/01/2015	2,164.00	2.000%	122.02	2,286.02
9/01/2015	2,174.00	2.000%	111.20	2,285.20
12/01/2015	2,185.00	2.000%	100.33	2,285.33
3/01/2016	2,196.00	2.000%	89.40	2,285.40
6/01/2016	2,207.00	2.000%	78.42	2,285.42
9/01/2016	2,218.00	2.000%	67.39	2,285.39
12/01/2016	2,229.00	2.000%	56.30	2,285.30
3/01/2017	2,241.00	2.000%	45.15	2,286.15
6/01/2017	2,252.00	2.000%	33.95	2,285.95
9/01/2017	2,263.00	2.000%	22.69	2,285.69
12/01/2017	2,274.00	2.000%	11.37	2,285.37
TOTAL	150,400.00	-	32,450.73	182,850.73

ASSIGNMENT

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

Dated: _____, 19__.

(Assignor)

Witnessed in the presence of:

Section 3.10. Sale of Bonds; Ratification of Execution of Loan Agreement with Authority and DEP; Incorporation of Terms. The Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in substantially the form attached hereto as "Exhibit A" and made a part hereof, with such changes, insertions and omissions as may be approved by the Chairman, the execution of which shall be conclusive evidence of such approval, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to DEP and the Authority, and any such prior execution and delivery is hereby authorized, ratified and approved. The Loan Agreement, as the same may be amended and/or supplemented, and the terms and provisions thereof are herein incorporated by reference thereto.

Section 3.11. Certificate of Consulting Engineers. Prior to the issuance of the Bonds, the Issuer must obtain the certificate of the Consulting Engineers in the form attached to the Loan Agreement to the effect that the Project has been or will be designed as provided in the Program application or constructed in accordance with the approved plans, specifications and design as submitted to the DEP and the Authority, as the case may be, the Project is or will be adequate for the purposes for which it will be designed, and the funding plan as submitted to the DEP and the Authority is sufficient to pay the costs of the design or acquisition and construction, as the case may be, of the Project.

Section 3.12. "Amended Schedule A" Filing. Within sixty (60) days following the design and engineering Completion Date, the Issuer will file with the Authority a schedule in substantially the form of the "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of the design phase of the Project and sources of funds thereof.

ARTICLE IV

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

- (1) Revenue Fund or System Revenue Fund;
 - (a) Operation and Maintenance Account; and

- (b) Renewal and Replacement Account
- (2) Project Account.
- (3) Rebate Fund.

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

- (1) Series 1997 Bond Sinking Fund;
 - (a) Within the Series 1997 Bond Sinking Fund, the Series 1997 Bond Reserve Account.

Section 4.03. System Revenues; Flow of Funds.

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

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

(2) The Issuer shall, beginning three (3) months prior to the date set forth in Schedule X to the Loan Agreement, in order to provide debt service on the Bonds and on the Series 1968 Bonds on a prorata basis, deposit in the Series 1997 Sinking Fund one-third (1/3) of the interest payment next coming due on the Bonds and on the Series 1968 Bonds and one-third (1/3) of the principal payment next coming due on the Bonds and on the Series 1968 Bonds beginning three (3) months prior to the first date of payment of principal of the Bonds. The Issuer shall submit payments monthly to the Commission with instructions that the Commission will make quarterly payments to the Authority at such address as is given to the Commission in writing by the Authority. The Issuer shall instruct the Commission to notify the Authority of any monthly payments which are not received by the 20th day of the month in which the payment was due.

(3) The Issuer shall next, on the first day of each month, commencing three (3) months prior to the first date of payment of principal of the Bonds, if not fully funded upon issuance of the Bonds, apportion and set

apart out of the Revenue Fund and remit to the Commission for deposit into the Series 1997 Bond Reserve Account, an amount equal to 1/120 of the Series 1997 Bond Reserve Requirement; provided, that no further payments shall be made into the Series 1997 Bond Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1997 Bond Reserve Requirement.

(4) From the moneys remaining in the Revenue Fund, the Issuer shall next, transfer to the Renewal and Replacement Account, a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any reserve account. All funds in the Renewal and Replacement Account shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Account for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the Series 1997 Bond Reserve Account [except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof,] shall be promptly eliminated with moneys from the Renewal and Replacement Account.

With respect to the payments made by the Issuer under Section 4.03 (1) through (4) above which relate to the Bonds, the Issuer shall complete the Monthly Payment Form described in the Loan Agreement and submit a copy of said form and the check or checks representing such payments to the Authority by the 5th day of such calendar month.

Moneys in the Series 1997 Bond Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, as the same shall become due. Moneys in the Series 1997 Bond Reserve Account shall be used only for the purpose of paying principal of and interest on the Bonds, as the same shall come due, when other moneys in the attendant Series 1997 Bond Sinking Fund are insufficient therefor, and for no other purpose.

Except to the extent transferred to the Rebate Fund at the request of the Issuer, all investment earnings on moneys in the Series 1997 Bond Sinking Fund and Series 1997 Bond Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during design of the Project, be deposited in the Project Account, and following completion of design of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing

interest payments, if any, due on the respective Series of Bonds, and then to the next ensuing principal payments due thereon.

Except with respect to transfers to the Rebate Fund permitted hereunder, any withdrawals from the Series 1997 Bond Reserve Account which result in a reduction in the balance of the Series 1997 Bond Reserve Account to below the Series 1997 Bond Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full, to the Series 1997 Bond Sinking Fund for payment of debt service on the Bonds.

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

The Issuer shall not be required to make any further payments into the Series 1997 Bond Sinking Fund or into the Series 1997 Bond Reserve Account therein when the aggregate amount of funds in said Series 1997 Bond Sinking Fund and Series 1997 Bond Reserve Account are at least equal to the aggregate principal amount of the Bonds issued pursuant to this Resolution then Outstanding and all interest to accrue until the maturity thereof.

The Commission is hereby designated as the fiscal agent for the administration of the Series 1997 Bond Sinking Fund created hereunder, and all amounts required for said Series 1997 Bond Sinking Fund shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein.

The payments into the Series 1997 Bond Sinking Fund shall be made on the first day of each month, except that when the first day of any month shall be a Sunday or legal holiday then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Resolution.

Moneys in the Series 1997 Bond Reserve Account shall be invested and reinvested by the Commission in accordance with Section 7.01 hereof.

The Series 1997 Bond Sinking Fund, including the Series 1997 Bond Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Bonds and any additional bonds ranking on a parity therewith that may be

issued and Outstanding under the conditions and restrictions hereinafter set forth.

C. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into the Series 1997 Bond Sinking Fund, including the Series 1997 Bond Reserve Account therein and the Renewal and Replacement Account during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Such Surplus Revenues shall be used to redeem the Bonds or for any lawful purposes of the Issuer.

D. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay the Commission's fees, the Registrar's fees, the Paying Agent's fees and the Depository Bank's charges then due. The Issuer shall also remit from the Revenue Fund to the Commission on the 1st day of each month the SRF Administrative Fee.

E. Bank One, West Virginia, N.A. is hereby designated the Depository Bank and as Bond Registrar for the Bonds. The Commission is hereby designated as Paying Agent for the Bonds.

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

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

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

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

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

Section 4.04. Excess Bond Proceeds. The Issuer shall place any excess proceeds from the Bonds not required by the Project in the Series 1997 Bond Reserve Account, provided that the Series 1997 Bond Reserve Account is not funded to the Series 1997 Bond Reserve Requirement.

ARTICLE V

BOND PROCEEDS; DISBURSEMENTS

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

A. The amount of the proceeds which together with the earnings thereon shall be at least sufficient to pay capitalized interest on the Bonds shall be deposited in the Series 1997 Bond Sinking Fund; provided, that such period may not exceed beyond the date which is six (6) months after the estimated date of completion of design of the Project, if any.

B. Next, from the proceeds of the Bonds, there shall be deposited with the Commission in the Series 1997 Bond Reserve Account the sum, if any, required hereunder for funding the Series 1997 Bond Reserve Account.

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

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

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

On or before the Closing Date, the Issuer shall have delivered to the Authority a report listing the specific purposes for which the proceeds of the Bonds will be expended and the disbursement procedures for such proceeds, including an estimated

monthly draw schedule. Payments for Costs of the Project shall be made monthly.

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

(1) a completed and signed "Payment Requisition Form," the form of which is attached to the Loan Agreement as Exhibit C, and

(2) a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

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

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

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

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

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Project Account only the net amount remaining after deduction of any such portion. All payments made from the Project Account shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Project Account. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

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

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

After completion of the Project, as certified by the Consulting Engineers, the Depository Bank shall transfer any moneys remaining in the Project Account, if any, to the Series 1997 Bond

Reserve Account, and if the Series 1997 Bond Reserve Account is fully funded, shall return such remaining moneys to the Issuer for deposit in the Revenue Fund. The Issuer shall thereafter, apply such moneys in full, first to the next ensuing interest payments, if any, due on the respective Series of Bonds and thereafter to the next ensuing principal payments due thereon.

ARTICLE VI

ADDITIONAL COVENANTS OF THE ISSUER

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

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

Section 6.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Bonds issued hereunder shall be secured forthwith by a lien on the Net Revenues derived from the operation of the System collected by the Issuer and authorized by an Order of the Public Service Commission of West Virginia in Case No. 95-0320-PSD-19A, dated May 2, 1995. The Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bonds and to make the payments into the Series 1997 Bond Sinking Fund, including the Series 1997 Bond Reserve Account therein, and all other payments provided for in the Resolution are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Bonds as the same become due, and for the other purposes provided in the Resolution.

Section 6.04. Rates. Prior to issuance of the Bonds, equitable rates or charges for the proposed and/or actual use of and service rendered by the System have been or will be established, all in the manner and form required by law, and copies of such rates and charges so established will be continuously on

file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. The Issuer shall take the necessary actions with respect to the imposition of rates at such times and with such provisions with respect to interest rate and maturity of the Bonds to finance the issuance of the Bonds as the purchaser thereof shall require. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each Fiscal Year equal to at least one hundred fifteen percent (115%) of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Bonds and the Series 1968 Bonds; provided that, in the event that an amount at least equal to or in excess of the Reserve Requirement is on deposit in the Series 1997 Bond Reserve Account and the reserve account for the Bonds is funded at least at the requirement provided for in the Resolution, such balance each Fiscal Year need only equal at least one hundred ten percent (110%) of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Bonds.

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

Upon completion of the Project, the Issuer shall file with the Authority a schedule in substantially the form of Amended Schedule A to the Program loan application, setting forth the actual costs of the Project and sources of funds therefor.

Section 6.06. Sale of the System. Except as otherwise required by state law, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Outstanding Bonds and effectively defease this Resolution in accordance with Section 9.01 hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Outstanding Bonds, immediately be remitted to the Commission for deposit in the

Series 1997 Bond Sinking Fund, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Outstanding Bonds. Any balance remaining after the payment of all the Outstanding Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Account. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$10,000 but not in excess of \$50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of \$10,000 and not in excess of \$50,000, shall with the written consent of the Authority and DEP, be remitted by the Issuer to the Commission for deposit in the Series 1997 Bond Sinking Fund and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the redemption price of such Bonds. Such payment of such proceeds into the Series 1997 Bond Sinking Fund or the Renewal and Replacement Account shall not reduce the amounts required to be paid into said funds by other provisions of this Resolution. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of \$50,000 and insufficient to pay all Bonds then outstanding without the prior approval and consent in writing of DEP and the Holders, or their duly authorized representatives, of sixty-six and two-thirds percent (66 $\frac{2}{3}$ %) in

amount of the Bonds then outstanding. The Issuer shall prepare the form of such approval and consent for execution by DEP and the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 6.07. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 6.07 and in Section 6.08B, the Issuer shall not issue any obligations whatsoever with a lien on or otherwise payable from any source of payment pledged originally whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds and the Series 1968 Bonds. All obligations issued by the Issuer after the issuance of the Bonds and payable from the revenues of the System, except such additional parity bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Bonds and the Series 1968 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Series 1997 Bond Reserve Account and the Renewal and Replacement Account at the time of the issuance of such subordinate obligations have been made and are current.

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

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

All Parity Bonds issued hereunder shall be on a parity in all respects with the Bonds and shall be issued with the written consent of the Authority and DEP.

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

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, based upon the necessary investigation and certification by the

Consulting Engineers, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any twelve (12) consecutive months, within the eighteen (18) months immediately preceding the date of the actual issuance of such 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 Parity Bonds, shall not be less than one hundred fifteen percent (115%) of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

- (1) The Series 1968 Bonds and the Bonds then Outstanding;
- (2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Resolution then Outstanding; and
- (3) The Parity Bonds then proposed to be issued.

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

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

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

All covenants and other provisions of this Resolution (except as to details of such Parity Bonds inconsistent herewith)

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

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

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

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

B. Notwithstanding the foregoing, the Issuer 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 DEP and anything to the contrary in this Section 6.08 notwithstanding, Parity Bonds may be authorized and issued by the Issuer pursuant to Supplemental Resolution solely to complete the Project as described in the Issuer's Program application to the

Authority and DEP in accordance with the plans and specifications, in the event that the Bonds should be insufficient, together with other funds lawfully available therefor, to pay all costs of design 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 design costs to complete the Project, and the maturities of any such Parity Bonds shall be in years and amounts suggested by the Authority and DEP.

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

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

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

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

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

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

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

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

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

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

The Issuer shall also, during design of the Project and for two (2) years following the completion of the Project, complete a Monthly Financial Report, the form of which is attached to the Loan Agreement as Exhibit B and made a part hereof, and forward a copy by the 10th of each month to the Authority and DEP.

The Issuer shall provide DEP with all appropriate documentation to comply with any special conditions established by

federal and/or State regulations as set forth in Exhibit E of the Loan Agreement or as promulgated from time to time.

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

Section 6.10. Compliance With Loan Agreement, Rules and Regulations. The Issuer hereby covenants and agrees to perform and satisfy all terms and conditions of the Loan Agreement and to comply with all applicable laws, rules and regulations issued by the Authority, DEP or other state, federal or local bodies in regard to the design and construction of the Project and operation, maintenance and use of the System.

Section 6.11. Operating Budget and Audit. The Issuer shall annually, at least forty-five (45) days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated reserves and expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of ten percent (10%) of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall, within thirty (30) days of the adoption thereof, mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to DEP, the Authority and to any Holder of any Bond, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to DEP and to any Holder of any Bond, or anyone acting for and on behalf of such Holder of any Bonds.

In addition, the Issuer shall annually cause the records of the System to be audited by an Independent Certified Public

Accountant, the report of which audit shall be submitted to the Authority and which audit report shall include a statement that the Issuer is in compliance with the terms and provisions of this Resolution and the Loan Agreement.

Section 6.12. Engineering Services and Operating Personnel. The Issuer shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority and DEP covering the supervision and inspection of the design 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, DEP and the Issuer at the completion of construction that construction of the Project is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

The Issuer shall require the Consulting Engineers to submit the Recipient As-Built Plans, as defined in the SRF Regulations, to it within sixty (60) days of the completion of the Project. The Issuer shall notify DEP in writing of such receipt. The Issuer shall submit a "Performance Certificate," the form of which is attached to the Loan Agreement as Exhibit A, to DEP within sixty (60) days of the end of the first year after the Project is completed.

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to DEP when the Project is ninety percent (90%) completed.

The Issuer agrees that qualified operating personnel properly certified by the State will be employed before the Project is twenty-five percent (25%) complete and agrees that it will retain such a certified operator(s) to operate the System during the entire term of the Loan Agreement. The Issuer shall notify DEP in writing of the certified operator employed at the twenty-five percent (25%) completion stage.

Section 6.13. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 6.14. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such

fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

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

Section 6.15. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

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

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, ON ALL above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Account and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Account. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 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 Issuer, the contractors and subcontractors, as their interests may appear.

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

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

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

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

B. The Issuer shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to one hundred percent (100%) of the contract price of the portion of the Project covered by the particular contract as security for the faithful performance of such contract.

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

Section 6.17. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a thirty (30) day notice of the availability of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction, provided that Issuer gives no

assurance of compliance with these requirements for parties outside the limits of the Issuer.

Section 6.18. Completion of Project; Permits and Orders. The Issuer will complete the Project as promptly as possible and operate and maintain the System in good condition and in compliance with all federal and State requirements and standards.

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

Section 6.19. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

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

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

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

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

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

F. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including those deemed

necessary by the Authority) so that the interest on the Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including those determined by the Authority) which would adversely affect such exclusion.

Section 6.20. Compliance with Loan Agreement. The Issuer agrees to comply with all the terms and conditions of the Loan Agreement. Notwithstanding anything herein to the contrary, the Issuer will provide the DEP with copies of all documents submitted to the Authority.

Section 6.21. Securities Law Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 6.22. Public Service Commission Approval. The Issuer shall obtain all requisite orders of and approvals from the Public Service Commission of West Virginia necessary for the design and construction of the Project and operation of the System, and the Authority and DEP shall receive an opinion of counsel to the Issuer to such effect.

Section 6.23. Restrictions on Use of Bond Proceeds. The Issuer agrees that it will be in default hereunder if any Bond proceeds are used for a purpose that contributes to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

ARTICLE VII

INVESTMENT OF FUNDS; NON ARBITRAGE

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

Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss

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

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

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

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

actions may be contrary to any of the provisions of this Resolution.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder, and used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. In addition, the Issuer shall cooperate with the Authority in preparing rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer. To the extent not so performed by the Authority, the Issuer and the Depository Bank (at the expense of the Issuer) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank may deem appropriate in order to assure compliance with this Section 7.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 7.03 in accordance with the requirements of Section 148(f) of the Code or such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

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

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

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

ARTICLE VIII

DEFAULT AND REMEDIES

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

(1) If default occurs in the due and punctual payment of the principal of or interest on any of the Bonds or the Series 1968 Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Bonds set forth in this Resolution, or the Loan Agreement, any Supplemental Resolution or in the Bonds, and such default shall have continued for a period of thirty (30) days after the Issuer shall have

been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond; or

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

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

Section 8.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Resolution and the Act, including, after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bond any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bond and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Resolution and the Act.

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

the rights and powers of the Issuer with respect to said facilities as the Issuer itself might do.

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

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

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

ARTICLE IX

DEFEASANCE

Section 9.01. Defeasance of Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of the Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, then with respect to the Bonds only

the pledge of Net Revenues and other moneys and securities pledged under this Resolution and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

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

ARTICLE X

INTERIM FINANCING

Section 10.01. Authorization and General Terms. In order to pay certain costs of the Project pending receipt of proceeds, grant receipts or other funds, the Issuer may issue and sell its Note or Notes (the "Bond Notes"), in an aggregate principal amount not to exceed \$500,000. The Notes may be issued as evidence of a

line of credit from a commercial bank or other lender, at the discretion of the Issuer, and as shall be set forth in a Supplemental Resolution. The Bond Notes shall bear interest from the date or dates, at such rate or rates, payable on such date or dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in a Supplemental Resolution.

Section 10.02. Terms of and Security for Bond Notes. The Bond Notes, if issued, shall be issued with such terms and secured in the manner set forth in a Supplemental Resolution.

Section 10.03. Bond Notes are Special Obligations. The Bond Notes shall be special obligations of the Issuer payable as to principal and interest solely from Bond Proceeds, grant receipts, surplus revenues, letter of credit proceeds, if any, and other sources. The Bond Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable and neither the full faith and credit nor the taxing power of the Issuer is pledged for the payment of the Bond Notes. The holders of the Bond Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Bond Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth in a Supplemental Resolution.

Section 10.04. Execution of Documents. The Bond Notes, Credit Agreement and any other documents required to be executed by the commercial bank or other lender shall be executed in the name of the Issuer by the Chairman, and the Chairman and Secretary are hereby authorized to execute any Bond Note, Bond Notes, Credit Agreement or any other documents necessary to secure the interim financing.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Resolution. No material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Bonds shall be made without the consent in writing of the Registered Owners of 66 2/3% or more in principal amount of the Bonds so affected and then Outstanding and DEP and the Authority; provided, that no change shall be made in the maturity of any Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the respective

Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Resolution may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest on the Bonds from gross income of the holders thereof.

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

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

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

Section 11.05. Conflicting Provisions Repealed. Subject to the continuing applicability of the Prior Resolution, all ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed.

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

Section 11.07. Effective Date. This Resolution shall take effect immediately upon its adoption.

Section 11.08. Statutory Notice of Meeting and Bond Issue. Notice of the date, time and place of the meeting at which the

Governing Body considered this Resolution for adoption was given at least ten (10) days in advance thereof by Class I legal advertisement in the Lincoln Journal, a newspaper of general circulation in the area served by the Issuer.

HAMLIN PUBLIC SERVICE DISTRICT

By: 
Chairman

[SEAL]

ATTEST:


Secretary

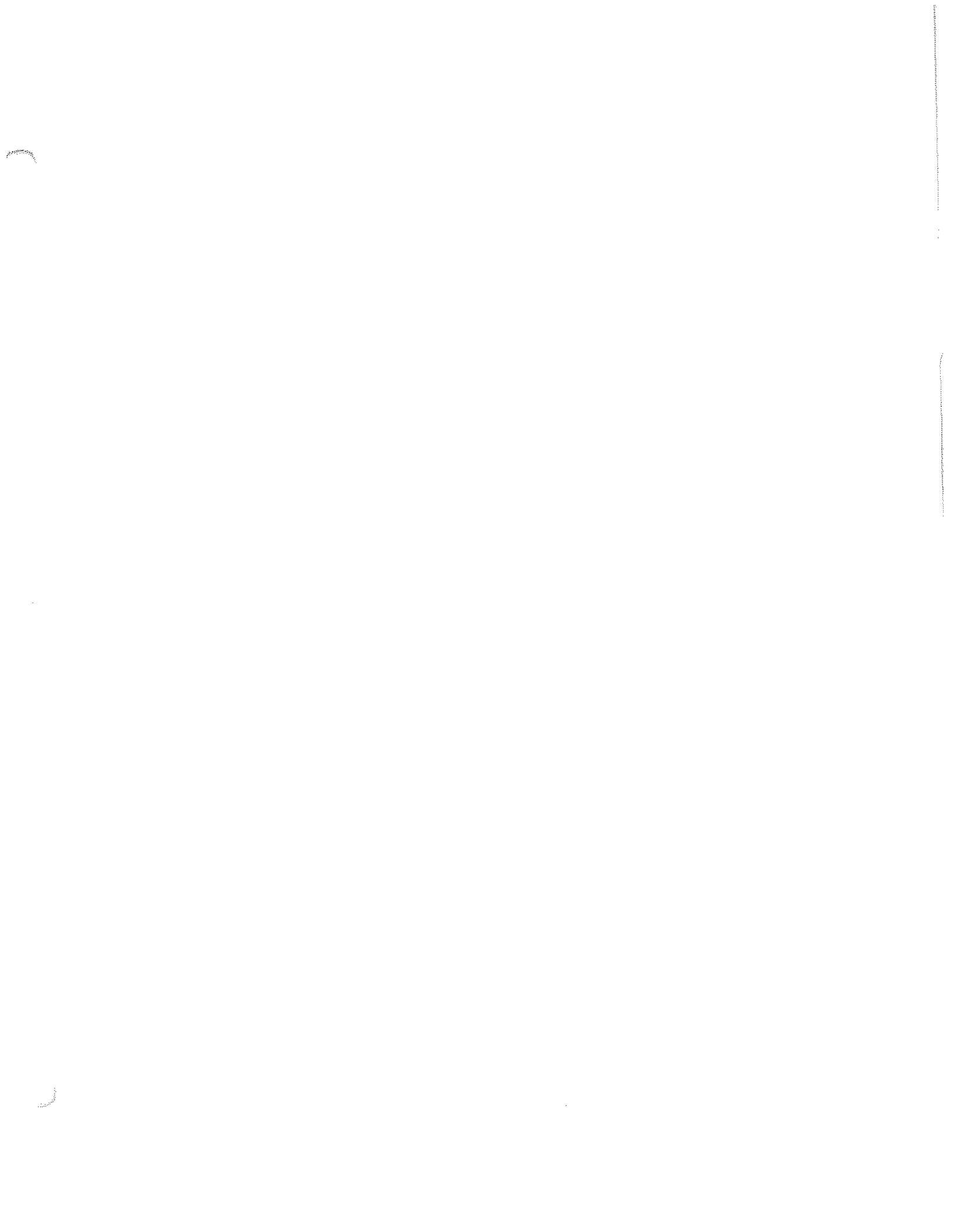
CERTIFICATION

The undersigned does hereby certify that the attached Resolution is a true and accurate copy of an Resolution duly enacted by the Public Service Board of the HAMLIN PUBLIC SERVICE DISTRICT on May 7, 1997, and that the foregoing document remains in full force and effect and has not been amended.

Dated: May 7, 1997.

[SEAL]


Secretary



**NOTICE TO RESIDENTS OF
THE HAMLIN PUBLIC
SERVICE DISTRICT,
LINCOLN COUNTY, WEST
VIRGINIA AND PERSONS
INTERESTED IN
RESOLUTION FOR
PROPOSED ISSUANCE OF
\$150,400 HAMLIN PUBLIC
SERVICE DISTRICT,
SEWER REVENUE BONDS,
SERIES 1997**

Pursuant to the provisions of West Virginia Code Chapter 6, Article 9A, Section 6, and in accordance with the provisions of West Virginia Code Chapter 16, Article 13A, as amended, you hereby notified that a meeting of the Public Service Board (the "Board") of the Hamlin Public Service District (the "District") will be held on the 7th day of May, 1997, at which meeting the Board will consider for adoption a Resolution entitled:

RESOLUTION AUTHORIZING THE DESIGN OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS FOR THE PUBLIC SEWER SYSTEM OF THE HAMLIN PUBLIC SERVICE DISTRICT, AND THE FINANCING OF THE DESIGN COST THROUGH THE ISSUANCE BY THE DISTRICT OF \$150,400 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1997, AND THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF THE PUBLIC SEWER SYSTEM THROUGH FINANCING TO BE OBTAINED BY THE DISTRICT AND AT A COST ESTIMATED TO BE APPROXIMATELY \$1,050,000; WITH BOND PROCEEDS TO BE USED, ALONG WITH OTHER FUNDS AND MONEYS OF, OR AVAILABLE TO, THE HAMLIN PUBLIC SERVICE DISTRICT WHICH MAY BE LAWFULLY EXPENDED FOR SUCH PURPOSES, TO FUND RESERVE ACCOUNTS FOR SUCH BONDS AND TO PAY OTHER COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE OWNERS OF SUCH BONDS; APPROVING AND RAIFYING A LOAN AGREEMENT RELATING TO SUCH BONDS; PLEDGING NET REVENUE; AS SECURITY FOR BONDS; PLACING LIMITATION ON SALE OF SYSTEM; AND AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The Resolution would authorize the issuance of Sewer Revenue Bonds, Series 1997 (the "Bonds"), of the District in the amount of \$150,400. The Bonds

would provide funds to finance the cost of the design of improvements to the sewer system for the District. The Board does not foresee the need to change its existing rates to repay the indebtedness to be incurred in the design phase of the project. The Board does expect to establish new rates to repay the indebtedness to be incurred for the acquisition and construction of improvements to the existing sewer system.

The entire amount of the principal of and interest on the Bonds will be paid solely and only from the revenues received from operation of the sewer system of the District to be amortized over a period of 20 years. The Resolution provides provisions with respect to the final interest rate which may be but cannot exceed 3% per annum

which may be finally determined therein or by supplemental resolution.

The District previously petitioned the Public Service Commission of West Virginia (the "Commission") for approval of the issuance of the Bonds. The Commission entered its Recommended Decision (the "Decision") on January 7, 1997, which became final and non-appealable on January 17, 1997. The Decision authorized the District to issue the Bonds in the amount of \$150,400, with such amount to be loaned to the District by the State Revolving Loan Fund, and approved an engineering services agreement between the District and E.L. Robinson Engineering Company of Cross Lanes, West Virginia, for said firm to provide engineering services in connection with a proposed sewer system improvement project, with total engineering fees not to exceed \$177,156.

A certified copy of the Resolution and a description of the scope of the proposed project are available for examination by any interested person at the District's office during regular office hours of such office which are 8:30 a.m. to 3:30 p.m., Monday through Friday.

The meeting will be held at the Hamlin Community Center in Hamlin, West Virginia, on the 7th day of May, 1997, at 12:00 p.m., and any person or persons interested may appear before the Board and be heard and may present protests and objections to the passage of the Resolution and the issuance of the Bonds.

Dated this 2nd day of April, 1997.

Hamlin Public Service District
Lincoln County, West Virginia
Esau J. Duty, Chairman
Phyllis J. Ashworth,
Secretary

THE LINCOLN JOURNAL INC.

Publishers Of: The Lincoln Journal / The Weekly News Sentinel / The Lincoln Times

AFFIDAVIT OF PUBLICATION

STATE OF WEST VIRGINIA
COUNTY OF LINCOLN, to wit:

I, THOMAS A. ROBINSON, Publisher, being duly sworn upon my oath do depose and say that I am proprietor of the entitle:

THE LINCOLN JOURNAL AND THE WEEKLY NEWS SENTINEL
two separate newspapers, both being a weekly newspaper; that such papers have been published for more than one year prior to publication of the annexed notice described below; that such newspapers are regularly published weekly, for at least fifty weeks during the calendar year, the Municipality of Hamlin, Lincoln County, West Virginia; that such newspapers are newspapers of "general circulation" as that term is defined in article three, chapter fifty-nine of the Code of West Virginia 1931, as amended, within the publication area or areas of the aforesaid municipality and county; that such newspapers average in length of four or more pages, exclusive of any cover, per issue; that such newspapers are circulated to the general public at a definite price or consideration; that such newspapers are newspapers to which the general public resorts for posting of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, advertisements, and other notices; that the annexed notice of

Hamlin Public Service District - Acceptance of Resolution

was duly published in said newspaper once a week for 1 weeks (Class E),

commencing with the issue of the 23rd day of April, 1997, and ending with the

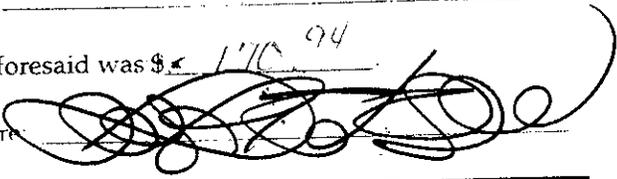
issue of the 23rd day of April, 1997, (and was posted at the _____

_____ on the day of _____, 1997); that said

annexed notice was published on the following dates: _____

and that the cost of publishing the annexed notice as aforesaid was \$170.94

Publisher's Signature _____

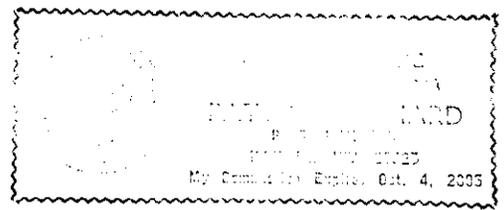


Taken, subscribed and sworn before me in my said county this 24th day of April, 1997.

My commission expires Oct 4, 2005

Patty Pritchard

Notary Public of Lincoln County, West Virginia



**NOTICE TO RESIDENTS OF
THE HAMLIN PUBLIC SERVICE DISTRICT, LINCOLN COUNTY, WEST VIRGINIA
AND PERSONS INTERESTED IN RESOLUTION FOR
PROPOSED ISSUANCE OF \$150,400 HAMLIN PUBLIC SERVICE DISTRICT,
SEWER REVENUE BONDS,
SERIES 1997**

Pursuant to the provisions of West Virginia Code Chapter 6, Article 9A, Section 6, and in accordance with the provisions of West Virginia Code Chapter 16, Article 13A, as amended, you hereby notified that a meeting of the Public Service Board (the "Board") of the Hamlin Public Service District (the "District") will be held on the 7th day of May, 1997, at which meeting the Board will consider for adoption a Resolution entitled:

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The Resolution would authorize the issuance of Sewer Revenue Bonds, Series 1997 (the "Bonds"), of the District in the amount of \$150,400. The Bonds would provide funds to finance the cost of the design of improvements to the sewer system for the District. The Board does not foresee the need to change its existing rates to repay the indebtedness to be incurred in the design phase of the project. The Board does expect to establish new rates to repay the indebtedness to be incurred for the acquisition and construction of improvements to the existing sewer system.

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The District previously petitioned the Public Service Commission of West Virginia (the "Commission") for approval of the issuance of the Bonds. The Commission entered its Recommended Decision (the "Decision") on January 7, 1997, which became final and non-appealable on January 17, 1997. The Decision authorized the District to issue the Bonds in the amount of \$150,400, with such amount to be loaned to the District by the State Revolving Loan Fund, and approved an engineering services agreement between the District and E. L. Robinson Engineering Company of Cross Lanes, West Virginia, for said firm to provide engineering services in connection with a proposed sewer system improvement project, with total engineering fees not to exceed \$177,156.

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The meeting will be held at the Hamlin Community Center in Hamlin, West Virginia, on the 7th day of May, 1997, at 12:00 p.m., and any person or persons interested may appear before the Board and be heard and may present protests and objections to the passage of the Resolution and the issuance of the Bonds.

Dated this 2nd day of April, 1997.

HAMLIN PUBLIC SERVICE DISTRICT
LINCOLN COUNTY, WEST VIRGINIA

Esau J. Duty, Chairman
Phyllis J. Ashworth, Secretary

PUBLISH AS CLASS I NOTICE ON APRIL 23, 1997.

AFFIDAVIT OF POSTING

I, Phyllis J. Ashworth, Secretary of the Hamlin Public Service District of Lincoln County, hereby state that a Notice to Residents was posted at a conspicuous place in the Lincoln County Courthouse as of April 4th, 1997. The Notice to Residents concerned a public meeting of the Hamlin Public Service District to be held at the Hamlin Community Center on Wednesday, May 7, 1997 at 12:00 p.m.

Given under my hand this 4th day of April, 1997.

Phyllis J. Ashworth
PHYLLIS J. ASHWORTH

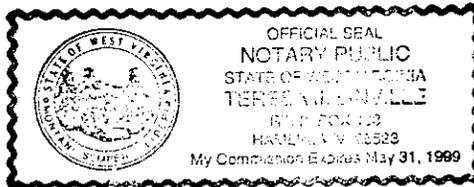
STATE OF WEST VIRGINIA,
COUNTY OF LINCOLN, to-wit:

On April 4th, 1997, before me personally came PHYLLIS J. ASHWORTH, known to me to be the person described in and who executed the foregoing instrument and acknowledged that she had executed the same.

My commission expires

May 31, 1999

Clare Skinnell
Notary Public



\$150,400
HAMLIN PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND,
SERIES 1997

I, Phyllis J. Ashworth, Secretary of the Hamlin Public Service District, hereby certify that the following is a true and correct excerpt of the minutes of a regular meeting of the said District:

The Public Service Board of the Hamlin Public Service District met in regular session, pursuant to notice duly given, on the 7th day of May, 1997, at Hamlin, West Virginia, at the hour of 12:00 p.m.

Present: Chairman - Esau J. Duty
Secretary - Phyllis J. Ashworth
Treasurer - Weldon Walker

Absent: None

The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it. He stated that the proposed Bond Resolution was subject to protests and suggestions from any interested person.

Thereupon, the Chairman stated that it would be in order to consider the Bond Resolution for adoption, and he asked the Secretary to read the title of the Resolution as follows:

RESOLUTION AUTHORIZING THE DESIGN OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS FOR THE PUBLIC SEWER SYSTEM OF THE HAMLIN PUBLIC SERVICE DISTRICT, AND THE FINANCING OF THE DESIGN COST THROUGH THE ISSUANCE BY THE DISTRICT OF \$150,400 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1997, AND THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF THE PUBLIC SEWER SYSTEM THROUGH FINANCING TO BE OBTAINED BY THE DISTRICT AND AT A COST ESTIMATED TO BE APPROXIMATELY \$1,050,000; WITH BOND PROCEEDS TO BE USED, ALONG WITH OTHER FUNDS AND MONEYS OF, OR AVAILIABLE TO, THE HAMLIN PUBLIC SERVICE DISTRICT WHICH MAY BE LAWFULLY EXPENDED FOR SUCH PURPOSES, TO FUND RESERVE ACCOUNTS FOR SUCH BONDS AND TO PAY OTHER COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE OWNERS OF SUCH BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT RELATING TO SUCH BONDS; PLEDGING NET REVENUES AS SECURITY FOR BONDS; PLACING LIMITATION ON SALE OF SYSTEM; AND AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

Thereupon, on motion duly made by Phyllis Ashworth and seconded by Weldon Walker, it was unanimously ordered that said Bond Resolution be adopted.

After the completion of all business to come before the meeting, on motion duly made by Phyllis Ashworth and seconded by Weldon Walker, it was unanimously ordered that the meeting adjourn.

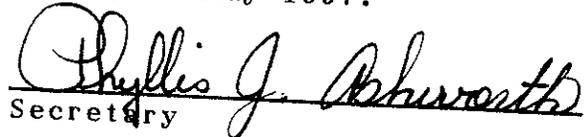
(SEAL)


Chairman


Secretary

I further hereby certify that the foregoing action of said Public Service Board remains in full force and effect and has not been amended or repealed.

WITNESS my signature on this 7th day of May 1997.


Secretary

LOAN AGREEMENT

THIS WATER POLLUTION CONTROL REVOLVING FUND LOAN AGREEMENT (the "Loan Agreement"), made and entered into in several counterparts, by and among the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), the WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION, a division of the West Virginia Department of Commerce, Labor and Environmental Resources (the "DEP"), and the local government designated below (the "Local Government").

HAMLIN PUBLIC SERVICE DISTRICT
(Local Government)

W I T N E S S E T H:

WHEREAS, the United States Congress under Title VI of the federal Clean Water Act, as amended (the "Clean Water Act"), has provided for capitalization grants to be awarded to states for the express purpose of establishing and maintaining state water pollution control revolving funds for the construction, acquisition and improvement of wastewater treatment facilities;

WHEREAS, pursuant to the provisions of Chapter 20, Article 5I, of the Code of West Virginia, 1931, as amended (the "Act"), the State of West Virginia (the "State") has established a state water pollution control revolving fund program (the "Program") to direct the distribution of loans to particular local governments pursuant to the Clean Water Act;

WHEREAS, under the Act the DEP is designated the instrumentality to enter into capitalization agreements with the United States Environmental Protection Agency ("EPA") to accept capitalization grant awards and DEP has been awarded capitalization grants to partially fund the Program;

WHEREAS, under the Act and under the direction of DEP, the Authority has established a permanent perpetual fund known as the "West Virginia Water Pollution Control Revolving Fund" (hereinafter the "Fund");

WHEREAS, pursuant to the Act, the Authority and DEP are empowered to make loans from the Fund to local governments for the acquisition or construction of wastewater treatment projects by

1.2 "Consulting Engineers" means the professional engineer, licensed by the State, designated in the Application and any successor thereto.

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

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

1.5 "Local Bonds" means the revenue bonds to be issued by the Local Government pursuant to the provisions of the Local Statute, as hereinafter defined, to evidence the Loan and to be purchased by the Authority with money held in the Fund, 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 "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.

1.8 "Program" means the wastewater treatment facility acquisition, construction and improvement program coordinated through the capitalization grants program established under the Clean Water Act and administered by DEP.

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

1.10 "SRF Regulations" means the regulations set forth in Title 47, Series 31 of the West Virginia Code of State Regulations.

1.11 "System" means the wastewater treatment facility owned by the Local Government, of which the Project constitutes all or to which the Project constitutes an improvement, and any improvements thereto hereafter constructed or acquired from any sources whatsoever.

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

the Project, the operation and maintenance of the System and the administration of the Loan or of any State and federal grants or other sources of financing for the Project.

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

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

2.9 The Local Government shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority and DEP covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such resident engineer shall certify to the Authority, DEP and the

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

3.1 The agreement of the Authority and DEP to make the Loan is subject to the Local Government's fulfillment, to the satisfaction of the Authority and DEP, 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 Local Government shall have delivered to the Authority a report listing the specific purposes for which the proceeds of the Loan will be expended and the procedures as to the disbursement of loan proceeds, including an estimated monthly draw schedule;

(b) The Local Government shall have performed and satisfied all of the terms and conditions to be performed and satisfied by it in this Loan Agreement;

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

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

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

(f) The Local Government shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the construction of the Project and operation of the System, and the Authority and DEP shall have received an opinion of counsel to the Local Government, which may be local counsel to the Local

Authority, and in furtherance thereof it is agreed that the Local Government 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 Local Government by written notice to the Authority, which written notice shall be given not less than ten (10) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority, DEP and the Local Government. 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 set forth in Exhibit E hereto.

3.5 The Local Government understands and acknowledges that it is one of several local governments which have applied to the Authority and DEP for loans to finance wastewater treatment projects and that the obligation of the Authority to make any such loan is subject to the Local Government's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing and to the requirements of the Program. The Local Government specifically recognizes that the Authority will not purchase the Local Bonds unless and until sufficient funds are available in the Fund to purchase all the Local Bonds and that, prior to such purchase, the Authority may purchase the bonds of other local governments set out in the State Project Priority List, as defined in the SRF Regulations. The Local Government further specifically recognizes that all loans will be originated in conjunction with the SRF Regulations and with the approval of DEP.

3.6 The Local Government shall provide DEP with the appropriate documentation to comply with the special conditions established by federal and state regulations as set forth in Exhibit E hereto at such times as are set forth in Exhibit E.

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

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by the net revenues from the System;

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

(iv) That, except as otherwise required by State law or the Regulations, the System may be sold, mortgaged, leased or otherwise disposed of as a whole or substantially as a whole provided that the net proceeds to be realized from such sale, mortgage, lease or other disposition shall be sufficient to fully pay all of the local bonds outstanding and further provided that portions of the System when no longer required for the ongoing operation of such System as evidenced by certificates from the Consulting Engineer, may be disposed of with such restrictions as are normally contained in such covenants;

(v) That the Local Government 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

prospective users of the System shall be required to connect thereto;

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

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Local Government may authorize redemption of the Local Bonds with 30 days written notice to the Authority;

(xvi) That the Local Government shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the West Virginia Municipal Bond Commission (the "Commission") its required interest, principal and reserve fund payment. The Local Government shall complete the Monthly Payment Form, attached hereto as Exhibit F and incorporated herein by reference, and submit a copy of said form along with a copy of the check to the Authority by the 5th day of such calendar month;

(xvii) That the Commission shall serve as paying agent for all Local Bonds;

(xviii) That, unless it qualifies for an exception to the provisions of Section 148 of the Code, which exception shall be set forth in an opinion of bond counsel, the Local Government will furnish to the Authority, annually, at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information requested by the Authority;

(xix) That the Local Government shall have obtained the certificate of the Consulting Engineers to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority, the Project is adequate for the purposes for which it was designed and the funding plan as submitted to the Authority is

4.5 As provided by the SRF Regulations, the Local Government agrees to pay from time to time, if required by the Authority and DEP, the Local Government's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be determined by the Authority and shall include without limitation Program expenses, legal fees paid by the Authority and fees paid to the trustee and paying agents for any bonds or notes to be issued by the Authority for contribution to the Fund and the fees and expenses of any corporate trustee for the Fund.

4.6 The obligation of the Authority to make any loans shall be conditioned upon the availability of moneys in the Fund in such amount and on such terms and conditions as, in the sole judgment of the Authority, will enable it to make the Loan.

ARTICLE V

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

5.1 The Local Government hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Local Government 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 Local Government 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 Local Government defaults in any payment due to the Authority pursuant to Section 4.2 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 Local Government hereby irrevocably covenants and agrees with the Authority that, in the event of any default

Service and take any other actions necessary or desirable to preserve the exclusion from gross income for federal income tax purposes of interest on the Local Bonds.

6.5 Notwithstanding Section 6.4, the Authority and DEP may at any time, in their sole discretion, cause the rebate calculations prepared by or on behalf of the Local Government to be monitored or cause the rebate calculations for the Local Government to be prepared, in either case at the expense of the Local Government.

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

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

ARTICLE VII

Miscellaneous

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

7.2 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.

7.3 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.

7.4 No waiver by any 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

Attest:

Date: March 7, 1997

Phyllis Ashworth
Its Secretary

WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION

By: Barbara Meadows
Its: Chief, Office of Water Resources

Date: 3/21/97

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: Daniel B. Gombark
Its: Director

Attest:

Date: March 7, 1997

Barbara B Meadows
Secretary-Treasurer

APPROVED AS TO FORM PRIOR TO ACKNOWLEDGEMENT THEREOF, THIS 25th day of August, 19 92.

BY: Dawn E Wayfield
Attorney General
DEPUTY ATTORNEY GENERAL

EXHIBIT B

[Form of Monthly Financial Report]

[Name of Local Government]

[Name of Bond Issue]

Fiscal Year - _____

Report Month: _____

<u>ITEM</u>	<u>CURRENT MONTH</u>	<u>YEAR TO DATE</u>	<u>BUDGET YEAR TO DATE</u>	<u>DIFFERENCE</u>
1. Gross Revenues Collected				
2. Operation and Maintenance Expense				
3. Other Bond Debt Payments (including Reserve Fund deposits)				
4. SRF Bond Payments (include Reserve Fund deposits)				
5. Renewal and Replacement Fund Deposit				
6. Funds available for capital construction				

Witnesseth my signature this _____ day of _____, 19__.

[Name of Local Government]

By: _____
Authorized Officer

EXHIBIT D

FORM OF CERTIFICATE OF CONSULTING ENGINEER

(Issuer)

(Name of Bonds)

I, _____, Registered Professional Engineer, West Virginia License No. _____, of _____, Consulting Engineers, _____, hereby certify that my firm is engineer for the acquisition and construction of _____ to the system (herein called the "Project") of _____ ("Issuer") to be constructed primarily in _____ County, West Virginia, which construction and acquisition are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the meaning set forth in the _____ passed by the _____ of the Issuer on _____, 19____, effective _____, 19____, and the Loan Agreement by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Division of Environmental Protection ("DEP") dated _____, 19____.

1. The Bonds are being issued for the purpose of _____ (the "Project").

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 twenty years, (iii) the Issuer 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 Issuer 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 _____ of the Issuer are sufficient to comply with the provisions

EXHIBIT E

[Special Conditions]

The recipient agrees to include, when issuing statements, press releases, requests for proposals, bid solicitations and other documents describing projects or programs funded in whole or in part with Federal money, (1) the percentage of the total costs of the program or project which will be financed with Federal money, (2) the dollar amount of Federal funds for the project or program, and (3) percentage and dollar amount of the total costs of the project or program that will be financed by non-governmental sources.

EXHIBIT G

[Opinion of Bond Counsel for Local Government]

[To Be Dated as of Date of Loan Closing]

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Gentlemen:

We are bond counsel to _____
(the "Local Government"), a _____.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement dated _____, 19____, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Local Government and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Local Government, dated _____, 19__ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are in the principal amount of \$_____, issued in the form of one bond registered as to principal and interest to the Authority, with interest payable _____ 1, _____ 1, _____ 1, and _____ 1 of each year, beginning _____ 1, 19__, at the respective rate or rates and with principal payable in installments on _____ 1 in each of the years, all as follows:

<u>Year</u>	<u>Installment</u>	<u>Interest Rate</u>
-------------	--------------------	----------------------

The Local Bonds are issued for the purpose of _____
_____ and paying certain issuance and other costs in
connection therewith.

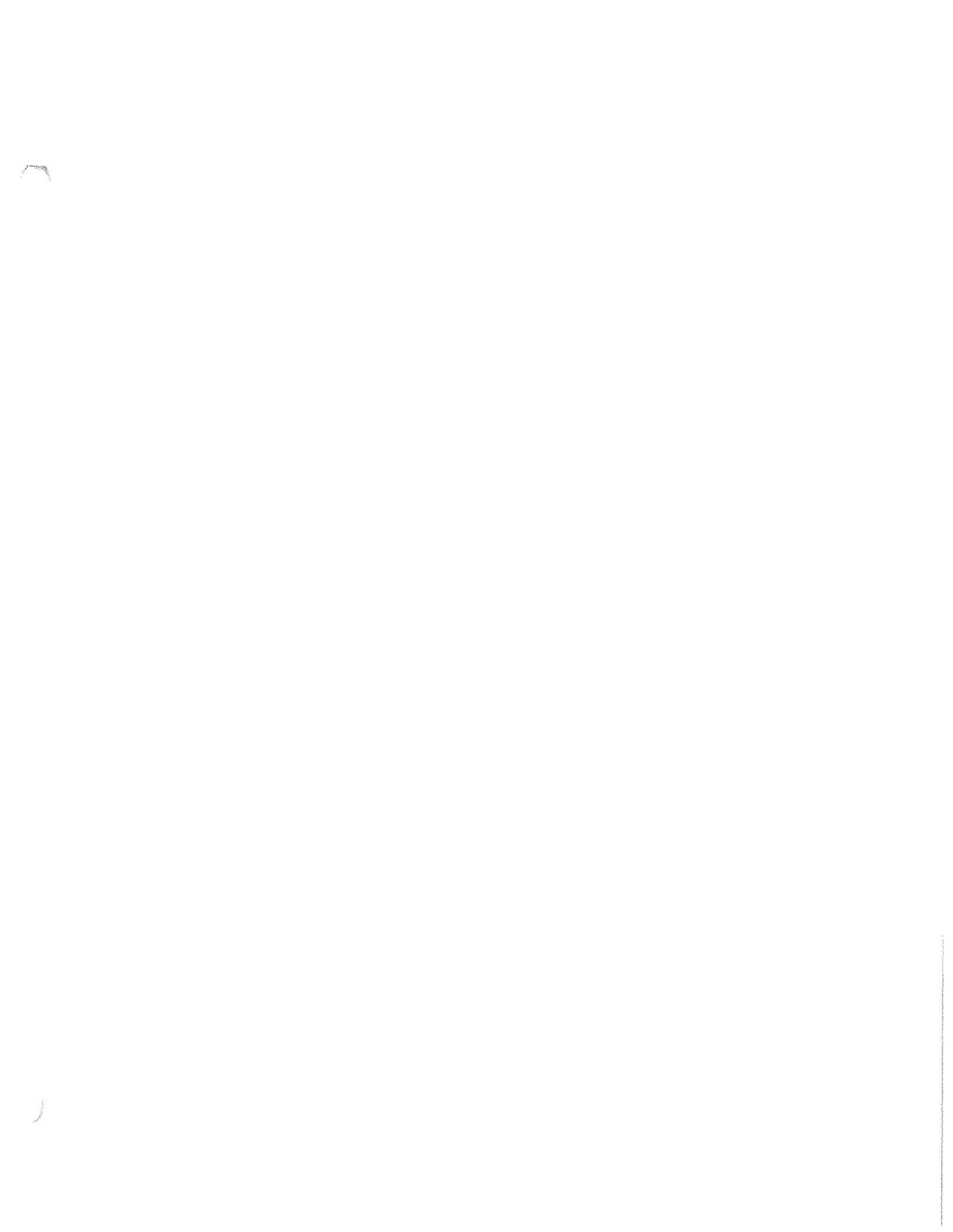
We have also examined the applicable provisions of _____
_____ of the Code of West Virginia, 1931, as
amended (the "Local Statute"), and the bond _____ duly
enacted by the Local Government on _____ (the "Local

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

Very truly yours,

SCHEDULE Y

Hamlin Public Service District \$150,400 SRF Loan 2% interest, 1% Administrative Fee 20 years DEBT SERVICE SCHEDULE				
Date	Principal	Coupon	Interest	Total P+I
3/01/2009	1,910.00	2.000%	375.66	2,285.66
6/01/2009	1,920.00	2.000%	366.11	2,286.11
9/01/2009	1,929.00	2.000%	356.51	2,285.51
12/01/2009	1,939.00	2.000%	346.86	2,285.86
3/01/2010	1,948.00	2.000%	337.17	2,285.17
6/01/2010	1,958.00	2.000%	327.43	2,285.43
9/01/2010	1,968.00	2.000%	317.64	2,285.64
12/01/2010	1,978.00	2.000%	307.80	2,285.80
3/01/2011	1,988.00	2.000%	297.91	2,285.91
6/01/2011	1,998.00	2.000%	287.97	2,285.97
9/01/2011	2,008.00	2.000%	277.98	2,285.98
12/01/2011	2,018.00	2.000%	267.94	2,285.94
3/01/2012	2,028.00	2.000%	257.85	2,285.85
6/01/2012	2,038.00	2.000%	247.71	2,285.71
9/01/2012	2,048.00	2.000%	237.52	2,285.52
12/01/2012	2,058.00	2.000%	227.28	2,285.28
3/01/2013	2,069.00	2.000%	216.99	2,285.99
6/01/2013	2,079.00	2.000%	206.64	2,285.64
9/01/2013	2,089.00	2.000%	196.25	2,285.25
12/01/2013	2,100.00	2.000%	185.80	2,285.80
3/01/2014	2,110.00	2.000%	175.30	2,285.30
6/01/2014	2,121.00	2.000%	164.75	2,285.75
9/01/2014	2,131.00	2.000%	154.15	2,285.15
12/01/2014	2,142.00	2.000%	143.49	2,285.49
3/01/2015	2,153.00	2.000%	132.78	2,285.78
6/01/2015	2,164.00	2.000%	122.02	2,286.02
9/01/2015	2,174.00	2.000%	111.20	2,285.20
12/01/2015	2,185.00	2.000%	100.33	2,285.33
3/01/2016	2,196.00	2.000%	89.40	2,285.40
6/01/2016	2,207.00	2.000%	78.42	2,285.42
9/01/2016	2,218.00	2.000%	67.39	2,285.39
12/01/2016	2,229.00	2.000%	56.30	2,285.30
3/01/2017	2,241.00	2.000%	45.15	2,286.15
6/01/2017	2,252.00	2.000%	33.95	2,285.95
9/01/2017	2,263.00	2.000%	22.69	2,285.69
12/01/2017	2,274.00	2.000%	11.37	2,285.37
TOTAL	150,400.00	-	32,450.73	182,850.73



P. S. C. W. Va. No. 9

Cancels P. S. C. W. Va. No. 8

~~XXXXXXXXXX~~

HAMLIN PUBLIC SERVICE DISTRICT, a public utility

OF

Hamlin, West Virginia

Rates, Rules and Regulations for Furnishing

SEWERAGE AND SEWAGE DISPOSAL SERVICE

AT

Hamlin and environs, Lincoln County, West Virginia.

**Filed with THE PUBLIC SERVICE COMMISSION
OF
WEST VIRGINIA**

Issued May 2, 19 95

Effective May 2, 1995

Issued by authority of an Order
of the Public Service Commission
of West Virginia in Case No. 95-0320-PSD-19A,
dated May 2, 1995.

Issued by HAMLIN PUBLIC SERVICE DISTRICT
(Name of Utility)

By *[Signature]*

Chairman

Page :

RULES AND REGULATIONS

1. Rules and Regulations for the Government of Sewerage Utilities, adopted by the Public Service Commission of West Virginia, and now in effect, and all amendments thereto and modifications thereof hereafter made by said Commission.

"EMERGENCY INTERIM RATES"

Applicable in entire territory served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial sewer services.

(A) RATE

gallons	First	1,000 gallons used per month	\$3.39 per 1,000
1,000 gallons	Next	2,000 gallons used per month	2.76 per
1,000 gallons	Next	3,000 gallons used per month	2.45 per
gallons	Next	5,000 gallons used per month	2.24 per 1,000
gallons	Next	9,000 gallons used per month	1.91 per 1,000
gallons	All over	20,000 gallons used per month	1.70 per 1,000

(A) MINIMUM CHARGE

The above schedule is subject to a minimum monthly charge of Three Dollars and Thirty-nine Cents (\$3.39).

(A) UNMETERED RESIDENTIAL CHARGE

8.93 - based on consumption of 3M gallons per month.

(A) UNMETERED COMMERCIAL CHARGE

\$63.62 - based on consumption of 31M gallons per month. To be applied when commercial customer consumes water in excess of the average residential usage of 3M gallons.

DELAYED PAYMENT PENALTY

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

SEWER CONNECTION CHARGE

A One Hundred Fifty Dollar (\$150.00) connection charge will be collected from each new tap onto the system regardless of location.

MULTIPLE OCCUPANCY

In apartment buildings, shopping centers or other multiple occupancy buildings, each unit receiving service shall be required to pay not less than the minimum monthly charge.

WATER DISCONNECT - RECONNECT FEES

Whenever water service has been disconnected for non-payment of sewer bills, a disconnection fee of \$20.00 shall be charged.

Whenever water service which has been previously disconnected or otherwise withheld for non-payment of sewer bills is reconnected, a fee of \$20.00 shall be charged.

(A) Indicates Advance

**\$150,400
HAMLIN PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND,
SERIES 1997**

GENERAL CERTIFICATE

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES
6. INCUMBENCY AND OFFICIAL NAME
7. LOAN AGREEMENT
8. LAND AND RIGHTS-OF-WAY
9. MEETINGS
10. INSURANCE
11. RATES
12. TRUTH AND ACCURACY
13. SPECIMEN BOND
14. BOND PROCEEDS
15. PRIVATE USE OF FACILITIES
16. NO FEDERAL GUARANTY
17. IRS INFORMATION RETURN
18. CONFLICT OF INTEREST
19. CLEAN WATER ACT
20. COUNTERPARTS

We, the undersigned CHAIRMAN and the undersigned SECRETARY of HAMLIN PUBLIC SERVICE DISTRICT, Lincoln County, West Virginia (the "District"), and the undersigned ATTORNEY for said District, hereby certify in connection with the Hamlin Public Service District, Sewer Revenue Bond, Series 1997, in the aggregate principal amount of \$150,400, numbered R-1, dated the date hereof and bearing interest at the rate of two percent (2%) per annum (the "Bond"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as in the Resolution enacted and adopted by the Public Service Board (the "Board") and effective on May 7, 1997 (the "Resolution"), and the Loan Agreement (the "Loan Agreement") entered into among the District, the West Virginia Division of Environmental Protection ("DEP") and the West Virginia Water Development Authority (the "Authority"), dated March 7, 1997.
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 Bond; nor questioning the proceedings and authority by which the Board authorized the issuance and sale of the Bond; nor affecting the validity of the Bond or any provisions made or authorized for the payment thereof, including, but not limited to the pledge of Net Revenues of the System for

such payment; nor questioning the existence of the District or the title of the members or officers of the District or the Public Service Board to their respective offices; nor questioning the design of certain additions, betterments and improvements to the sewer system facilities of the District (the "System"), which is being financed out of the proceeds of sale of the Bond.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals and certificates required by law for the design of the Project, the operation of the System and the issuance of the Bond have been or will be duly and timely obtained and remain in full force and effect, including approval by the Public Service Commission of West Virginia. Competitive bids for construction of the Project will be solicited in accordance with West Virginia law.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the District or the System since the approval, execution and delivery by the District of the Loan Agreement, among the Authority, DEP and the District. There has been no adverse change in the financial condition of the District or the System since the approval by the Authority and DEP of a loan to assist in the design of the Project. Upon issuance and delivery of the Bonds, the District will have the Bond and its Sewage System Revenue Bonds, Series A (the "Prior Bonds") as debt outstanding, both of which constitute a first parity lien on the Net Revenues of the System. The District has obtained the consent of the holder of the Prior Bonds to the issuance of the Bond.

5. SIGNATURES: The undersigned CHAIRMAN and SECRETARY are the duly elected, qualified and serving officers as indicated by the official titles opposite their signatures below, are duly authorized to execute and seal the Bond for the District, and on the date hereof have signed and sealed the Bond for the District. The seal appearing hereon and on the Bond is the only official seal of the District.

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the District is "Hamlin Public Service District", and it is a public service district, public corporation and political subdivision duly created under the laws of the State of West Virginia in Lincoln County of said State. The governing body of the District is the Chairman, Secretary and its Board consisting of three (3) Board Members, whose names, terms and offices are as follows:

<u>Name</u>	<u>Date of Termination of Office</u>	<u>Office</u>
Esau J. Duty	December 31, 1997	Chairman and Member
Phyllis J. Ashworth	December 31, 2002	Secretary and Member
Weldon Walker	December 31, 1999	Treasurer and Member

The duly appointed and acting Attorney for the District is Jack Stevens, Hamlin, West Virginia.

7. LOAN AGREEMENT: As of the date hereof, (i) 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; (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 is necessary to be disclosed therein in order to make the statements and information contained therein not misleading; and (iv) the District ratifies and reaffirms all the covenants made in the Loan Agreement as if they were specifically set forth herein.

8. LAND AND RIGHTS-OF-WAY: All land and all rights-of-way and easements necessary for the construction, operation and maintenance of this System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the District and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation are, in the opinion of all the undersigned, within the ability of the District to pay for the same without jeopardizing the security of or payments on the Bond.

9. MEETINGS: All actions, ordinances, resolutions, orders and agreements taken, adopted and entered into by or on behalf of the District in any way connected with the design, construction, acquisition and financing of the Project and the operation of the System were authorized or adopted at meetings of the Board duly called and held pursuant to all applicable statutes and the customary procedure of the Board, and a quorum of duly appointed, qualified and acting members of the Board was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

10. INSURANCE: The District will maintain or, as appropriate, will require all contractors to maintain Workers' Compensation, public liability and property damage insurance, standard hazard insurance, builder's risk insurance, flood insurance and business interruption insurance, where applicable, in accordance with the Loan Agreement and the Resolution.

11. RATES: Based upon information submitted by the Consulting Engineers and an independent Certified Public

Accountant, the rates and charges for the System which were authorized on May 2, 1995, and remain in full force and effect, will, so long as the Bond is outstanding, provide Net Revenues sufficient to pay (a) the interest upon the Bond and the Prior Bonds, (b) the necessary fiscal agency charges, (c) the principal amount of the Bond and the Prior Bonds at or before its maturity, (d) a margin of safety or reserve for such Bond and the Prior Bonds and for the payment into the reserve account created on account of the Bond, and (e) meet the requirements set forth in the Loan Agreement.

12. TRUTH AND ACCURACY: As of the date hereof, Esau J. Duty, Chairman, and Phyllis J. Ashworth, Secretary, hereby certify that the copies of documents previously or on the date hereof certified by them as being true and accurate are true and accurate as of the date hereof and that none of such documents have been repealed, rescinded, amended or otherwise modified.

13. SPECIMEN BOND: Attached hereto as Exhibit A is a specimen of the Bond which, except as to execution and authentication, is identical in all respects with such Bond this day delivered to the Authority and being substantially in the form prescribed in the Resolution.

14. BOND PROCEEDS: On the date hereof, the Issuer received \$50,620 from the Authority and DEP, being a portion of the principal amount of the Bond and more than a de minimis amount of the proceeds of the Bond. The balance of the principal amount of the Bond will be advanced to the District as design of the Project progresses.

15. PRIVATE USE OF FACILITIES: The Issuer shall at all times take, and refrain from taking, and shall not fail to take, any and all actions necessary in order to assure the initial and continued tax-exempt status of the Bond and the interest thereon. Less than ten percent (10%) of the proceeds of the Bond will be used, directly or indirectly, for any private business use, and less than ten percent (10%) of the payment of principal of, or the interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use. None of the proceeds of the Bond will be used, directly or indirectly, for any private business use which is not related to the governmental use of the proceeds of the Bond, including the disproportionate related business use of the proceeds of the Bond, and none of the payment of principal on, or the interest on, such issue, under the terms of any underlying arrangement, is, directly or indirectly, secured by any interest in property used, or to be used for a private business use, payments in respect of such

property or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use with respect to such private business use, which is not related to any government use of such proceeds, including the disproportionate business use of the issue of the Bond. None of the proceeds of the issue of the Bond will be used, directly or indirectly, to make or finance loans to persons other than governmental units. For purposes of this paragraph, private business use means use, directly or indirectly, in a trade or business carried on by any person, including related persons, other than a governmental unit or other than use as a member of the general public. All of the foregoing shall be determined in accordance with and within the meaning of the Internal Revenue Code of 1986, as amended, including any successor provisions and rules and regulations thereunder (the "Code").

16. NO FEDERAL GUARANTY: The Bond is not and will not be, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

17. IRS INFORMATION RETURN: On the date hereof, the undersigned Chairman did officially sign a properly completed IRS Form 8038-G and will cause such executed Form 8038-G to be filed in a timely manner with the Internal Revenue Service Center, Philadelphia, Pennsylvania.

18. CONFLICT OF INTEREST: No officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Bond, the Resolution, and/or the Project, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than five percent (5%) of the particular business enterprise or contract.

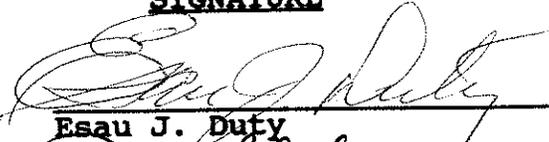
19. CLEAN WATER ACT: The project as described in the Ordinance complies with Sections 208 and 303(e) of the Clean Water Act.

20. COUNTERPARTS: This Certificate may be executed in counterpart, and such parts shall be deemed to be the Certificate.

WITNESS our signatures and the official seal of the Hamlin Public Service District on the 7th day of May, 1997.

SIGNATURE

OFFICIAL TITLE



Esau J. Duty

Chairman



Phyllis J. Ashworth

Secretary



Jack Stevens

Attorney

Exhibit A

(Specimen Bond)



\$150,400
HAMLIN PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND,
SERIES 1997

NON-ARBITRAGE CERTIFICATE

I, Esau J. Duty, Chairman of the Hamlin Public Service District (the "District"), being one of the officials of the District duly charged with the responsibility for the issuance of \$150,400 aggregate principal amount of Sewer Revenue Bond, Series 1997, of the District, dated May 7, 1997 (the "Bond"), hereby certify as follows:

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, and applicable regulations (the "Code"). I am one of the officers of the District charged with the responsibility of issuing the Bond. I am familiar with the facts, circumstances and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the District.
2. This certificate may be relied upon as the certificate of the District.
3. 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.
4. This certificate is based upon facts, circumstances, estimates and expectations of the District in existence on May 7, 1997, the date on which the Bond is to be physically delivered in exchange for a portion of the issue price thereof with remainder to be advanced in accordance with the Loan Agreement, and to the best of my knowledge and belief, the expectations of the District set forth herein are reasonable.
5. In the Resolution pursuant to which the Bond is issued, the District has covenanted to make no use of the proceeds of the Bond which would cause the Bond to be an "arbitrage bond" within the meaning of the Code.
6. The Bond was sold on May 7, 1997, to the West Virginia Water Development Authority (the "Authority") for an aggregate purchase price of \$150,400 (100% of par) pursuant to the Loan Agreement dated March 7, 1997, by and among the District, the

Authority and the West Virginia Division of Environmental Protection ("DEP"). At closing, \$50,620 was advanced to the District by the Authority and DEP to pay costs incurred to date, being more than a de minimis amount of the proceeds of the Bond. The remainder of the Bond proceeds shall be advanced from time to time up to \$150,400.

7. The Bond is being delivered simultaneously with the delivery of this certificate and is issued for the purposes of (i) paying costs, not otherwise provided, of designing certain additions, betterments and improvements to the sewer facilities of the District (the "Project"); and (ii) paying costs of issuance and other costs in connection therewith.

8. The total cost of the Project is estimated at \$150,400.00 Sources and uses of funds for the Project are as follows:

<u>SOURCES</u>	
Bond	\$150,400.00
Total Sources	<u>\$150,400.00</u>
<u>USES</u>	
Design of Project	\$108,288.45
Repayment of Existing Debt	36,334.94
Costs of Issuance	5,776.61
Total Uses	<u>\$150,400.00</u>

The amount of Project costs is estimated to be at least equal to the gross proceeds of the Bond. Except for the proceeds of the Bond and as otherwise provided in the Resolution, 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 appropriate action, be invaded to pay such expenditures without a legislative, judicial or contractual requirement that such account be reimbursed.

9. Pursuant to Article IV of the Resolution, the following special funds or accounts have been created or continued with and shall be held by the Depository Bank or the Commission:

- (1) Revenue Fund or System Revenue Fund;
- (2) Operation and Maintenance Account;
- (3) Renewal and Replacement Account;
- (4) Project Account;
- (5) Rebate Fund;
- (6) Series 1997 Bond Sinking Fund;
 - (a) Within the Series 1997 Bond Sinking Fund, the Series 1997 Bond Reserve Account

10. Pursuant to Article V of the Resolution, the proceeds of the Bond will be deposited as follows:

(1) Bond proceeds in the amount of \$0 will be deposited in the Series 1997 Bond Sinking Fund and used to pay interest on the Bond.

(2) Bond proceeds in the amount of \$0 will be deposited in the Series 1997 Bond Reserve Account.

(3) The balance of the proceeds of the Bond will be advanced from time to time for deposit in the Project Account and applied solely to payment of Costs of the Project including costs of issuance of the Bond and related costs.

11. Moneys held in the Series 1997 Bond Sinking Fund will be used solely to pay principal of and interest on the Bond and will not be available to meet costs of construction of the Project. Except for transfer to the Rebate Fund as provided for in the Resolution, all investment earnings on moneys in the Series 1997 Bond Sinking Fund will be annually withdrawn therefrom and deposited into the Project Account until completion of the Project, and thereafter will be deposited, not less than once each year, in the System Revenue Fund, and such amounts will be applied in full, first to the next ensuing interest payment, if any, due on the Bond, and then to the next ensuing principal payment due thereon.

12. Except for the Series 1997 Bond Sinking Fund and the Series 1997 Bond Reserve Account, 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 Bond, or which are pledged as collateral for Bond, and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Bond, if the District encounters financial difficulties. The District does not expect that moneys in the Renewal and Replacement Fund will be used for payments upon the Bond. Except as provided herein, no funds which have been or will be used to acquire, directly or indirectly, securities, obligations, annuity contracts or other investment-type property producing a yield in excess of the yield on the Bond, have been or will be pledged to payment of the Bond. Less than ten percent (10%) of the proceeds of the Bond will be deposited in the Series 1997 Bond Reserve Account or any other reserve or replacement fund. Any amounts deposited in the Reserve Account from time to time by the District will not exceed the maximum annual principal and interest on the Bond and will not exceed one hundred twenty five percent (125%) of average annual principal and interest on the Bond. Amounts in the Reserve Account, if invested, will be invested (10%) of the proceeds of the Bond, without yield limitation. The establishment of the Reserve Account is required by the Authority, is vital to its purchase of the Bond

and is reasonably required to assure payments of debt service on the Bond.

13. The District has entered into a contract for the design of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of two and one half percent (2 1/2%) of the estimated total Project cost financed with proceeds from the sale of the Bond or \$100,000. The design of the Project will proceed with due diligence to completion and all of the proceeds from the sale of the Bond, together with any investment earnings thereon, will be expended for payment of costs of the Project. The design of the Project is expected to be completed within one (1) year.

14. The District will comply with the provisions of the Code, for which the effective date precedes the date of delivery of its Bond to the Authority.

15. Any money deposited in the Series 1997 Bond Sinking Fund for payment of the principal and interest on the Bond (other than the Series 1997 Bond Reserve Account therein) will be spent within a 13-month period beginning on the date of receipt and any moneys received from the investment of amounts held in the Series 1997 Bond Sinking Fund (other than in the Series 1997 Bond Reserve Account therein) will be spent within a 1-year period beginning the date of receipt.

16. All the proceeds of the Bond which are to be used for the payment of costs of the Project will be expended for such purposes within two (2) years.

17. The amount designated as costs of issuance of the Bond consists only of costs which are directly related to and necessary for the issuance of the Bond.

18. All property financed with the proceeds of the Bond will be held for Federal income tax purposes by (or on behalf of) a qualified governmental unit.

19. The District shall file Form 8038-G in a timely fashion with the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255.

20. No more than ten percent (10%) of the proceeds of the Bond will be used (directly or indirectly) in any trade or business carried on by, and less than five percent (5%) of the proceeds of the Bond have been or will be used to make or finance loans to, any person who is not a governmental unit.

21. The original proceeds of the Bond will not exceed the amount necessary for the purposes of the issue.

22. The District shall use the proceeds of the Bond solely for the Project, and the Project will be operated solely for a public purpose as a local governmental activity of the District.

23. The District shall not permit at any time or times any of the proceeds of the Bond, or any other funds of the District, to be used directly or indirectly in a manner which would result in the exclusion of the Bond from treatment afforded by Section 103(a) of the Code by reason of classification of the Bond as a "private activity bond" within the meaning of the Code. The District will take all actions and refrain from taking such actions as shall be necessary to comply with the Code in order to ensure that interest on the Bond is excludable from gross income for federal income tax purposes.

24. The Bond, in whole or in part, will not be directly or indirectly "federally guaranteed" within the meaning of Section 149(b) of the Code.

25. The District has retained the right to amend or supplement its authorizing documents if such amendment or supplement is necessary to preserve the exclusion from gross income for federal income tax purposes of the Bond.

26. The District shall comply with the yield restriction on the proceeds of the Bond as set forth in the Code. The yield on the Bond is 1.891%.

27. The District has either (a) funded the Reserve Account at the maximum amount of principal and interest which will mature and become due on the Bond in the then current or any succeeding year with the proceeds of the Bond, or (b) created the Reserve Account which will be funded with equal payments on a monthly basis over a ten (10) year period until such Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Bond in the then current or any succeeding year. Moneys in the Reserve Account and the Sinking Fund (established for the annual payment of principal and interest) will be used solely to pay principal of and interest on the Bond and will not be available to pay costs of the Project.

28. The District shall submit to the Authority within thirty (30) days following the end of the District's bond year a certified copy of its rebate calculation, or if the District qualifies for the small governmental issuer exception to rebate, then the District shall submit to the Authority a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the bond year which would make the Bond subject to rebate.

29. The District expects that no part of the Project financed by the Bond will be sold or otherwise disposed of prior to the last maturity date of the Bond.

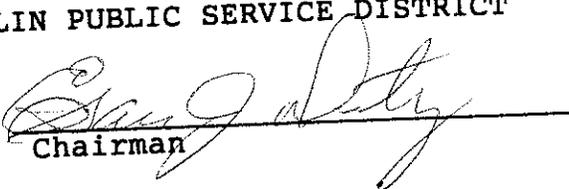
30. The District covenants and agrees to comply with the rebate requirements of the Code, if not exempted therefrom, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Bond.

31. Goodwin & Goodwin is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinions regarding the tax-exempt status of interest on the Bond.

32. To the best of my knowledge, information and belief, the foregoing expectations are reasonable.

IN WITNESS WHEREOF, I have set my hand this 7th day of May, 1997.

HAMLIN PUBLIC SERVICE DISTRICT

By: 
Chairman

1

2

\$150,400
HAMLIN PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND,
SERIES 1997

CERTIFICATE OF CONSULTING ENGINEER

I, Edward L. Robinson, Registered Professional Engineer, West Virginia License No. 6918 of E. L. ROBINSON ENGINEERING CO., Consulting Engineers, Cross Lanes, West Virginia, hereby certify that my firm is engineer for the design of certain additions, betterments and improvements to the sewer system (herein called the "Project") of the Hamlin Public Service District (the "Issuer"), located in Lincoln County, West Virginia, which design cost is being financed by the above-captioned bond (the "Bond") of the Issuer. Capitalized terms used and not otherwise defined herein shall have the meaning assigned to such terms in the Resolution enacted and adopted by the Public Service Board of the Issuer and effective on May 7, 1997 (the "Resolution"), and the Loan Agreement by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Division of Environmental Protection ("DEP") dated March 7, 1997.

1. The Bond is being issued for the purpose of financing the costs of the Project.

2. The undersigned hereby certifies that to the best of his knowledge after due inquiry (i) the Project will be designed and approved plans and specifications will be prepared by my firm as described in and in accordance with the application submitted to the Authority requesting the Authority to purchase the Bond (the "Application") and has been or will be approved by all necessary governmental bodies, (ii) the Project is adequate for the purpose for which it will be designed and will have an estimated useful life of at least twenty (20) years, (iii) the Issuer has obtained or will obtain all permits required by laws of the State and the federal government necessary for the design of the System, (iv) the rates and charges for the System as adopted by the Public Service Board of the Issuer are or will be sufficient to comply with the provisions of Subsection 4.1(b) of the Loan Agreement, (v) the net proceeds of the Bond, 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 or will be sufficient to pay the costs of design of the Project as set forth in the Application, and (vi) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature on this 7th day of May, 1997.



E. L. ROBINSON ENGINEERING CO.

By: [Signature]

Edward L. Robinson, P.E.

Its: President

West Virginia License No. 6918

EXHIBIT A

Schedule A - Total Cost of Project and Sources of Funds

TOTAL COST OF PROJECT

Design Engineering	\$ 66,000
Geotechnical	15,500
Phase One Archeological	2,000
Soil & Sludge Testing	500
Aerial Mapping	3,400
Contingency	7,888
Administration	5,000
Legal	8,000
Bond Counsel	5,727
Refinance Two Existing Loans	36,335
Bond Registrar's Fee	<u>50</u>
	\$150,400

SOURCE OF FUNDS

West Virginia Division of Environmental Protection State Revolving Fund
Loan in the amount of \$150,400 at 3.00% for 20 years.



Mark A. Bowen
CERTIFIED PUBLIC ACCOUNTANT
19 3RD STREET
P.O. BOX 415
HAMLIN, WEST VIRGINIA 25523
PHONE: (304) 824-3880

May 7, 1997

West Virginia Water Development
Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Re: \$150,400. Hamlin Public Service District Sewer Revenue Bond, Series 1997

Gentlemen:

I, Mark A. Bowen, a Certified Public Accountant, License Number 1286, Hamlin, West Virginia, have reviewed the sewer service rates which were enacted by the Hamlin Public Service District (the "District"), pursuant to a Sewage Tariff authorized by the Public Service Commission of West Virginia on May 2, 1995. It is my opinion that the schedule of rates set forth in the Rate Resolution are adequate to pay operation and maintenance expenses of the System, as defined in the Bond Resolution, hereinafter described, to pay the principal of and interest on the 1997 Bonds and the 1968 Bonds, as defined in the Bond Resolution, and to meet the one hundred fifteen percent (115%) debt service coverage requirement of the 1997 Bonds and the Bond Resolution enacted and adopted by the Public Service Board of the District and effective on May 7, 1997, and are sufficient to comply with the provisions of the Loan Agreement entered into among the District, the West Virginia Water Development Authority and the West Virginia Division of Environmental Protection dated March 7, 1997.

WITNESS my signature as of this 7th day of May, 1997.

Sincerely,



Mark A. Bowen, CPA



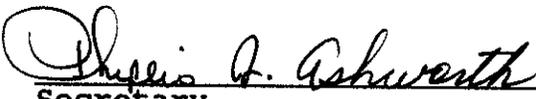
\$150,400
HAMLIN PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND,
SERIES 1997

CERTIFICATE OF SECRETARY AS TO TRUTH
AND ACCURACY OF DOCUMENTS DELIVERED

I, Phyllis J. Ashworth, the duly elected Secretary of the Hamlin 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 the \$150,400 Hamlin Public Service District, Sewer Revenue Bond, Series 1997 (the "Bond"), 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, 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. Order Creating the District.
2. Oaths of Office of the Chairman, Secretary and Members of the Public Service Board (the "Board").
3. Sewage Rate Tariff authorized on May 2, 1995.
4. Minutes of the meeting of the Board wherein the Sewage Rate Tariff was adopted.
5. Bond Resolution (the "Resolution") adopted on May 7, 1997.
6. Minutes of the May 7, 1997 meeting of the Board wherein the Resolution was considered and approved.
7. Affidavit of publication of the abstract and notice of meeting on the Resolution published in the Lincoln Journal.
8. Loan Agreement dated March 7, 1997.

WITNESS my signature and the official seal of the Hamlin Public Service District as of the 7th day of May, 1997.


Secretary

(SEAL)



REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 7th day of May, 1997, by and between HAMLIN PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision duly created under the laws of the State of West Virginia (the "Issuer"), and BANK ONE, WEST VIRGINIA, N.A., a national banking association, having its principal office in Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$150,400 aggregate principal amount of Sewer Revenue Bond, Series 1997, in fully registered form (the "Bond"), pursuant to a Resolution enacted and adopted by the Issuer and effective on May 7, 1997 (the "Resolution");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Resolution, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Resolution provides for the appointment by the Issuer of a Registrar for the Bond; and

WHEREAS, the Issuer desires to appoint, and by the Resolution and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Resolution and to take certain other actions hereinafter set forth.

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of the Registrar, all as set forth in the Resolution, such duties including, among other things, the duties to authenticate, register and deliver the Bond 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 Bond from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and

reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar, from time to time, reasonable compensation for services rendered and reimbursement for reasonable expenses incurred in connection therewith.

5. It is intended that this Registrar's Agreement shall carry out and implement the provisions of the Resolution with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Resolution, the terms of the Resolution shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Resolution will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon sixty (60) days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER:

Hamlin Public Service District
Attention: Chairman
220-3 Main Street
Hamlin, WV 25523

REGISTRAR:

Bank One, West Virginia, N.A.
Attention: Corporate
Trust Department
707 Virginia Street, East
Charleston, WV 25301

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bond in accordance with the Resolution and instructions provided by the Issuer and the Purchaser thereof.

IN WITNESS WHEREOF, HAMLIN PUBLIC SERVICE DISTRICT and BANK ONE, WEST VIRGINIA, N.A., have caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day, month and year first above-written.

HAMLIN PUBLIC SERVICE DISTRICT

By: *Sam J. Kelly*
Chairman

BANK ONE, WEST VIRGINIA, N.A.

By: *Debra A. Davis*
Vice President

Exhibit A

See Resolution (Tab No. 5)



\$150,400
HAMLIN PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND,
SERIES 1997

ACCEPTANCE OF DUTIES AS DEPOSITORY BANK

Bank One, West Virginia, N.A., a national banking association, at its office located in Hamlin, Lincoln County, West Virginia, hereby accepts appointment as Depository Bank in connection with a Resolution of the Hamlin Public Service District (the "District") duly adopted by the Public Service Board of the District (the "District") and effective on May 7, 1997 (the "Resolution"), authorizing issuance by the District of its Sewer Revenue Bond, Series 1997, dated May 7, 1997, in the aggregate principal amount of \$150,400, and agrees to perform all duties of Depository Bank as set forth in the Resolution.

Witness my signature as of the 7th day of May, 1997.

Bank One, West Virginia, N.A.

By:


Branch Center Manager

\$150,400
HAMLIN PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND,
SERIES 1997

ACCEPTANCE OF DUTIES AS REGISTRAR

Bank One, West Virginia, N.A., a national banking association, with its principal office located in Charleston, Kanawha County, West Virginia, hereby accepts appointment as Registrar in connection with a Resolution of Hamlin Public Service District (the "District") duly enacted and adopted by the Public Service Board of the District (the "Board") and effective on May 7, 1997 (the "Resolution"), authorizing issuance of Hamlin Public Service District Sewer Revenue Bond, Series 1997, dated May 7, 1997, in the aggregate principal amount of \$150,400 and agrees to perform all duties of Registrar as set forth in the Resolution.

Witness my signature as of the 7th day of May, 1997.

BANK ONE, WEST VIRGINIA, N.A.

By:



Vice President

REQUEST AND AUTHORIZATION AS TO AUTHENTICATION
AND DELIVER OF THE BOND

May 7, 1997

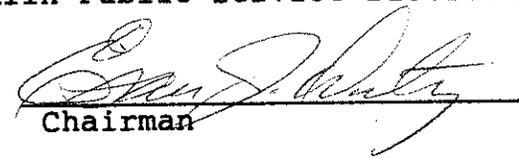
Bank One, West Virginia, N.A.
Trust Department
707 Virginia Street, East
Charleston, WV 25301

Ladies and Gentlemen:

We herewith hand to you, duly executed, \$150,400 Hamlin Public Service District Sewer Revenue Bond, Series, 1997, in the form of one bond, numbered R-1 (the "Bond") of the Hamlin Public Service District (the "District"), authorized to be issued under and pursuant to the Resolution, duly adopted by the Board of the District and effective on May 7, 1997.

You are hereby requested and authorized to authenticate and register the Bond and to deliver the Bond on behalf of the District to the West Virginia Water Development Authority, the original purchaser thereof, upon receipt by the District of \$50,620, being more than a de minimis portion of the \$150,400 proceeds of the Bond.

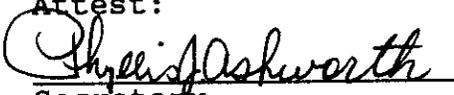
Hamlin Public Service District

By: 

Chairman

(SEAL)

Attest:


Secretary

\$150,400
HAMLIN PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND,
SERIES 1997

CERTIFICATE OF REGISTRATION OF BOND

I, Teresa L. Davis, Vice President of Bank One, West Virginia, N.A., as Registrar (the "Registrar"), under a Registrar's Agreement between the Registrar and the Hamlin Public Service District (the "District") dated as of the date hereof, hereby certify that on the 7th day of May, 1997, the bond of the District in the principal amount of \$150,400 designated "Hamlin Public Service District Sewer Revenue Bond, Series 1997", and numbered R-1, dated as of the date hereof, was registered as to principal and interest in the name of "The West Virginia Water Development Authority" on the books of the Registrar kept for that purpose at our office, by a duly authorized officer on behalf of the Registrar.

WITNESS my signature as of the 7th day of May, 1997.

BANK ONE, WEST VIRGINIA, N.A.
as Registrar

By: 
Vice President



\$150,400
HAMLIN PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND,
SERIES 1997

CROSS-RECEIPT FOR BOND AND BOND PROCEEDS

The undersigned Daniel B. Yonkosky, Director of the West Virginia Water Development Authority (the "WDA"), and Esau J. Duty, Chairman of the Hamlin Public Service District, Lincoln County, West Virginia (the "Issuer"), hereby certify as follows:

1. On the 7th day of May, 1997, the WDA received the entire original issue in aggregate principal amount of \$150,400 of the Sewer Revenue Bond, Series 1997, of the Issuer (the "Bond"). The Bond, as so received on original issuance, is dated May 7, 1997, and is issued as Bond Number R-1, in the denomination of \$150,400.

2. At the time of such receipt of the Bond, the Bond had been executed by Esau J. Duty, as Chairman of the Issuer, by his manual signature, and by Phyllis J. Ashworth, as Secretary of the Issuer, by her manual signature, and the official seal of the Issuer had been imprinted upon the Bond.

3. The Issuer has received and hereby acknowledges receipt from the WDA, as the original purchaser of the Bond, of \$50,620, being more than a de minimus portion of the proceeds of the Bond. The balance will be advanced from time to time to pay costs of the Project as described in the Loan Agreement.

IN WITNESS WHEREOF, this receipt has been signed and delivered on behalf of the West Virginia Water Development Authority, and the Hamlin Public Service District, Lincoln County, West Virginia, has caused this receipt to be executed by its Chairman, as of the 7th day of May, 1997.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

By: _____

Daniel B. Yonkosky
Director

HAMLIN PUBLIC SERVICE DISTRICT

By: _____

Esau J. Duty
Chairman





HAMLIN PUBLIC SERVICE DISTRICT

220-3 Main Street
Hamlin, WV 25523

(304) 824-5354

April 2, 1997

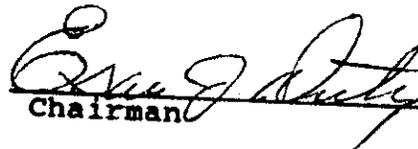
West Virginia Water Development
Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

NOTICE OF DELIVERY OF BOND

Pursuant to Paragraph 3.4 of the Loan Agreement among the West Virginia Water Development Authority, the West Virginia Division of Environmental Protection and the Hamlin Public Service District, you are hereby notified that the District can deliver the Bond on any date on or after May 7, 1997.

HAMLIN PUBLIC SERVICE DISTRICT

By:


Chairman

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\$150,400
HAMLIN PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND,
SERIES 1997

CONSENT TO ISSUANCE OF PARITY BOND AND
WAIVER OF DEBT SERVICE COVERAGE REQUIREMENT

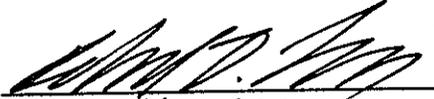
United States of America, United States Department of Agriculture, Rural Utilities Service (the "Government"), as the registered owner of all the \$132,200 Sewer System Bond, Series 1968, issued pursuant to a resolution adopted May 8, 1968, (the "Prior Bonds"), hereby consents to the issuance by the Hamlin Public Service District, Hamlin, West Virginia (the "District"), of not more than \$150,400 in aggregate principal amount of parity sewer revenue bonds (the "1997 Bond") to be sold to the West Virginia Water Development Authority. The Government hereby further consents that the 1997 Bond may be payable from the revenues of the sewer system of the District and otherwise secured on a parity with the Prior Bonds. This consent is given pursuant to Section 14 of the bond resolution authorizing the Prior Bonds.

In addition, the Government hereby waives the one hundred fifty percent (150%) debt service coverage requirement set forth in Section 14 B of the bond resolution authorizing the Prior Bonds. Upon the issuance of the 1997 Bond, the debt service coverage requirement for the Prior Bonds shall be one hundred fifteen percent (115%) of the maximum amount of annual debt service on the Prior Bonds and the 1997 Bond, until the Series 1997 Bond Reserve Account has been funded in full, after which the debt service coverage requirement shall be reduced to one hundred ten percent (110%), as provided in the bond resolution authorizing the issuance of the 1997 Bond.

By the execution of this consent and waiver, the undersigned hereby certifies that he is fully empowered and authorized to execute this consent and waiver on behalf of the Government.

WITNESS my signature this 31st day of March,
1997.

UNITED STATES OF AMERICA,
UNITED STATES DEPARTMENT OF
AGRICULTURE, Rural Development

By: 
State Director

2

1

3

.....

LAW OFFICES
GOODWIN & GOODWIN, LLP
P. O. BOX 2107
1500 ONE VALLEY SQUARE
CHARLESTON, WEST VIRGINIA 25328-2107
304/346-7000
TELECOPIER 304/344-9692

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

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

REPLY TO:
Charleston

May 7, 1997

Via Certified Mail-Return Receipt
Requested No. P 170 070 843

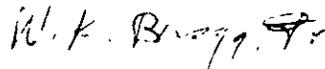
Director
Internal Revenue Service
Philadelphia, PA 19255

RE: \$150,400 Hamlin Public Service District Sewer Revenue Bond,
Series 1997

Gentlemen:

Enclosed is Form 8038-G filed on behalf of the Hamlin Public Service District which provides the information required by Section 149(e) of the Internal Revenue Code of 1986, as amended. We have also enclosed a file copy to be returned to our office (after acknowledging receipt of the same) in the enclosed self-addressed, stamped envelope.

Sincerely yours,



William K. Bragg, Jr.

WKB/sre
Enclosures

Is your **RETURN ADDRESS** completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

Tommy

I also wish to receive the following services (for an extra fee):

1. Addressee's Address
2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

4a. Article Number

Direct Mail Service
DELIVERED
Philo...
109 PA 0255

P 170 070 843

- 4b. Service Type
- Registered
 - Certified
 - Insured
 - COD
 - Express Mail
 - Return Receipt for Merchandise

7. Date of Delivery

8. Addressee's Address (Only if requested and fee is paid)

5. Signature (Addressee)

6. Signature (Agent)

PS Form 3811, December 1991 *U.S. GPO: 1993-552-714 **DOMESTIC RETURN RECEIPT**

Thank you for using Return Receipt Service.

Form **8038-G** Information Return for Tax-Exempt Governmental Obligations

(Rev. May 1995)

Department of the Treasury
Internal Revenue Service

▶ Under Internal Revenue Code section 149(e)
▶ See separate instructions.

(Note: Use Form 8038-GC if the issue price is under \$100,000.)

OMB No. 1545-0720

Part I Reporting Authority		If Amended Return, check here <input type="checkbox"/>	
1 Issuer's name Hamlin Public Service District		2 Issuer's employer identification number 55 0519029	
3 Number and street (or P.O. box if mail is not delivered to street address) 220-3 Main Street		Room/suite	4 Report number 619 97-1
5 City, town, or post office, state, and ZIP code Hamlin, WV 25523		6 Date of issue 5/7/97	
7 Name of issue \$150,400 Hamlin Public Service District, Sewer of Revenue Bond, Series 1997		8 CUSIP number	

Part II Type of Issue (check applicable box(es) and enter the issue price)	
9 <input type="checkbox"/> Education (attach schedule-see instructions)	9 \$
10 <input type="checkbox"/> Health and hospital (attach schedule-see instructions)	10
11 <input type="checkbox"/> Transportation	11
12 <input type="checkbox"/> Public safety	12
13 <input checked="" type="checkbox"/> Environment (including sewage bonds)	13 150,400
14 <input type="checkbox"/> Housing	14
15 <input type="checkbox"/> Utilities	15
16 <input type="checkbox"/> Other. Describe (see instructions) ▶	16
17 If obligations are tax or other revenue anticipation bonds, check box <input type="checkbox"/>	
18 If obligations are in the form of a lease or installment sale, check box <input type="checkbox"/>	

Part III Description of Obligations							
	(a) Maturity date	(b) Interest rate	(c) Issue price	(d) Stated redemption price at maturity	(e) Weighted average maturity	(f) Yield	(g) Net interest cost
19 Final maturity	12/1/2017	2.00%	2,274	2,274			
20 Entire issue			150,400	150,400	10,788 years	2.0050112 %	2.0000123 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)	
21 Proceeds used for accrued interest	21
22 Issue price of entire issue (enter amount from line 20, column (c))	22 150,400
23 Proceeds used for bond issuance costs (including underwriters' discount)	23 5,777
24 Proceeds used for credit enhancement	24
25 Proceeds allocated to reasonably required reserve or replacement fund	25
26 Proceeds used to currently refund prior issues	26 36,335
27 Proceeds used to advance refund prior issues	27
28 Total (add lines 23 through 27)	28 42,112
29 Nonrefunding proceeds of the issue (subtract line 28 from line 22 and enter amount here)	29 108,288

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)		n/a
30 Enter the remaining weighted average maturity of the bonds to be currently refunded	▶	years
31 Enter the remaining weighted average maturity of the bonds to be advance refunded	▶	years
32 Enter the last date on which the refunded bonds will be called	▶	
33 Enter the date(s) the refunded bonds were issued ▶		

Part VI Miscellaneous	
34 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	34 n/a
35 Enter the amount of the bonds designated by the issuer under section 265(b)(3)(B)(i)(iii) (small issuer exception)	35 n/a
36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions) ..	36a n/a
b Enter the final maturity date of the guaranteed investment contract ▶	
37 Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a n/a
b If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the name of the issuer ▶ and the date of the issue ▶	
38 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box <input type="checkbox"/>	
39 If the issuer has identified a hedge, check box <input type="checkbox"/>	

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Please Sign Here

▶ *E.J. Duty* 5/7/97 ▶ E.J. Duty, Chairman
Signature of issuer's authorized representative Date Type or print name and title

1

2

3

4

LAW OFFICES
GOODWIN & GOODWIN, LLP
P. O. BOX 2107
1500 ONE VALLEY SQUARE
CHARLESTON, WEST VIRGINIA 25328-2107
304/346-7000
TELECOPIER 304/344-9692

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

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

REPLY TO
Charleston

May 7, 1997

West Virginia Water Development
Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Re: \$150,400 Hamlin Public Service District
Sewer Revenue Bond, Series 1997

Gentlemen:

We are bond counsel to the Hamlin Public Service District (the "District"), a public service district, public corporation and political subdivision duly created under the laws of the State of West Virginia located in Lincoln County, West Virginia.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of the Loan Agreement, dated March 7, 1997, including all schedules and exhibits attached thereto (the "Loan Agreement"), among the District, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection ("DEP") and (ii) the issuance of a sewer revenue bond of the District, dated May 7, 1997 (the "Bond"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bond is in the principal amount of \$150,400, and is issued in the form of one bond registered as to principal and interest to the Authority.

Interest on the Bond shall be paid on the unpaid principal balance of the Bond at two percent (2%) per annum plus an administrative fee of one percent (1%) per annum. Principal and interest on the Bond is payable in quarterly installments commencing March 1, 1998, and thereafter in quarterly installments on each March 1, June 1, September 1 and December 1, as set forth

GOODWIN & GOODWIN, LLP

May 7, 1997

Page 2

on the "Debt Service Schedule" attached as Schedule Y to the Loan Agreement. The final installment of principal and interest on the Bond shall be paid at the end of twenty (20) years from the date interest begins to accrue on the Bond.

The Bond is issued for the purpose of financing the costs of designing certain additions, betterments and improvements for an existing sewer system and paying certain issuance and other costs in connection therewith (the "Project").

We have also examined the applicable provisions of Chapter 16, Article 13A and Chapter 22C, Article 2 of the Code of West Virginia of 1931, as amended (the "Act"), and the Bond has been authorized by a Bond Resolution duly enacted and adopted by the Public Service Board of the District (the "Board") effective on May 7, 1997 (the "Resolution"), pursuant to and under which Act and Resolution the Bond is authorized and issued, and the Loan Agreement has been undertaken. The Bond is subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Resolution and the Loan Agreement.

In rendering this opinion, we have relied, in part, upon the opinion of Jack Stevens, as the District's Counsel, for the proper adoption of sewer rates, matters related to the valid existence of the District and other issues.

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 District and is a valid and binding special obligation of the District enforceable in accordance with the terms thereof.

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

3. The District is a duly organized and presently existing public service district, public corporation and political subdivision duly created under the laws of the State of West Virginia, with full power and authority to design the Project and to operate and maintain the System referred to in the Loan

GOODWIN & GOODWIN, LLP

May 7, 1997

Page 3

Agreement and to issue and sell the Bond, all under the Act and other applicable provisions of law. The District has taken all legal action necessary to operate a sewer system.

4. The District has legally and effectively adopted the Resolution and has satisfied all other necessary requirements in connection with the issuance and sale of the Bond. The Resolution contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Bond is a valid and legally enforceable special obligation of the District, payable from the Net Revenues of the System referred to in the Resolution and secured by a lien on and pledge of the Net Revenues of said System on a parity with the District's 1968 Bonds, all in accordance with the terms of the Bond, the Resolution and the Sewage Tariff authorized by the Public Service Commission of West Virginia on May 2, 1995, and has been duly issued and delivered to the Authority. The District has reserved the right to issue additional bonds ranking on a parity with the Bond and the 1968 Bonds, as provided in the Resolution. The District has certified, and an independent certified public accountant has verified, that the rates and charges generated by the Sewage Tariff are sufficient to pay the principal of and interest on the Bond and on the 1968 Bonds, when due. The Resolution requires that such schedule of rates and charges be changed and readjusted whenever necessary so that the aggregate of such rates and charges will be sufficient for such purposes.

6. Under existing statutes and court decisions, as presently written and applied, interest on the Bond is excludable from the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and such interest will not be treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals and corporations. Under the Code, however, such interest is included in the adjusted current earnings of a corporation for purposes of computing the alternative minimum tax. The opinions set forth in the preceding sentences are subject to the condition that the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bond in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements

GOODWIN & GOODWIN, LLP

May 7, 1997

Page 4

may cause the interest on the Bond to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bond. We express no opinion herein regarding other tax consequences arising with respect to the Bond.

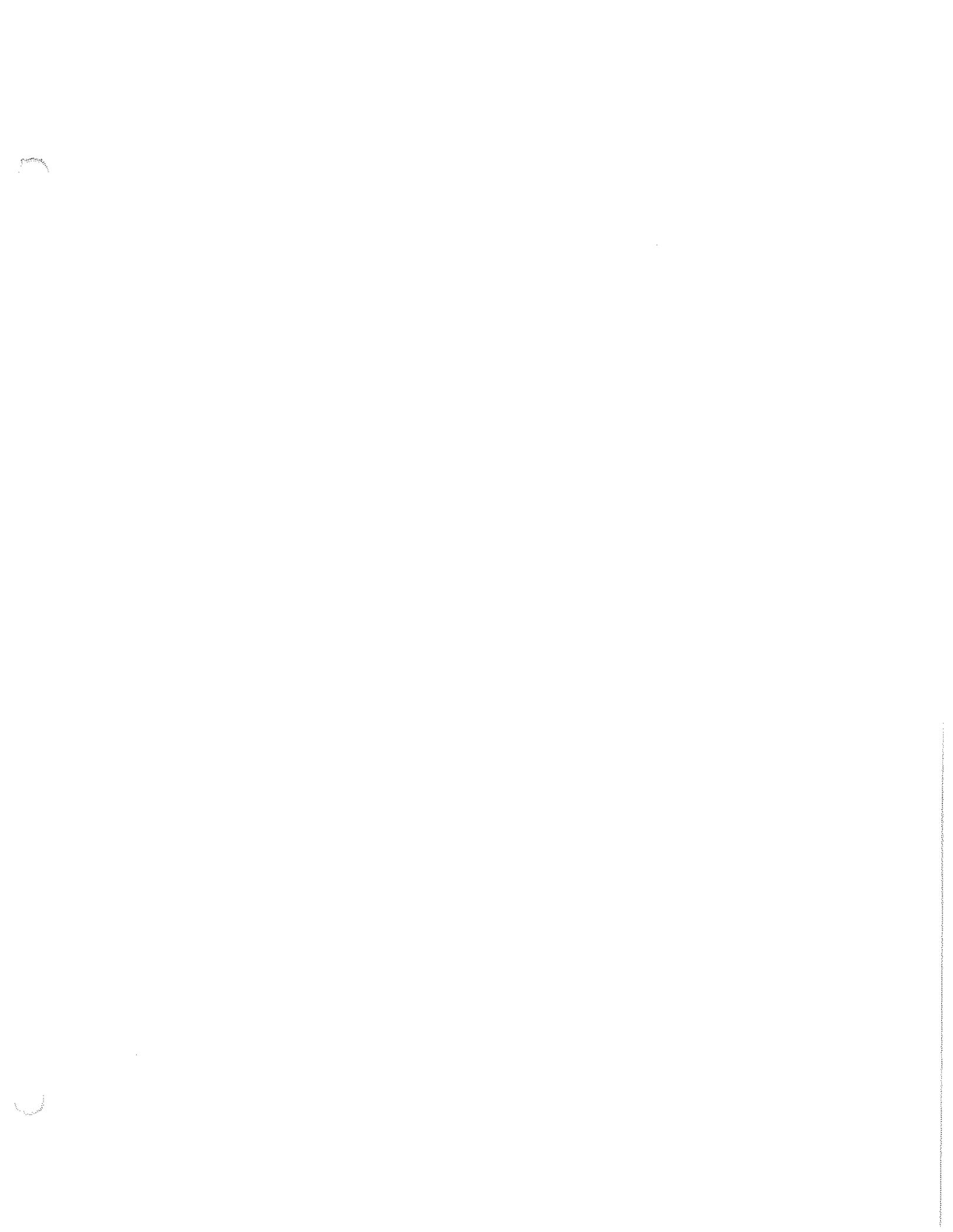
7. Under the Act, as presently written and applied, the Bond and the income thereon are exempt from taxation by the State of West Virginia pursuant to the provisions of Section 16-13A-21 of the Code of West Virginia of 1931, as amended.

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

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

Respectfully submitted,

Goodwin & Goodwin, LLP
GOODWIN & GOODWIN, LLP



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304/485-2345

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

REPLY TO
Charleston

May 7, 1997

Hamlin Public Service District
220-3 Main Street
Hamlin, WV 25523

Re: \$150,400 Hamlin Public Service District Sewer Revenue Bond,
Series 1997

Gentlemen:

We have examined a record of proceedings relating to the issuance of the \$150,400 in aggregate principal amount of Hamlin Public Service District Sewer Revenue Bond, Series 1997 (the "Bond"), issued by Hamlin Public Service District (the "District"), a public service district, public corporation and political subdivision duly created under the laws of the State of West Virginia, and the Non-Arbitrage Certificate executed by Esau J. Duty, Chairman of the District on this date.

We are of the opinion that the facts, estimates and circumstances set forth in the Non-Arbitrage Certificate are sufficient to satisfy the requirements of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code") to support the conclusion that the Bond is not an "arbitrage bond" as therein defined.

No matters have come to our attention which in our opinion make unreasonable or incorrect the representations made in such certification.

Please be advised that this opinion is subject to the condition that the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bond in order that the Bond not be an "arbitrage bond." Failure to comply with certain of such requirements may cause the interest on the Bond to be includable in gross income for federal income tax

GOODWIN & GOODWIN, LLP

May 7, 1997
Page Two

purposes retroactive to the date of issuance of the Bond. The District has covenanted to comply with all such requirements.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Goodwin & Goodwin, LLP".

Goodwin & Goodwin, LLP

STEVENS & STEVENS

ATTORNEYS AT LAW
8137 COURT AVENUE
P. O. BOX 635
HAMLIN, WEST VIRGINIA
25523

W. JACK STEVENS
C. JOSEPH STEVENS
—
W. JACK STEVENS II

TELEPHONE
(304) 824-5253
FACSIMILE
(304) 824-7779

May 7, 1997

West Virginia Water Development
Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Jackson & Kelly
P. O. Box 553
Charleston, West Virginia 25322

Goodwin & Goodwin
P. O. Box 2107
Charleston, West Virginia 25328

Re: \$150,400 Hamlin Public Service District
Sewer Revenue Bond, Series 1997

Dear Ladies and Gentlemen:

I am counsel to the Hamlin Public Service District (the "District"). I have reviewed various documents relating to the above-captioned bond of the District (the "Bond"), the Loan Agreement by and among the West Virginia Water Development Authority (the "Authority"), the West Virginia Division of Environmental Protection and the District, dated March 7, 1997, and a Resolution duly enacted and adopted by the Public Service Board of the District (the "Board") and effective on May 7, 1997 (the "Resolution") and other documents relating to the Bond. Terms used in this opinion and not otherwise defined herein shall have the same meanings as contained in the Loan Agreement and the Resolution.

I am of the opinion that:

1. The District is a duly organized and presently existing public service district, with full power and authority to design the Project and to operate and maintain the System referred

to in the Loan Agreement and to issue and sell the Bond, all under the Resolution and other applicable provisions of law.

2. The Loan Agreement has been duly authorized, executed and delivered by the District, and assuming due authorization, execution and delivery by the Authority, constitutes a valid and binding agreement of the District in accordance with its term.

3. The members of the Board were duly and properly appointed and are thereby authorized to act on behalf of the District.

4. The Resolution has been duly enacted by the Board and is in full force and effect.

5. The execution and delivery of the Bond and the Loan Agreement and the consummation of the transactions contemplated by the Resolution and the 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 of any existing law, regulation, court order or consent decree to which District is subject.

6. The District has received all necessary rights of way, permits, licenses, approvals and authorizations that are presently obtainable to design and finance the Project including a letter from the West Virginia Infrastructure and Jobs Development Council and approval by the Public Service Commission of West Virginia.

7. The District duly adopted a Sewage Tariff on March 7, 1997, which was authorized by the Public Service Commission of West Virginia on May 2, 1995 in Case No. 95-0320-PSD-19A, which remains in full force and effect, whereby the rates and charges for use of the System were established and will meet the operation and maintenance costs of the System and the debt service on the 1968 Bonds and the 1997 Bonds. Under the terms of the Act, the District has full authority to establish rates for the System and to pledge the revenues from said rates to the payment of the 1968 Bonds and the 1997 Bonds.

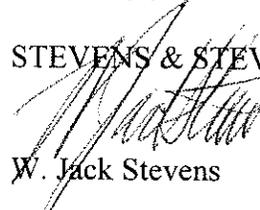
8. The District has obtained from the West Virginia Public Service Commission a valid, final and non-appealable Recommended Decision under Case Number 96-1377-PSD-PC which lawfully authorizes the District to proceed with the design of improvements to the District's sewage system and approval of issuance of the above captioned bond.

9. To the best of my 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 Bond or the collection or pledge of the revenues.

All counsel to this transaction may rely upon this opinion as if specifically addressed to them.

Very truly yours,

STEVENS & STEVENS


W. Jack Stevens

WJS:tah

WV MUNICIPAL BOND COMMISSION
812 Quarrier Street,
Suite 300
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: May 1, 1997
(See Reverse for Instructions)

ISSUE: Hamlin Public Service District Sewer Revenue Bond,
Series 1997
ADDRESS: 220-3 Main Street
Hamlin, WV 25523 **COUNTY:** Lincoln
PURPOSE: New Money X
OF ISSUE: Refunding _____ Refunds issue dated: N/A
ISSUE DATE: May 7, 1997 **CLOSING DATE:** May 7, 1997
ISSUE AMOUNT: \$150,400 **RATE:** 2%
1st DEBT SERVICE DUE: 3\1\98 **1ST PRINCIPAL DUE:** 3\1\98
1st DEBT SERVICE AMOUNT: \$2,286.00 **PAYING AGENT:** Municipal
Bond Commission

BOND COUNSEL: Goodwin & Goodwin **LENDER:** Div. of Environ.
Protec.
Contact Person: W. K. Bragg, Jr. **Contact Person:** R. Broaderson
Phone: 346-7000 **Phone:** 558-0641

REGISTRAR: Bank One, West Virginia, N.A.
Contact Person: Teresa L. Davis
Phone: 348-5667

KNOWLEDGEABLE ISSUER CONTACT: **OTHER: Lender's Counsel**
Contact Person: Esau J. Duty **Contact Person:** Samme L. Gee
Position: Chairman **Phone:** 340-1318
Phone: 824-5354

DEPOSITS TO MBC AT CLOSE:

	_____	Accrued Interest:	\$	0
	_____	Capitalized Interest:	\$	0
By _____	_____	Reserve Account:	\$	0
_____	_____	Other:	\$	

REFUNDS & TRANSFERS BY MBC AT CLOSE:

	_____	To Escrow Trustee:	\$	N/A
By _____	_____	To Issuer:	\$	N/A
_____	_____	To Cons. Invest. Fund:	\$	N/A
_____	_____	Other:	\$	

Notes: _____

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS

REQUIRED: _____

TRANSFERS

REQUIRED: _____

(print on back of form)

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

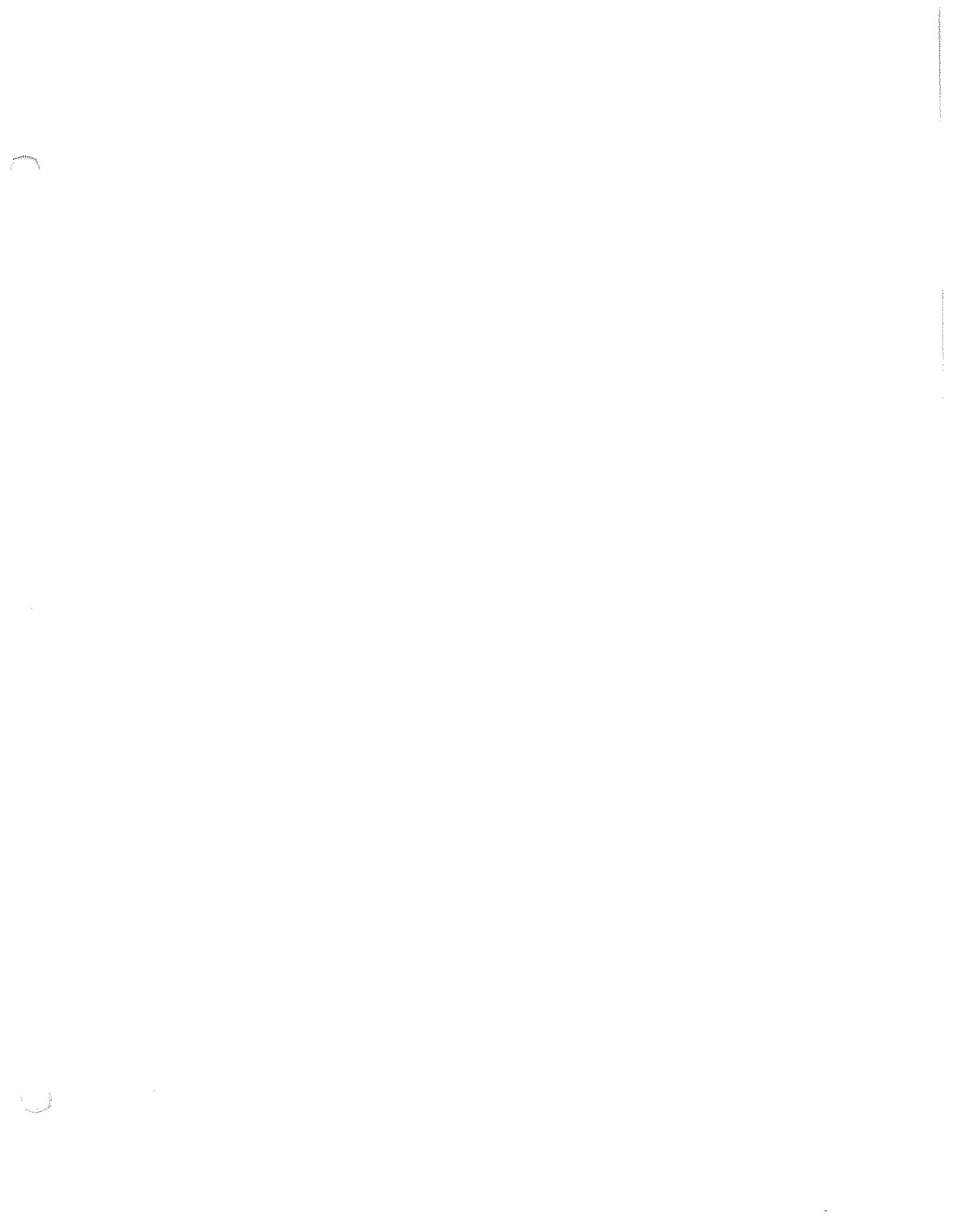
1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The Commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by WV Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes".

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at close are required, please submit this form before closing. If no significant facts change by closing, no resubmission at close is required. If, however, there are changes, please submit an updated form, with changes noted, at close.

If you should have any questions concerning this form, please call the Commission.



PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
1-27-97

Entered: January 7, 1997

CASE NO. 96-1377-PSD-PC

HAMLIN PUBLIC SERVICE DISTRICT

Petition for consent and approval of borrowing for upcoming sewer certificate application.

CASE NO. 96-1379-PSD-PC

HAMLIN PUBLIC SERVICE DISTRICT

Petition for consent and approval of an engineering agreement between the District and E.L. Robinson Engineering Co.

RECOMMENDED DECISION

On November 8, 1996, Hamlin Public Service District (District) filed a petition with the Public Service Commission for approval to borrow \$150,400 from the State Revolving Loan Fund (SRF) in order to pay design costs for the District's upcoming sewer project, i.e., Case No. 96-1377-PSD-PC. In a related proceeding, Case No. 96-1379-PSD-PC, the District filed a petition for Commission approval of an engineering agreement with E.L. Robinson Engineering Co., which has generated the District's need to get the approval to borrow money in Case No. 96-1377-PSD-PC.

On December 3, 1996, the Public Service Commission issued the Commission Referral Order in these proceedings, consolidating Case Nos. 96-1377-PSD-PC and 96-1379-PSD-PC, and referring this consolidated proceeding to the Division of Administrative Law Judges for decision on or before February 17, 1997.

On November 21, 1996, Staff Attorney Ronald E. Robertson, Jr., filed an Initial and Final Joint Staff Memorandum in Case No. 96-1377-PSD-PC, attaching an Initial and Final Staff Memorandum from Utility Financial Analyst William A. Nelson, Water and Wastewater Division, dated November 14, 1996. According to Staff, the proposed SRF loan will accrue at an interest rate of 3% for a term of twenty (20) years, resulting in an annual debt requirement of approximately \$10,017, with a 15% reserve of approximately \$1,503.

RZME

According to the District's financial statement for the year ended June 30, 1996, its cash flow is sufficient to absorb the additional debt and reserve amounts. During the 1996 test year, the District had capital expenditures of \$67,190, which resulted in a cash flow deficit. However, the District received grants totaling \$28,750 from the Federal Emergency Management Agency (FEMA) for flood related damage, and \$17,848 from the West Virginia Division of Environmental Protection (DEP) for preparation of the engineering report, to partially offset these expenditures. For these reasons, the District realized a cash flow surplus of approximately \$45,000. According to Staff, the District can borrow these funds without increasing its rates more drastically impacting its financial position. Staff opined that the proposed borrowing is financially feasible and recommended approving the petition in Case No. 96-1377-PSD-PC be approved. Staff further recommended that this approval be contingent upon the District's engineering agreement being approved in Case No. 96-1379-PSD-PC.

On December 18, 1996, Staff Attorney Robertson filed a Final Joint Staff Memorandum in Case No. 96-1379-PSD-PC, attaching an Initial and Final Internal Memorandum from Technical Staff Joseph A. Marakovits, Water and Wastewater Division. According to Staff, the engineering services included in this agreement are design and construction related services for upgrading the District's sewage treatment and collection system. These improvements are necessary to enable the District to comply with State and Federal water pollution standards. The total project cost is estimated at \$1,199,363.

The total engineering fee for the design and construction services is \$177,156, which is 14.8% of the total project cost. According to Staff, this fee is reasonable for the work being performed. The engineering design will be financed through two SRF loans, one for design and one for construction. Staff has determined that the District currently has sufficient revenues to cover the design loan. The SRF construction loan will be paid after the District has filed and received approval of a certificate of convenience and necessity.

The District has complied with the requirements of West Virginia Code §5G-1-3. The District's need for engineering services was advertised on August 21 and August 28, 1996, and interviews were conducted with three different engineering firms.

Staff recommends that the Commission approve the engineering agreement between the Hamlin Public Service District and E.L. Robinson Engineering Co., subject to the following conditions:

Approval of this agreement does not constitute final approval of the project. A certificate of convenience and necessity will be required for this project.

FINDINGS OF FACT

1. On November 8, 1996, Hamlin Public Service District filed a petition for Commission approval to borrow \$150,400 from the State Revolving Loan Fund in order to pay design costs for the District's upcoming sewer

project. (See, Petition, filed on November 8, 1996, in Case No. 96-1377-PSD-PC).

2. Commission Staff has recommended approving the District's petition in Case No. 96-1377-PSD-PC. (See, Initial and Joint Staff Memorandum, with attachment, filed November 21, 1996).

3. Hamlin Public Service District proposes to hire E.L. Engineering Co. for providing engineering services related to a proposed sewer system improvement project. (See, Final Joint Staff Memorandum, with attachment, filed December 18, 1996).

4. Total engineering fees for the design and construction services is \$177,156, which is 14.8% of the total project costs. (See, Final Joint Staff Memorandum, with attachment, filed December 18, 1996).

5. Staff has reviewed this contract and recommends that Hamlin Public Service District be authorized to enter into this contract with E.L. Robinson Engineering Co. (See, Final Joint Staff Memorandum, with attachment, filed December 18, 1996).

6. The District advertised for bids for providing the proposed engineering services, and it conducted interviews with three engineering firms. (See, Final Joint Staff Memorandum, with Attachment, filed December 18, 1996).

CONCLUSIONS OF LAW

1. Since Staff has reviewed the District's petition to borrow \$150,400 from the State Revolving Loan Fund and has recommended approval, it is reasonable to approve the petition in Case No. 96-1377-PSD-PC.

2. West Virginia Code §16-13A-25 requires public service districts to seek the Commission's prior consent and approval of all contracts for providing engineering, design and feasibility studies.

3. For all of the reasons set forth in Finding of Fact No. 6, it is reasonable to conclude that the District has complied with all of the requirements of Code §5G-1-2, et seq.

4. For all of the reasons set forth in Conclusion of Law Nos. 2 and 3, and Findings of Fact Nos. 3, 4 and 5, the Administrative Law Judge holds that it is reasonable for the Commission to approve the proposed contract for engineering and associated services to be provided to the Hamlin Public Service District by the engineering firm of E.L. Robinson Engineering Co. The District and the engineering firm should note that approval of this engineering contract does not obligate the Commission to grant a certificate of convenience and necessity for the underlying project when such application is filed for Commission review and approval.

ORDER

IT IS, THEREFORE, ORDERED that the petitions filed by Hamlin Public Service District on November 8, 1996, in Case No. 96-1377-PSD-PC, for Commission approval to borrow \$150,400 from the State Revolving Loan Fund, and in Case No. 996-1377-PSD-PC, for Commission approval of an engineering agreement between the District and E.L. Robinson Engineering Co., for said firm to provide engineering services in connection with a proposed sewer system improvement project, with total engineering fees not to exceed \$177,156, be, and it hereby is, granted. Approval of said agreement shall not constitute approval of the underlying project or waiver of any statutory requirements related thereto, such as prefiling and certification.

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

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

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

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

Miles C. Cary
Miles C. Cary
Administrative Law Judge

MCC:jas





STATE OF WEST VIRGINIA
WATER DEVELOPMENT AUTHORITY

1201 DUNBAR AVENUE
DUNBAR, WV 25084
Telephone (304) 558-3812
Telecopier (304) 558-0299

October 15, 1996

Weldon Walker, Chairman
Hamlin Public Service District
220-3 Main Street
Hamlin, West Virginia 25523

Re: Hamlin Public Service District
Sewer System Upgrade and Extension

Dear Mr. Walker:

The West Virginia Infrastructure and Jobs Development Council (Council) has reviewed Hamlin Public Service District's (District) preliminary application for its proposed project to upgrade its sewer system and extend service along Eureka Road, and has determined that the project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. Please carefully review the enclosed comments of the Sewer Technical Review Committee. The District may need to address certain issues raised in said comments as it proceeds with the project.

Pursuant to its review of the preliminary application, the Council recommends the District pursue loan funding of approximately \$1,199,363 from the State Revolving Fund administered by the West Virginia Division of Environmental Protection (DEP) to finance this project. Please contact DEP at 558-0641 for specific information on the steps the District needs to follow to apply for these funds. **Please note that this letter does not constitute funding approval from DEP.**

If you have any questions regarding this matter, please contact Susan J. Riggs, Executive Secretary of the Council, at (304) 558-4607.

Sincerely,

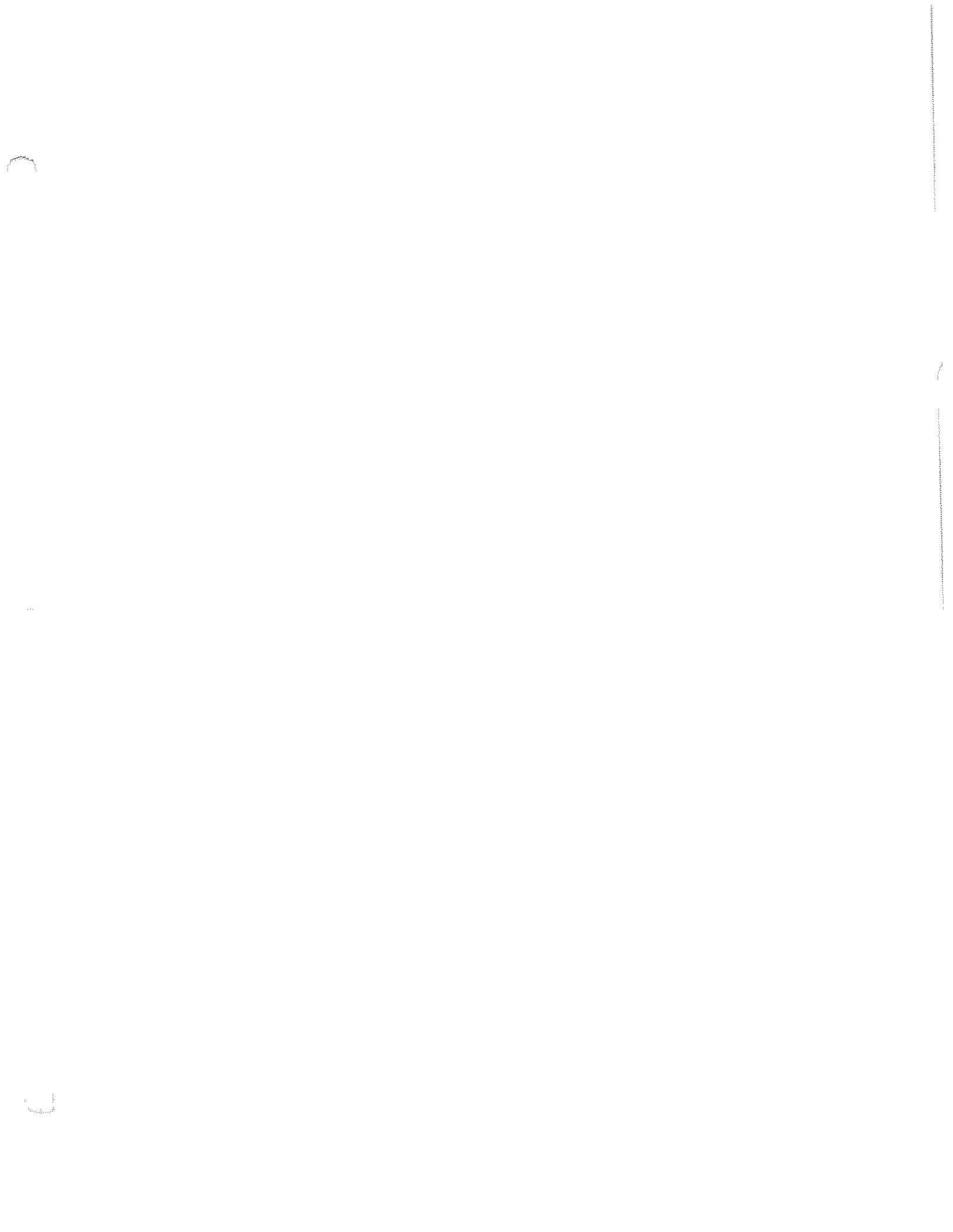
A handwritten signature in black ink, appearing to read "R. L. Isaacs".

Russell L. Isaacs, Chairman
West Virginia Infrastructure and
Jobs Development Council

RLI/bjh

Enclosure

cc: J. Michael Johnson, P.E.



UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HAMLIN PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND,
SERIES 1997

No. R-1

\$150,400
Date: May 7, 1997

KNOW ALL MEN BY THESE PRESENTS: That HAMLIN PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Lincoln County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the order of the West Virginia Water Development Authority (the "Authority") or registered assigns, the sum of One Hundred Fifty Thousand Four Hundred and 00/100 Dollars (\$150,400.00), or such lesser amount as set forth on the Record of Advances attached as Exhibit A hereto and incorporated herein by reference, plus interest on the unpaid principal balance hereof at the rate set out below. Interest on this Bond is set at zero percent (0%) per annum until November 30, 1997; thereafter interest shall be paid on the unpaid principal balance at the rate of two percent (2%) per annum plus a one percent (1%) annual administrative fee payable quarterly. Principal and interest on the Bond is payable in quarterly installments commencing March 1, 1998, and thereafter in quarterly installments on each March 1, June 1, September 1 and December 1, as set forth on the "Debt Service Schedule" attached as Exhibit B hereto and incorporated herein by reference. The final installment of principal and interest shall be paid at the end of twenty (20) years from the date interest begins to accrue on this Bond and shall be in an amount equal to the amount of outstanding principal and interest due on the Bond at said date. Notwithstanding any provision of this Bond to the contrary, this Bond shall evidence only the indebtedness reflected as outstanding on the Record of Advances attached hereto. Interest shall accrue only on the amount of each advance from its actual date as listed on said Record of Advances and shall cease to accrue on the amount outstanding, or portions thereof, as the same is paid, as reflected by said Record of Advances.

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

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 at par, but only upon thirty (30) days prior written notice to the Authority and the West Virginia Division of Environmental Protection ("DEP") and upon the terms and conditions prescribed by and otherwise in compliance with the Loan Agreement by and among the Issuer, the Authority and DEP.

This Bond is issued (i) to pay the costs of design of certain additions, betterments and improvements to the public sewer facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The sewer system of the Issuer, together with the Project, and any further extensions, additions, betterments or improvements thereto is herein called the "System". This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution duly adopted and enacted by the Issuer and effective May 7, 1997 (the "Resolution"), and is subject to all the terms and conditions thereof. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bond under the Resolution.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Resolution) to be derived from the operation of the System, from moneys in the Reserve Account created under the Resolution for the Bonds (the "Series 1997 Bond Reserve Account") and unexpended proceeds of the Bonds on a parity with the Issuer's Sewage System Revenue Bonds, Series A (the "Prior Bonds"). Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1997 Bond Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Resolution, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System and to leave a balance each year equal to at least one hundred fifteen percent (115%) of the maximum amount payable in any year for principal of and interest on the Bonds and the Prior Bonds, and all other obligations secured by

a lien on or payable from such net revenues prior to or on a parity with the Bonds, provided however, that so long as there exists in the Series 1997 Bond Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year and in the reserve account established for any other obligations outstanding prior to or on a parity with the Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to one hundred ten percent (110%). The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Resolution. More particularly, the Issuer has covenanted that it will be in default hereunder if any Bond proceeds are used for a purpose that contributes to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity. Remedies provided the registered owners of the Bonds are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof.

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

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

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

THIS BOND IS ON A PARITY AS TO LIEN AND SOURCE OF PAYMENT WITH THE CERTAIN SEWAGE SYSTEM REVENUE BONDS, SERIES A, OF THE ISSUER DESCRIBED IN A RESOLUTION ADOPTED MAY 8, 1968.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System

has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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

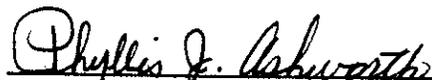
IN WITNESS WHEREOF, HAMLIN PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary and has caused this Bond to be dated May 7, 1997.

HAMLIN PUBLIC SERVICE DISTRICT

[SEAL]

By: 
Chairman

ATTEST:


Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is the Series 1997 Bond described in the within-mentioned Resolution and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: May 7, 1997

BANK ONE, WEST VIRGINIA, N.A.

BY:



Vice President

EXHIBIT A
RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$ _____		(6) \$ _____	
(2) \$ _____		(7) \$ _____	
(3) \$ _____		(8) \$ _____	
(4) \$ _____		(9) \$ _____	
(5) \$ _____		(10) \$ _____	
		TOTAL \$ _____	

Hamlin Public Service District
 \$150,400 SRF Loan
 2% interest, 1% Administrative Fee
 20 years
 DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
12/01/1997				
3/01/1998	1,534.00	2.000%	752.00	2,286.00
6/01/1998	1,541.00	2.000%	744.33	2,285.33
9/01/1998	1,549.00	2.000%	736.63	2,285.63
12/01/1998	1,557.00	2.000%	728.88	2,285.88
3/01/1999	1,565.00	2.000%	721.10	2,286.10
6/01/1999	1,572.00	2.000%	713.27	2,285.27
9/01/1999	1,580.00	2.000%	705.41	2,285.41
12/01/1999	1,588.00	2.000%	697.51	2,285.51
3/01/2000	1,596.00	2.000%	689.57	2,285.57
6/01/2000	1,604.00	2.000%	681.59	2,285.59
9/01/2000	1,612.00	2.000%	673.57	2,285.57
12/01/2000	1,620.00	2.000%	665.51	2,285.51
3/01/2001	1,628.00	2.000%	657.41	2,285.41
6/01/2001	1,636.00	2.000%	649.27	2,285.27
9/01/2001	1,645.00	2.000%	641.09	2,286.09
12/01/2001	1,653.00	2.000%	632.87	2,285.87
3/01/2002	1,661.00	2.000%	624.60	2,285.60
6/01/2002	1,669.00	2.000%	616.30	2,285.30
9/01/2002	1,678.00	2.000%	607.95	2,285.95
12/01/2002	1,686.00	2.000%	599.56	2,285.56
3/01/2003	1,695.00	2.000%	591.13	2,286.13
6/01/2003	1,703.00	2.000%	582.66	2,285.66
9/01/2003	1,712.00	2.000%	574.14	2,286.14
12/01/2003	1,720.00	2.000%	565.58	2,285.58
3/01/2004	1,729.00	2.000%	556.98	2,285.98
6/01/2004	1,737.00	2.000%	548.34	2,285.34
9/01/2004	1,746.00	2.000%	539.65	2,285.65
12/01/2004	1,755.00	2.000%	530.92	2,285.92
3/01/2005	1,764.00	2.000%	522.15	2,286.15
6/01/2005	1,772.00	2.000%	513.33	2,285.33
9/01/2005	1,781.00	2.000%	504.47	2,285.47
12/01/2005	1,790.00	2.000%	495.56	2,285.56
3/01/2006	1,799.00	2.000%	486.61	2,285.61
6/01/2006	1,808.00	2.000%	477.62	2,285.62
9/01/2006	1,817.00	2.000%	468.58	2,285.58
12/01/2006	1,826.00	2.000%	459.49	2,285.49
3/01/2007	1,835.00	2.000%	450.36	2,285.36
6/01/2007	1,844.00	2.000%	441.19	2,285.19
9/01/2007	1,854.00	2.000%	431.97	2,285.97
12/01/2007	1,863.00	2.000%	422.70	2,285.70
3/01/2008	1,872.00	2.000%	413.38	2,285.38
6/01/2008	1,882.00	2.000%	404.02	2,286.02
9/01/2008	1,891.00	2.000%	394.61	2,285.61
12/01/2008	1,900.00	2.000%	385.16	2,285.16 *

*Plus a one-percent annual administrative fee paid quarterly in the amount of \$202.82. The total administrative fee over the life of the loan is \$16,225.60.

EXHIBIT B

Hamlin Public Service District
 \$150,400 SRF Loan
 2% interest, 1% Administrative Fee
 20 years
 DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
3/01/2009	1,910.00	2.000%	375.66	2,285.66
6/01/2009	1,920.00	2.000%	366.11	2,286.11
9/01/2009	1,929.00	2.000%	356.51	2,285.51
12/01/2009	1,939.00	2.000%	346.86	2,285.86
3/01/2010	1,948.00	2.000%	337.17	2,285.17
6/01/2010	1,958.00	2.000%	327.43	2,285.43
9/01/2010	1,968.00	2.000%	317.64	2,285.64
12/01/2010	1,978.00	2.000%	307.80	2,285.80
3/01/2011	1,988.00	2.000%	297.91	2,285.91
6/01/2011	1,998.00	2.000%	287.97	2,285.97
9/01/2011	2,008.00	2.000%	277.98	2,285.98
12/01/2011	2,018.00	2.000%	267.94	2,285.94
3/01/2012	2,028.00	2.000%	257.85	2,285.85
6/01/2012	2,038.00	2.000%	247.71	2,285.71
9/01/2012	2,048.00	2.000%	237.52	2,285.52
12/01/2012	2,058.00	2.000%	227.28	2,285.28
3/01/2013	2,069.00	2.000%	216.99	2,285.99
6/01/2013	2,079.00	2.000%	206.64	2,285.64
9/01/2013	2,089.00	2.000%	196.25	2,285.25
12/01/2013	2,100.00	2.000%	185.80	2,285.80
3/01/2014	2,110.00	2.000%	175.30	2,285.30
6/01/2014	2,121.00	2.000%	164.75	2,285.75
9/01/2014	2,131.00	2.000%	154.15	2,285.15
12/01/2014	2,142.00	2.000%	143.49	2,285.49
3/01/2015	2,153.00	2.000%	132.78	2,285.78
6/01/2015	2,164.00	2.000%	122.02	2,286.02
9/01/2015	2,174.00	2.000%	111.20	2,285.20
12/01/2015	2,185.00	2.000%	100.33	2,285.33
3/01/2016	2,196.00	2.000%	89.40	2,285.40
6/01/2016	2,207.00	2.000%	78.42	2,285.42
9/01/2016	2,218.00	2.000%	67.39	2,285.39
12/01/2016	2,229.00	2.000%	56.30	2,285.30
3/01/2017	2,241.00	2.000%	45.15	2,286.15
6/01/2017	2,252.00	2.000%	33.95	2,285.95
9/01/2017	2,263.00	2.000%	22.69	2,285.69
12/01/2017	2,274.00	2.000%	11.37	2,285.37
TOTAL	150,400.00	-	32,450.73	182,850.73

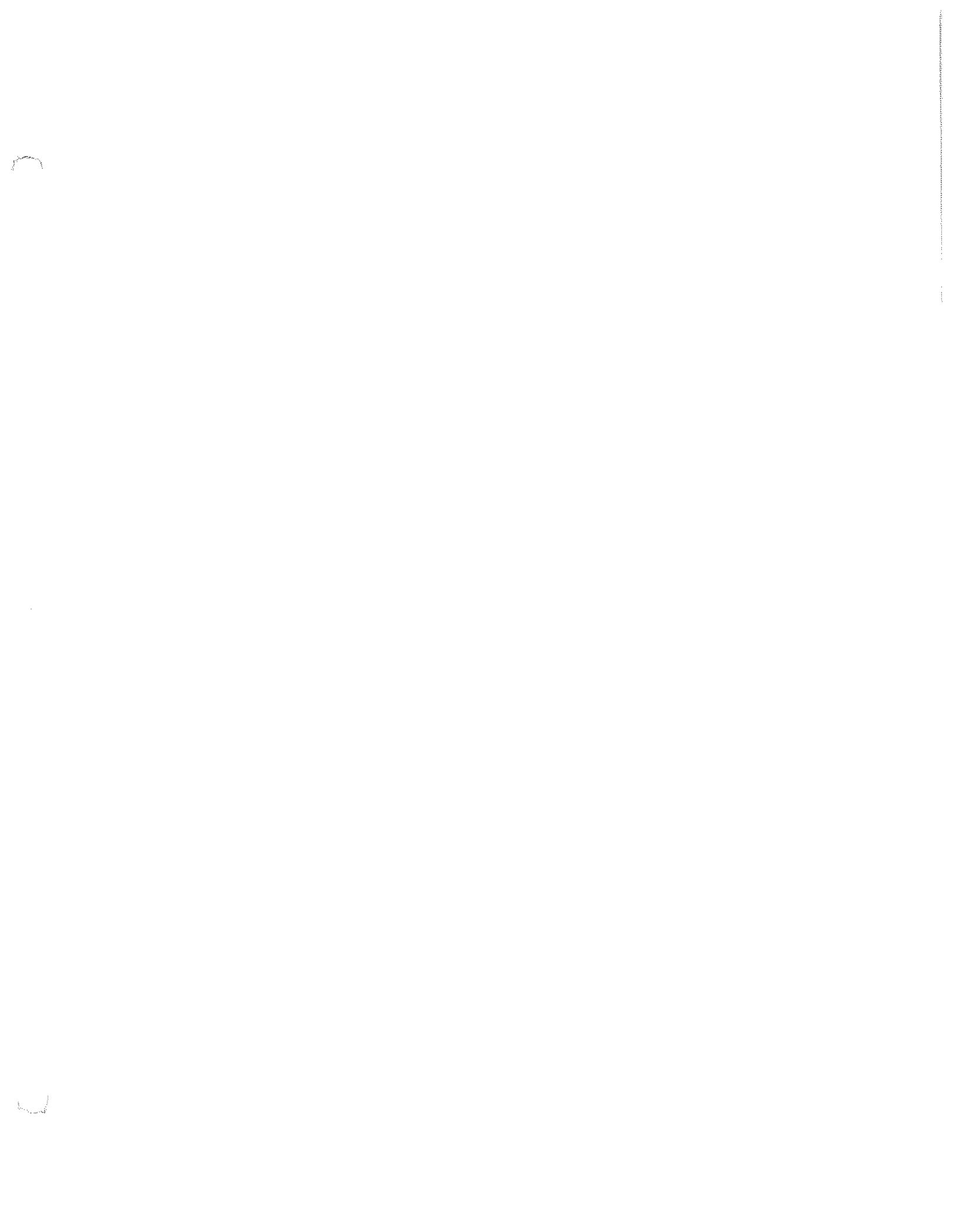
ASSIGNMENT

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

Dated: _____, 19__.

(Assignor)

Witnessed in the presence of:



HAMLIN PUBLIC SERVICE DISTRICT
LINCOLN COUNTY, WEST VIRGINIA

A RESOLUTION OF THE BOARD OF THE HAMLIN PUBLIC SERVICE DISTRICT, LINCOLN COUNTY, WEST VIRGINIA, AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF FACILITIES FOR A SANITARY SEWAGE SYSTEM WITHIN THE SAID DISTRICT AND, TO THAT END, AUTHORIZING THE ISSUANCE OF A REVENUE BOND IN THE TOTAL PRINCIPAL AMOUNT OF \$132,200.00; PROVIDING FOR THE PAYMENT OF SAID BOND AS TO PRINCIPAL AND INTEREST, AND ESTABLISHING THE SECURITY THEREFOR; AND FOR OTHER PURPOSES

WHEREAS, Hamlin Public Service District (hereinafter sometimes called the "District") in Lincoln County, West Virginia, has heretofore been duly created and is now organized and operating under the provisions of West Virginia Code, Chapter 16, Article 13A, and the Public Service Board of said District has heretofore been organized and is now functioning as the governing body of the said District, having the duties, powers and authority as provided by said law; and,

WHEREAS, the Public Service Board of said District (hereinafter sometimes called the "Board") has heretofore determined the necessity and advisability of constructing a sanitary sewage system (herein sometimes called "Sewage System") within said District in order to provide adequate sewage facilities for said District and its inhabitants for agricultural, industrial, public, and private uses; and,

WHEREAS, under the provisions of said West Virginia Code, Chapter 16, Article 13A, said District is authorized and empowered to construct and operate such sanitary sewage system, and to issue a revenue bond payable as hereinafter provided for the revenues derived from such sewage system for the purpose of providing funds for such construction; and,

WHEREAS, the District has been approved for a development grant from the Economic Development Administration in the amount of

\$520,800.00, and desires and intends that provisions be made in and by this resolution for the issuance of a single revenue bond in the total amount of \$132,200.00, which will be used with the grant funds to pay the costs of the Sewage System, and to provide for the payment of said bond and interest thereon and to set forth the conditions and restrictions upon which such bond and any additional bonds ranking on a parity therewith are to be made and may be issued and outstanding;

NOW, THEREFORE, IT IS HEREBY RESOLVED by the Public Service Board of the Hamlin Public Service District of Lincoln County, West Virginia, as follows:

SECTION 1. Necessity. It is hereby found to be necessary that Hamlin Public Service District secure financing for construction of the Sewage System which will be comprised of a stabilization pond, lift stations, interceptor and collection lines with pumps, valves and other equipment, as set forth with particularity in plans prepared by J. H. Milam, Inc., Consulting Engineer, a copy of which is on file in the office of the District.

SECTION 2. Ratification. That all action heretofore taken (not inconsistent with the provisions of this resolution) by the Board directed toward construction of the Sewage System and toward the issuance of the District's revenue bond for that purpose, be, and the same hereby is ratified, approved, and confirmed.

SECTION 3. Authorization of Sewage System. That the construction of the Sewage System to serve the District shall be, and the same is hereby ordered to be undertaken at a total cost of not exceeding \$653,000. to be defrayed in part with the proceeds of the District's single revenue bond issued pursuant to this resolution.

SECTION 4. (a) Authorization of Revenue Bond. For the purpose of defraying a portion of the cost of constructing the Sewage System, it is hereby declared necessary that the Board make and issue, and there is hereby authorized to be issued, pursuant to the applicable provisions of

Article 13A, Chapter 16, West Virginia Code of 1961, one fully registered Series A bond, without coupon, bearing interest at a rate not to exceed 4.125 % per annum payable annually, in the total principal amount of \$132,200.00, and in substantially the form set forth below, payable both as to principal and interest solely out of the net income derived from the operation of the Sewage System, and the Board pledges irrevocably, but not necessarily exclusively, such net income to the payment of this bond and the interest thereon, the proceeds therefor to be used solely for the purpose of constructing the Sewage System.

(b) Enforcement Rights of Holder. The holder of the bond shall have the right by suit, action, mandamus or other appropriate proceeding to complete performance of the duties undertaken by the District in connection with the issuance of the bond and the duties of the District imposed by Article 13A (Section 17) Chapter 16, West Virginia Code of 1961.

(c) Tax Exemption. The bond and interest thereon shall be exempt from the taxation by the State of West Virginia and any other taxing bodies of that State, Article 13A (Section 21) Chapter 16, West Virginia Code of 1961.

SECTION 5. Revenue Bond Registration. The bond is fully negotiable, but shall be registered in the names of the holder in a book maintained for that purpose in the office of the Secretary of the Public Service Board of the District, such registration being noted thereon by the Secretary as Bond Registrar, after which no transfer shall be valid unless made on said books and similarly noted on the bond.

(a) In the event the Government shall make payment of insurance premiums or other advances which may be required to protect the Government's security interest, the Board will pay in addition to the interest of the unpaid bond, interest on all such advances or expenditures in connection therewith made by the Government, at the same per annum rate specified in the bond. All such advances, expenditures and interest thereon shall

be deemed payable upon demand immediately after any such expenditure by the Government. Any such amounts due the Government by the Board shall take priority over any other payments from the Bond Fund payments set forth in Section 13E hereof.

(b) It will take any and all such action as may be requested by the Government and it will execute such other agreements and instruments as the Government may from time to time prescribe to enable the Government to discharge its responsibilities as insurer and collection agent for the holder of the bond insured by the Government; and

(c) If at any time it shall appear to the Government that the Board is able to call for redemption or refund the bond by obtaining a loan for such purpose from responsible cooperative or private credit sources, at reasonable rates and terms for loans for similar purposes and periods of time, or by other means, the Board will, upon request of the Government, redeem, refund, or apply for and accept such loan in sufficient amount to repay the Government or the holder of the bond, or both, and will take all actions as may be required in connection with such redemption or refund.

SECTION 6. Covenants Pertaining to Government Insurance.

This resolution contemplates a direct loan, and there are no covenants pertaining to insurance.

SECTION 7. Execution. The revenue bond shall be signed by the Chairman of the Board, sealed with the corporate seal of the District, and attested by the Secretary of the Board.

SECTION 8. Security. The revenue bond shall be secured by a statutory mortgage lien on the Sewage System as provided by Chapter 16, Article 10A, West Virginia Code. The Revenues of the Sewage System, including all additions, extensions, improvements, and replacements thereof and thereto, are pledged to the Bond Fund hereinafter established after there have been first paid from such revenues the current expenses of the District.

SECTION 9. Revenue Bond Form. The bond issued and sold pursuant to this resolution shall be in substantially the following form:

COUNTY OF LINCOLN
HAMLIN PUBLIC SERVICE DISTRICT
SEWAGE SYSTEM REVENUE BOND
SERIES A
\$132,200.00

KNOW ALL MEN BY THESE PRESENTS: That Hamlin Public Service District, of Lincoln County, West Virginia (hereinafter called the "Borrower"), hereby acknowledges itself indebted and for value received promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (hereinafter called the "Government"), the principal sum of \$ 132,200.00, plus interest thereon from the date of this Bond at the rate of 4.125% per annum. The said principal and interest shall be payable in the following installments on or before the following dates: \$ _____ on the first day of January, 19 69, \$ 5,453.00 on the first day of January, 19 70, and \$ 6,948.00 annually thereafter on the first day of January until the principal and said interest are fully paid, except that the final installment of the entire indebtedness evidenced hereby, if not sooner paid, shall be due and payable forty (40) years from the date of the Bond.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

This Bond shall be registered as to principal and interest in the name of the United States of America in an appropriate book in the Office of the Secretary of the Public Service Board of the Borrower, such registration to be noted on the book hereof by said Secretary, and no transfer shall be valid unless made on said book and similarly noted on this bond.

Both the principal and interest shall be paid to the United States of America as such registered holder at the office of the Farmers Home Administration serving Lincoln County, West Virginia.

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

Default hereunder shall constitute default under any other instrument evidencing a debt of Borrower owing to or insured by the Government or securing or otherwise relating to such a debt; and default under any such other instrument shall constitute default hereunder. Upon any such default, the Government, at its option, may declare all or any part of any such indebtedness immediately due and payable.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Administration Act of 1961, and shall be subject to the present regulations not inconsistent with the express provisions hereof.

This Bond is issued pursuant to Article 13A, Chapter 16, Code of West Virginia, and a resolution duly adopted by Borrower on the _____ day of _____, 19____, (hereinafter called the Bond Resolution), for the purpose of defraying a portion of the costs of acquiring and constructing a Sanitary Sewage System. The Bond Resolution provides for fixing, revising, charging, and collecting by Borrower of rates, fees, and other charges for the use of and for the

services furnished by the Sanitary Sewage System and extensions thereof so that such rates, fees, charges, and other revenues will be sufficient at all times to pay the costs of operating, maintaining, and repairing the Sanitary Sewage System, to pay the principal of and interest on the Bond as the same shall become due and to maintain adequate reserves therefor, which revenues are pledged for such purposes. Reference is hereby made to the Bond Resolution for a further description of the security for the Bond and for the provisions, among others, concerning the terms and conditions upon which the Bond is issued, the collection and disposition of revenues, the rights and obligations of Borrower and the rights of the Bond Holder.

Both principal of and interest on this Bond shall be payable solely from the revenues pledged thereto as herein set forth, and nothing herein or in the Bond Resolution shall be deemed to create or constitute an indebtedness of or a pledge of the faith and credit of the State of West Virginia of any county, city, town or other political subdivision of the State.

All acts, conditions and things required by the Constitution and statutes of the State of West Virginia to happen, exist and be performed precedent to or in the issuance of this Bond have happened, exist and have been performed.

IN WITNESS WHEREOF, Hamlin Public Service District has caused this Bond to be signed by the Chairman of its Public Service Board and its corporate seal to be hereunto affixed and attested by the Secretary of said Board, all as of the _____ day of _____, 19____.

HAMLIN PUBLIC SERVICE DISTRICT

By _____
Chairman of its Public
Service District Board

(CORPORATE SEAL)

ATTEST:

Secretary of its Public
Service District Board

REGISTRATION

(No writing below except by the Bond Registrar)

<u>Date of Registration</u>	<u>Name of Registered Owner</u>	<u>Signature of Bond Registrar</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

(End of Form of Bond)

SECTION 10. Disposition of Revenue Bond Proceeds.

A. Construction Account. That the proceeds derived from the sale of the bond herein authorized, and grants received from the United States of America and any other funds received for acquiring and construction of the Sewage System shall be deposited promptly upon receipt thereof in a separate account in a bank or banks which are members of the Federal Deposit Insurance Corporation, designated by the Board, and approved by the Government, which account shall be known as the "Hamlin Public Service District Revenue Bond Construction and Acquisition Account". At the time for the deposit of the funds in the bank, the Board, the Bank, and the County Supervisor of the Farmers Home Administration at Hamlin, West Virginia, shall execute a deposit agreement on Form FHA 402-1, "Deposit Agreement"; the construction account shall be a joint account and any withdrawal of funds therefrom shall be subject to the counter-signature of the County Supervisor of the Farmers Home Administration pursuant to the terms of that agreement. The proceeds of the bonds in excess of \$15,000.00 shall be secured by such bank in accordance with U. S. Treasury Circular No. 176 before such proceeds are deposited. The moneys in the construction account, except as herein otherwise specifically provided, shall be used and paid out solely for the purpose of acquiring and constructing the Sewage System only upon warrants or checks drawn and signed by the Treasurer of Said District and the counter-signature of the FHA County Supervisor. No such warrant for any sum for any actual construction work or purchase of construction materials pursuant to terms and provisions of construction contracts shall be issued until the board has received engineering approval certifying that such sum is due and owing for work under such contracts, nor until the Board has adopted a resolution accepting such certificate and directing the drawing of such warrant or check. The designated approval shall be by the consulting engineer whose approval must be in the form of a

written certificate stating that the payment therein approved is being made to pay for materials supplied or work satisfactorily completed in substantial accordance with the plans and specifications for the work involved. Such certificates of approval shall be in appropriate form, shall be signed by the engineer or his duly accredited representative, and shall be filed with the Secretary of the Board prior to the time such payment or payments are authorized by resolution.

With respect to nonconstruction costs and expenses, such as purchase of land, easements, rights-of-way, legal fees, and other acquisition expenses, etc., no such warrant in payment thereof shall be issued except upon approval of the Board.

2. Disposition of Construction Account Residue. That when all work of constructing and purchasing the Sanitary Sewage System shall have been completed in accordance with such plans and specifications and all amounts due therefor shall have been paid, the consulting engineer shall file with the depository bank a certificate so stating, thereupon (1) any funds representing a portion of the proceeds from the sale of the bond herein authorized remaining in the Construction Account and any other funds remaining in the Construction Account, other than grant funds, shall be applied as extra payments on the Bond; and (2) grant funds shall be disbursed in accordance with the grant agreement between the District and the Economic Development Administration.

SECTION 11. Fiscal Year. The Fiscal Year of the District shall begin on the 1st day of July in each year and shall end on the 30th day of June.

SECTION 12. Revenue Fund. That from and after the delivery of the bond hereby authorized, the Sewage System, together with all future extensions and improvements, shall be operated as a self-liquidating undertaking on the basis of a fiscal year which shall correspond with this fiscal year of the District which now begins on July 1 and ends on June 30 and all revenue derived from the operation of

shall be deposited in a separate fund to be designated as the "Hamlin Public Service District Revenue Fund," sometimes called the Revenue Fund, and shall be used only (1) to pay the principal of and the interest on the bond hereby authorized and to maintain reasonable reserves therefore, (2) to pay the cost of operation and maintenance of the system, and (3) to provide an adequate depreciation fund; and such revenue funds shall be sufficient at all times for the above purposes.

SECTION 13. Administration of Revenue Funds. That the sums in the Revenue Fund shall be set aside for, allocated and credited to, and deposited in the following separate accounts, which are hereby created in the said fund by the District's Treasurer without further direction of or action by the Public Service Board of the Hamlin Public Service District.

A. Bond Fund. Into an account designated the "Sewage System Bond and Interest Sinking Account" there shall be deposited each month a sum equal to at least one-twelfth (1/12th) of the amount of interest or principal or both on the Bond authorized hereby, as the same shall become due.

B. Operation and Maintenance Fund. Into an account designated the "Sewage System Operation and Maintenance Account" there shall be set aside and deposited each month a sufficient portion of the balance of the income and revenue remaining in the Revenue Fund to pay the reasonable and necessary current expenses of operating and maintaining the sewage system for the current month.

C. Reserve Fund. Into an account designated the "Sewage System Bond Reserve Account" there shall be set aside and deposited each month the sum of \$ 60.00 until there is accumulated in that account the sum of \$ 7,000.00, after which no further deposits need be made into said account except to replace withdrawals. The Sewage System Bond Reserve Account shall be used and disbursed only

damage to the sewage system which may be caused by any unforeseen catastrophe, for making extensions or improvements to the sewage system, and when necessary for the purpose of making payments of principal and interest on the bond hereby authorized in the event the amount on the Sewage System Bond and Interest Sinking Account is insufficient to make such payments whenever disbursements are made from said account. Said monthly payments shall then be resumed until there is again accumulated the maximum amount of \$ 7,000, at which time payments shall be again discontinued.

D. Fiscal Year Budget. Prior to June 1st of each year beginning June 1st, 1970, the Board will prepare a budget for the ensuing fiscal year of the Sewage System covering prospective revenues and receipts, operation and maintenance expenses, and deposits to be made during such fiscal year in the accounts set forth in Section 13(A)(B)(C). A copy of such budget will be forwarded promptly to the State Director of the Farmers Home Administration or other official designated by the Government and a copy will be made available to any holder of the bond who shall request the same.

SECTION 14. Additional Bonds.

A. Approved by Government. That the District shall not incur any additional indebtedness to be paid from a pledge of the revenue of the Sewage System, without the prior written approval of the State Director of the Farmers Home Administration for the State of West Virginia, so long as any part of the Bond issue under this resolution remains unpaid.

B. Limitations Upon Issuance of Parity Obligations. That nothing in this resolution contained shall be construed in such manner as to prevent the issuance, but so long as the bond hereby authorized is held by the Government, with prior approval of the State Director of the Farmers Home Administration, by the District of additional bonds or

other obligations payable from the income or any revenues derived from the operation of the Sewage System and constituting a lien upon said revenues on a parity with, but not prior nor superior to, the lien of the bonds herein authorized, nor to prevent the issuance of bonds or other obligations refunding all or a part of the bonds herein authorized, provided, however, that the Board is not, and has not been, in default as to any payments required to be made in Section 13 hereof for a period of not less than twenty-four months immediately preceding the issuance of such additional bonds or other obligations, or if the bond herein authorized has not been issued and outstanding for a period of at least twenty-four months, for the longest period any of the bonds herein authorized have been issued and outstanding; and provided that before any such additional parity bonds or other parity obligations are authorized or actually issued, other than refunding bonds or other refunding obligations (unless any lien on any revenues of the Sewage System of the obligations refunded is subordinate to the lien of the bond herein authorized and the lien on revenues of the Sewage System of the refunding obligations is on a parity with the lien thereon of the bond herein authorized), the annual earnings derived from the operation of the Sewage System for the fiscal year immediately preceding the date of the issuance of such additional parity obligations shall have been sufficient to pay the costs of operation and maintenance of the Sewage System for said fiscal year, and, in addition, sufficient to pay an amount representing one hundred fifty per cent (150%) of the average annual principal and interest requirements (herein referred to as the "debt service" requirements) on the then outstanding revenue bonds and other obligations of the District payable from the revenues of the Sewage System; and provided further, that the estimated average annual earnings of said Sewage System for the life of the then outstanding revenue bond and the proposed revenue bonds, all payable from the revenues of the Sewage System, shall have been sufficient to pay the

estimated average annual costs of operation and maintenance of the Sewage System for the life of both the then outstanding and the proposed revenue bonds, and, in addition, sufficient to pay an amount representing one hundred fifty per cent (150%) of the debt service requirements of the then outstanding revenue bonds combined with the debt service requirements of the proposed additional revenue bonds; provided, further, that the annual earnings derived from the operation of the Sewage System need not equal 150% of the debt service requirements of the outstanding and the proposed additional revenue bonds or other obligations in the event the Government is the purchaser or the insurer of any such additional bonds or obligations.

C. Certification and Estimation of Earnings. A written certification by a Certified Public Accountant that said earnings for the said fiscal year immediately preceding the new obligation, when adjusted as hereinafter provided, is sufficient to pay said amounts, shall be conclusively presumed to be accurate in determining the right of the District to authorize, issue, sell and deliver said additional bonds or other obligations on a parity with the bond herein authorized. Any necessary estimate of further earnings of the Sewage System shall be prepared by a consulting engineer.

D. Consideration of Additional Expenses. In determining whether or not additional parity bonds or other parity obligations may be issued as aforesaid, consideration shall be given to any probable increase (but not reduction) in operation and maintenance expenses that will result from the expenditure of the funds proposed to be derived from the issuance and sale of the said bonds or other obligations.

E. Junior Obligations Permitted. Nothing herein contained shall be construed so as to prevent the District from issuing bonds or other obligations payable from the revenues of the Sewage System and having a lien thereon subordinated, inferior and junior to the lien of the bond authorized to be issued by this resolution; provided, however,

that so long as the bond authorized hereby is insured by the Government, prior written consent shall be obtained from the State Director of the Farmers Home Administration.

F. Superior Obligations Prohibited. Nothing herein contained shall be construed so as to permit the District to issue bonds or other obligations payable from the revenues of the Sewage System and having a lien thereon prior and superior to the bond herein authorized to be issued.

SECTION 15. Refunding Bonds. That the provisions of Section 14 hereof are subject to the exception that if at any time after the bonds or other obligations herein or hereafter authorized, or any part thereof shall have been issued, the Board shall find it desirable to refund said bonds or other obligations, said bond or other obligations or any part thereof, may be refunded (but only with the consent of the holder or holders thereof, unless the bond or other obligations have matured, or are then callable for prior redemption, and have been properly called), without changing the priority of the lien for the payments of the refunding obligations on the revenues of the Sewage System, except as provided in Paragraph B of Section 14 hereof; and the refunding bonds or other obligations so issued shall enjoy complete equality of lien with the portion of said bonds or other obligations which is not refunded, if any there be; and the holder or holders of the refunding bonds or other obligations shall be subrogated to all of the rights and privileges enjoyed by the holder or holders of the bond or other obligations refunded thereby; provided, however that if only a part of the outstanding bond or other obligations is refunded and if such bonds or other obligations are refunded in such a manner that the interest rate thereof is increased or if any refunding obligation matures at an earlier date than the maturity date of the corresponding obligations refunded thereby, then such obligations may not be refunded without the consent of the holder or holders of the unrefunded portion

shall either be sold for cash at not less than the par value and accrued interest, and the proceeds thereof shall be used to pay the obligations refunded, or if so permitted by law, and then only with the consent of the holder or holders of the obligations refunded, the refunding obligations shall be delivered dollar for dollar in exchange for the bonds of other obligations refunded.

SECTION 16. Protective Covenants. That the District hereby covenants and agrees with each and every holder of the bond issued hereunder:

A. Use of Bond Proceeds. That the District will proceed without delay, to acquire and construct the Sewage System, as herein above provided.

B. Use Charges. That while the bond authorized herein remains outstanding and unpaid, the rates for all services rendered by the Sewage System to all consumers within or without the Boundaries of the District shall be reasonable and just, taking into account and consideration the cost and value of the Sewage System and the proper and necessary allowance for the depreciation thereof and the amounts necessary for the retirement of the bond and other securities or obligations payable from the revenues of the system, the accruing interest thereon, and reserves therefor; and there shall be charged against all purchasers of service, such rates and amounts as shall be adequate to meet the requirements of this and the preceding sections hereof, and which shall be sufficient to produce revenues or earnings annually to pay the annual operation and maintenance expenses, the costs of all essential replacements and repair, the principal of and interest on the revenue bond, and any other obligations payable from the revenues thereof, plus reserves therefor, all of which revenues derived from the operation of the Sewage System shall be subject to distribution in accordance with provisions of Section 13 and that no free service or facilities shall be furnished by the Sewage System to anyone.

delivery of the Revenue Bond herein authorized, fix, establish and levy the rates and charges which are required by Section 16B hereof. No reduction in the initial rate schedule for the Sewage System may be made unless:

(1) The District has fully complied with all of the provisions of Sections 12 and 13 of this resolution for at least the full calendar year immediately preceding such proposed reduction of the initial rate schedule; and,

(2) The Reserve Fund provided in Section 13 has been built up to the required minimum reserve of \$ 7,000; and,

(3) The audit required to be made by the Certified Public Accountant by Section 16G of this resolution for the full fiscal year immediately preceding such proposed rate reduction discloses that the estimated revenues which would result from the proposed rate schedule will be sufficient to produce adequate revenues or earnings annually to pay the annual operation and maintenance expenses, the costs of all essential replacements and repairs to the Sewage System, the principal of and interest on the Revenue Bond, and any other obligations payable annually from the revenues of the Sewage System, and provides payment for the reserve fund required by this resolution; and,

(4) The prior written approval of the State Director of the Farmers Home Administration has been obtained, so long as the revenue bond issued hereunder is insured by the Government.

D. Efficient Operation. That the District will operate the Sewage System, so long as the bond herein authorized is outstanding, will maintain said Sewage System in efficient operating condition and will make such improvements, extensions, enlargements, repairs and betterments thereto as may be necessary or advisable to insure its economical and efficient operation at all times.

E. Records. That so long as the Bond remains outstanding proper books of record and account will be kept by the District separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the system. Such books shall include (but not necessarily be limited to) monthly records showing:

- (1) The number of customers.
- (2) The total revenues received from charges to customers.
- (3) A detailed statement of the expenses of the system.

F. Right to Inspect. That any holder of the bond, or any duly authorized agent or agents of such holder or representative of Farmers Home Administration, shall have the right at all times to inspect all records, accounts and data relating thereto, and to inspect the system and all properties comprising the system.

G. Audits. That the District further agrees that it will, within sixty days following the close of each fiscal year, cause an audit of such books and accounts to be made by a Qualified Public Accountant, showing the receipts and disbursements for the account of the Sewage System, and that such audit will be available for inspection by any holder of the bond. Each audit in addition to whatever matters may be thought reasonable, should include in detail the financial condition and records of the District and the Sewage System, including the rates, number and type of connections and the status of the several funds herein before created, and a list of the insurance policies in force at the end of the fiscal year, setting out as to each policy the amount of the policy, the risks covered, the name of the insurer and the expiration date of the policy. All expenses incurred in the making of the audits and reports required by this section shall be regarded and paid as a maintenance and operation expense. The District agrees to furnish forthwith a copy of each of such audit and report to the State Director of the Farmers Home Administration and to any bond holder upon request

after each such audit and report has been prepared, and that any such holder shall have the right to discuss with the accountant or person taking the audit and report the contents thereof and to ask for such additional information as he may reasonably require.

H. Billing Procedure. That all bills for sewage service or facilities furnished by or through the Sewage System shall be rendered to customers monthly and shall be due on the date rendered. Ten percent (10%) shall be added to the net amount of each bill not paid in full within ten (10) days after the date of the bill; and in the event said bills are not paid within sixty (60) days after the date rendered the rates and charges due shall be collected in a lawful manner. The District shall have a lien on each lot or parcel of land served by said Sewage System for charges imposed for all service rendered by said Sewage System. Notice of such liens shall be filed and liens shall be enforced as provided by the laws of West Virginia.

I. Charges and Liens, Revenues and Sewage System. That from the revenues of the Sewage System, the District will pay all taxes and assessments or other municipal or governmental charges, if any, lawfully levied, assessed upon or in respect to said Sewage System, or any part thereof, when the same shall become due, and it will duly observe and comply with all valid requirements of any municipal or governmental authority relative to any part of the Sewage System; and the District will not create or suffer to be created any lien or charge upon the Sewage System or upon the revenues therefrom except as permitted by this resolution, and it will make adequate provision to satisfy and discharge within sixty days after the same shall accrue, all lawful claims and demands for labor, materials, supplies or other objects, which if unpaid, might by law become a lien upon the Sewage System or upon the revenues therefrom; provided, however, that nothing herein shall require the District to pay or cause to be discharged, or make provision for any such taxes assessed, lien or charge before the time

shall be contested in good faith by appropriate legal proceedings.

J. Insurance. That the District, in its operation of the Sewage System, will carry fire and extended coverage insurance, workmen's compensation insurance, if required by State law, and public liability insurance and other types of insurance in such amounts and to such extent as is normally carried by private corporations operating public utilities of the same type. The cost of such insurance shall be considered one of the operation costs of the system. In the event of property loss or damage, insurance proceeds shall be used first for the purpose of restoring or replacing the property lost or damaged, and the remainder shall be treated as net income, and shall be subject to distribution in the manner provided hereinabove in Section 13 hereof, for net income and revenues derived from the operation of the system.

K. Competing System. That as long as the bond hereby authorized is outstanding, the District shall not permit (except as it may legally be required to do so) any person, association, firm or corporation to provide sewage service or facilities, to any consumer, public or private, within the area served by said Sewage System.

L. Alienating System. That the District will not sell, lease, mortgage, pledge, or otherwise encumber, or in any manner dispose of, or otherwise alienate, the Sewage System, or any part thereof, including any and all extensions and additions that may be made thereto, until the bond herein authorized to be issued shall have been paid in full, both principal and interest, except that so long as the bond is held by the Government, the District, with the prior written approval of the State Director of the Farmers Home Administration, may sell any portion of said property which shall have been replaced by other property of at least equal value, or which shall cease to be necessary for the efficient operation of the system, but in no manner nor to such extent as might prejudice the security for the payment of the bond herein authorized,

provided, however, that in the event of any sale as aforesaid the proceeds of such sale shall be distributed as net income of the system in accordance with the provisions of Section 13 hereof.

M. Surety Bonds. That each official or other person having custody of any funds derived from operation of the Sewage System or responsible for their handling, shall be bonded for the full faithful performance of his duties in an amount at least equal to the total funds in his custody at any one time. The costs of each such bond shall be considered one of the operating costs of the Sewage System. The surety company shall be approved by the Farmers Home Administration, and the United States of America shall be named as co-obligee.

N. Competent Management. That the District shall employ experienced and competent management personnel for the Sewage System. In the event of default on the part of the District in paying principal or interest on said bond promptly as each falls due, or in the keeping of any covenants herein contained, and if such default shall continue for a period of sixty days, or if the net revenues of the system in any fiscal year should fail to equal at least the amount of the principal of and interest on the revenue bond and other obligations (including all reserves therefore specified in this resolution) payable from said net revenues in that fiscal year, the District shall retain a firm of competent management engineers skilled in the operation of sewage systems to assist in the management of the Sewage System so long as such default continues or the net revenues are less than the amount hereinabove designated.

O. Performing Duties. That the District will faithfully and punctually perform all duties with respect to the Sewage System required by the Constitution and laws of the State of West Virginia and the resolution of the District, including but not limited to the making and collecting of reasonable and sufficient rates and charges for services rendered or furnished by the system as hereinbefore provided, and the

proper segregation of the revenues of the Sewage System and their application to the respective funds.

P. Other Liens. That other than as provided by this resolution, there are no liens or encumbrances of any nature whatsoever, on or against the Sewage System or the revenues derived or to be derived from the operation thereof.

Q. District's Existence. That the District will maintain its corporate identity and existence so long as any of the bonds herein authorized remain outstanding.

R. Completion Bonds. That in order to insure the completion of the Sewage System, and to protect the holder of the bond, the District will require that the contractor, to whom is given any contract for construction appertaining to the Sewage System, furnish to the District a completion bond or bonds satisfactory to the District and the Government, and that any sum or sums derived from such completion bond or bonds shall be used within six months after such receipt for the completion of said construction, and if not so used within such period, shall be placed in and be subject to the provisions of the Revenue Fund provided for herein.

SECTION 17. Events of Default. That each of the following events is hereby defined as an "event of default":

A. Nonpayment of Principal and/or Interest. If payment of any installment of principal and/or interest of the bond herein authorized to be issued shall not be made when the same shall become due and payable, or within 30 days thereafter.

B. Incapable to Perform. If the District shall for any reason be rendered incapable of fulfilling its obligations hereunder.

C. Default of any Provision. If the District shall make default in the due and punctual performance of its covenants or conditions, agreements and provision contained in the bond and in this resolution on its part to be performed, and if such default shall

continue for sixty (60) days after written notice specifying such default and requiring the same to be remedied shall have been given to the District by the holder of the bond.

SECTION 18. Remedies for Defaults. That upon the happening and continuance of any of the events of default as provided in Section 17 of this resolution, then and in every case the holder of the bond may proceed against the District, its governing body, and its agents, officers and employees to protect and enforce the rights of the holder of the bond under this resolution by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained herein or in an award of execution of any power herein granted for the enforcement of any power, legal or equitable remedy as may be deemed most effectual to protect and enforce the rights aforesaid, or thereby to enjoin any act or thing which may be unlawful or in violation of any such right or to require the governing body of the District to act as if it were the trustee of an expressed trust, or any combination of such remedies. Any receiver appointed in any proceedings to protect said rights the consent to any such appointment being hereby expressly granted, may enter and take possession of the Sewage System, operate and maintain the same, prescribe rates, fees or charges and collect, receive and apply all revenues arising after the appointment of such receiver in the same manner as the District itself might do. The failure so to proceed shall not relieve the District or any of its officers, agents or employees of any liability for failure to perform any duty. Each such right or privilege of the bondholder (or trustee thereof) is an addition and cumulative to any other right or privilege and the exercise of any such right or privilege shall not be deemed a waiver of any other right or privilege thereof.

SECTION 19. Compensation of Board Members. The District hereby covenants and agrees that the total annual salaries to be paid

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to the members of its Board shall not exceed \$ 500.00, the said amount of \$ 500.000 to be allocated to the Board members by resolution enacted by the Board. The District further covenants and agrees that the aggregate salaries paid to all employees shall not exceed the amount paid for similar work to employees of comparable sewage systems.

SECTION 20. Amendment of Resolution. That this resolution may be amended or supplemented by resolution adopted by the Board in accordance with the laws of the State of West Virginia, but no such amendment or supplement by way of resolution or otherwise shall be adopted so long as the bond is held by the Government without the prior written consent of the State Director of the Farmers Home Administration.

SECTION 21. Equal Opportunity for Employment. The Chairman of the Public Service Board is hereby authorized and directed to execute for and on behalf of the District, Form FHA 400-1, "Equal Opportunity Agreement," to which is attached and made a part thereof an "Equal Opportunity Clause," designated as Form FHA 400-2, to be incorporated in, or attached as a rider to each construction contract exceeding \$10,000.00 which is financed wholly or partially with the loan and Form FHA 400-4, "Nondiscrimination Agreement", (under Title VI of the Civil Rights Act of 1964.)

SECTION 22. Severability Clause. That if any section, paragraph, clause or provision of this resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this resolution.

SECTION 23. Repealer Clause. All resolutions and orders or parts thereof in conflict with the provisions of this resolution are, to the extent of such conflict, hereby repealed.

SECTION 24. Resolution a Contract Subject to Enabling Acts and Regulations. The provisions of this resolution are subject to the

West Virginia Code, Chapter 16, Article 13A, and the applicable regulations of the Farmers Home Administration and shall constitute a contract between the District and the Government so long as the bond is held by the Government.

SECTION 25. Effective Date. This resolution shall be effective immediately upon its adoption.

Passed, ratified and adopted, in meeting duly assembled, this 8 day of May, 1968.

HAMLIN PUBLIC SERVICE DISTRICT

BY L. M. Barnett
Chairman of its Public Service Board

(CORPORATE SEAL)

CERTIFICATION

I, M. Edwin Black, Secretary of the Public Service District Board of the Hamlin Public Service District, Lincoln County, West Virginia, do hereby certify that at a meeting of said Board duly called and held on the 8th day of May, 1968, the foregoing resolution was approved and adopted by the unanimous vote of all of the members of said Board.

Dated this 8th day of May, 1968.

M. Edwin Black
Secretary of the Board



§ 16-13-24. Article to be construed liberally.

This article being necessary for the public health, safety and welfare, it shall be liberally construed to effectuate the purpose thereof. (1933, Ex. Sess., c. 25, § 24.)

Quoted in West Virginia Water Serv. Co. v. Cunningham, 143 W. Va. 1, 98 S.E.2d 891 (1957).

ARTICLE 13A.

PUBLIC SERVICE DISTRICTS FOR WATER, SEWERAGE AND GAS SERVICES.

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|---|---|
| Sec. | Sec. |
| 16-13A-1. Legislative findings. | 16-13A-10. Budget. |
| 16-13A-1a. Jurisdiction of the public service commission. | 16-13A-11. Accounts; audit. |
| 16-13A-1b. County commissions to develop plan to create, consolidate, merge, expand or dissolve public service districts. | 16-13A-12. Disbursement of district funds. |
| 16-13A-1c. General purpose of districts. | 16-13A-13. Revenue bonds. |
| 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. | 16-13A-14. Items included in cost of properties. |
| 16-13A-3. District to be a public corporation and political subdivision; powers thereof; public service boards. | 16-13A-15. Bonds may be secured by trust indenture. |
| 16-13A-3a. Removal of members of public service board. | 16-13A-16. Sinking fund for revenue bonds. |
| 16-13A-4. Board chairman; members' compensation; procedure; district name. | 16-13A-17. Collection, etc., of revenues and enforcement of covenants; default; suit, etc., by bondholder or trustee to compel performance of duties; appointment and powers of receiver. |
| 16-13A-5. General manager of board. | 16-13A-18. Operating contracts. |
| 16-13A-6. Employees of board. | 16-13A-18a. Sale, lease or rental of water, sewer or gas system by district; distribution of proceeds. |
| 16-13A-7. Acquisition and operation of district properties. | 16-13A-19. Statutory mortgage lien created; foreclosure thereof. |
| 16-13A-8. Acquisition and purchase of public service properties; right of eminent domain; extraterritorial powers. | 16-13A-20. Refunding revenue bonds. |
| 16-13A-9. Rules; service rates and charges; discontinuance of service; required water and sewer connections; lien for delinquent fees. | 16-13A-21. Complete authority of article; liberal construction; district to be public instrumentality; tax exemption. |
| 16-13A-9a. Limitations with respect to foreclosure. | 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. |
| | 16-13A-23. Validation of acts and proceedings of public service boards. |
| | 16-13A-24. Acceptance of loans, grants or temporary advances. |
| | 16-13A-25. Borrowing and bond issuance; procedure. |

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

Textbooks. — Instructions for Virginia and West Virginia (3rd ed.), § 24-128.10.

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

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

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

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

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

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

§ 16-13A-1. Legislative findings.

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

In addition to the expanded powers which shall be given to the public service commission, the Legislature also concludes that it is in the best interest of the public for each county commission to review current technology available and consider consolidating existing public service districts where it is feasible and will not result in the interference with existing bond instruments. Further, if such consolidation is not feasible, the Legislature finds that it is in the best interest of the public for each county commission to review current technology available and consider consolidating or centralizing the management of public service districts within its county or multi-county area to achieve efficiency of operations. The Legislature also finds that additional guidelines should be imposed on the creation of new public service districts and that county commissions shall dissolve inactive public service districts as hereinafter provided. The Legislature also finds that the public service commission shall promulgate rules and regulations to effectuate the expanded powers given to the commission relating to public service districts. (1953, c. 147; 1980, c. 60; 1986, c. 81.)

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 provi-

sions of this article. Op. Att'y Gen., June 27, 1973.

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

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

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

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

- (a) To study, modify, approve, deny or amend the plans created under section one-b [§ 16-13A-1b] of this article for consolidation or merger of public service districts and their facilities, personnel or administration;
- (b) To petition the appropriate circuit court for the removal of a public service district board member or members; and
- (c) To create by general order a separate division within the public service commission to provide assistance to public service districts in technological, operational, financial and regulatory matters. (1986, c. 81.)

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

Each county commission shall conduct a study of all public service districts which have their principal offices within its county and shall develop a plan relating to the creation, consolidation, merger, expansion or dissolution of such districts or the consolidation or merger of management and administrative services and personnel and shall present such plan to the public service commission for approval, disapproval, or modification: Provided, That within ninety days of the effective date of this section each county commission in this state shall elect either to perform its own study or request that the public service commission perform such study. Each county commission electing to perform its own study has one year from the date of election to present such plan to the public service commission. For each county wherein the county commission elects not to perform its own study, the public service commission shall conduct a study of such county. The public service commission shall establish a schedule for such studies upon a priority basis, with those counties perceived to have the greatest need of creation or consolidation of public service districts receiving the highest priority. In establishing the priority schedule, and in the performance of each study, the bureau of public health and

the division of environmental protection shall offer their assistance and cooperation to the public service commission. Upon completion by the public service commission of each study, it shall be submitted to the appropriate county commission for review and comment. Each county commission has six months in which to review the study conducted by the public service commission, suggest changes or modifications thereof, and present such plan to the public service commission. All county plans, whether conducted by the county commission itself or submitted as a result of a public service commission study, shall, by order, be approved, disapproved or modified by the public service commission in accordance with rules promulgated by the public service commission and such order shall be implemented by the county commission. (1986, c. 81; 1994, c. 61.)

Effect of amendment of 1994. — The amendment substituted "bureau of public health" for "department of health"; substituted "division of environmental protection" for "department of natural resources"; deleted "and regulations" following "rules" in the last sentence; and made stylistic changes.

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

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

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

The county commission of any county may, on its own motion by order duly adopted or upon the recommendation of the public service commission, propose the creation of such public service district within such county, setting forth in

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

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

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

cient to identify the proposed district, or in the limits of such e. Any petition for description, including embraced therein r the effective date ct shall be created oval of the public n accordance with nmission and may county commission may be included e or more cities, own and operate ot it includes one corporations being ed, however, That ries of more than r part thereof is district organized : furnished within incorporated town boundaries of such ne governing body on consenting.

county commission oposed district is co v, then such on. ssion of the nd a copy thereof s of the county erritory extends. hall present it to eeting after such reof.

order on its own oresaid, or when nty commission on the creation all be not more ch action. If the one county, the ide for notifying er counties into s of the county nd public service

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

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

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

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

Textbooks. — Instructions for Virginia and West Virginia (3rd ed.), § 24-128.10.

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, enlarge-

ment or reduction of such public service district, which action is not subject to protest or public referendum; (4) the county commission may, on its own motion or on the basis of such proper petition, enter an order creating, enlarging or reducing a public service district, which such action and order are subject to a hearing requiring proper notice, and a formal protest and public referendum depending upon the number of qualified voters who protest such action. Op. Att'y Gen., Nov. 13, 1975.

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

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

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

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

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

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

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

maximum of forty years, but provisions may be included therein for a renewal or successive renewals thereof and shall conform to and comply with the rights of the holders of any outstanding bonds issued by the municipalities for the public service properties.

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

Each city, incorporated town or other municipal corporation having a population of more than three thousand but less than eighteen thousand is 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 become members of the board without any further act or proceedings. If the number of members of the board so appointed by the governing bodies of cities, incorporated towns or other municipal corporations included in the district equals or exceeds three, then no further members shall be appointed to the board and the members so appointed are the board of the district.

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 become members of 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 member or members appointed by the governing bodies of the cities, incorporated towns or other

municipal corporations included within the district and the additional member or members appointed by the county commission as aforesaid, are the board of the district. A person may serve as a member of the board in one or more public service districts.

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

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

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 chair and by appointing a secretary and a treasurer who need not be members of the board. The secretary shall keep a record of all proceedings of the board which shall be available for inspection as other public records. Duplicate records shall be filed with the county commission and shall include the minutes of all board meetings. The treasurer is lawful custodian of all funds of the public service district and shall pay same out on orders authorized or approved by the board. The secretary and treasurer shall perform other duties appertaining to the affairs of the district and shall receive salaries as shall be prescribed by the board. The treasurer shall furnish bond in an amount to be fixed by the board for the use and benefit of the district.

The members of the board, and the chair, secretary and treasurer thereof, shall make available to the county commission, at all times, all of its books and records pertaining to the district's operation, finances and affairs, for inspec-

tion and audit. The board shall meet at least monthly. (1953, c. 147; 1965, c. 134; 1971, c. 72; 1981, c. 124; 1983, c. 166; 1986, c. 81; 1994, c. 61.)

Effect of amendment of 1994. — The amendment, in the second paragraph, substituted "bureau of public health" for "department of health," and substituted "division of environmental protection" for "department of natural resources"; in the third paragraph, deleted "not" prior to "less than eighteen thousand," deleted "shall thereby" prior to "become members," and substituted "so appointed are" for "shall be and constitute"; deleted "and constitute" prior to "the board of the district" in the fourth paragraph; deleted "additional" prior to "member or members" in the fifth paragraph; deleted "and regulations" following "rules" in the seventh paragraph; deleted "the" prior to "same out on orders" in the penultimate paragraph; and made stylistic changes.

Textbooks. — Instructions for Virginia and West Virginia (3rd ed.), § 24-128.10.

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.

Compensation of board members for performing additional duties prohibited.

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

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

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

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

Textbooks. — Instructions for Virginia and West Virginia (3rd ed.), § 24-128.10.

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

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

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

§ 16-13A-5

PUBLIC HEALTH

Compensation of board members for performing additional duties prohibited.
— Board members of a public service district could not be compensated for performing the

duties of treasurer and/or secretary, or for reading meters for the public service district. Op. Att'y Gen., July 14, 1988, No. 2.

§ 16-13A-5. General manager of board.

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

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

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

§ 16-13A-6. Employees of board.

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

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

The board of such districts shall have the supervision and control of all public service properties acquired or constructed by the district, and shall have the power, and it shall be its duty, to maintain, operate, extend and improve the same. All contracts involving the expenditure by the district of more than five thousand dollars for construction work or for the purchase of equipment and improvements, extensions or replacements, shall be entered into only after

notice inviting bids shall have been published as a Class I legal advertisement in compliance with the provisions of article three [§ 59-3-1 et seq.], chapter fifty-nine of this code, and the publication area for such publication shall be as specified in section two [§ 16-13A-2] of this article in the county or counties in which the district is located. The publication shall not be less than ten days prior to the making of any such contract. To the extent allowed by law, in-state contractors shall be given first priority in awarding public service district contracts. It shall be the duty of the board to ensure that local in-state labor shall be utilized to the greatest extent possible when hiring laborers for public service district construction or maintenance repair jobs. It shall further be the duty of the board to encourage contractors to use American-made products in their construction to the extent possible. Any obligations incurred of any kind or character shall not in any event constitute or be deemed an indebtedness within the meaning of any of the provisions or limitations of the constitution, but all such obligations shall be payable solely and only out of revenues derived from the operation of the public service properties of the district or from proceeds of bonds issued as hereinafter provided. No continuing contract for the purchase of materials or supplies or for furnishing the district with electrical energy or power shall be entered into for a longer period than fifteen years. (1953, c. 147; 1967, c. 105; 1981, c. 124; 1982, c. 24; 1986, c. 81.)

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

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

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

of any revenue bonds or obligations theretofore issued by such cities, incorporated towns or other municipal corporations then outstanding and in accordance with the ordinance, resolution or other proceedings which authorize the issuance of such revenue bonds or obligations.

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

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

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

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

Nuisance is element of just compensation. — If a facility creates a nuisance this harm is simply an element of just compensation in an eminent domain proceeding. *Sexton v. Public Serv. Comm'n*, 188 W. Va. 305, 423 S.E.2d 914 (1992).

Procedure for affixing compensable interests. — Public service commission, in the absence of specific statutory authority, is not empowered to determine whether particular property interests acquired or to be acquired by a utility are compensable in an eminent domain action, or to render any type of monetary judgment for such property interests. Affixing the value of the property taken is the function of the trier of fact in an eminent domain proceeding. *Sexton v. Public Serv. Comm'n*, 188 W. Va. 305, 423 S.E.2d 914 (1992).

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

The board may make, enact and enforce all needful rules and regulations in connection with the acquisition, construction, improvement, extension, man-

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

In the event that any publicly or privately owned utility, city, incorporated town, other municipal corporation or other public service district included within the district owns and operates separately either water facilities or

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

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

operation costs for such extra installation should be reflected in the users charge for approval of the public service commission. The circuit court shall adjudicate the merits of such petition by summary hearing to be held not later than thirty days after service of petition to the appropriate owners, tenants or occupants.

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

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

Anything in this section to the contrary notwithstanding, any establishment, as defined in section three [§ 22-11-3], article eleven, chapter twenty-two, now or hereafter operating its own sewage disposal system pursuant to a permit issued by the division of environmental protection, as prescribed by section eleven [§ 22-11-11], article eleven, chapter twenty-two of this code, is exempt from the provisions of this section. (1953, c. 147; 1965, c. 134; 1980, c. 60; 1981, c. 124; 1986, c. 81; 1989, c. 174; 1994, c. 61.)

Effect of amendment of 1994. — The amendment substituted "bureau of public health" for "department of health" throughout the section; deleted "and regulations" following "reasonable rules" in the first paragraph and following "all rules" in the second paragraph; and made stylistic changes.

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

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

Abandonment of private systems. — Where a public service district requires a property owner, tenant, or occupant to connect onto its sewer system and to abandon a private sewer system located on the property, such person cannot recover from the public service district the value of the private system on the ground that such abandonment constitutes a taking of private property without just compensation within the meaning of W. Va. Const., art.

III. § 9. Kingmill Valley Pub. Serv. Dist. v. Riverview Estates Mobile Home Park, 182 W. Va. 116, 386 S.E.2d 483 (1989).

When duty arises. — Owners, tenants, or occupants have a duty under this section to pay rates and charges for the district sewer facilities from and after the date of receipt of notice (now 30 days after receipt) that such facilities are available. Rhodes v. Maiden Pub. Serv.

Dist., 301 S.E.2d 601 W Va 1983 construing this section prior to 1980 and 1981 amendments.

Sewage lagoons buffer-zone requirements. — Public Service Commission did not err in finding that the proposed sewage lagoons site satisfied the buffer-zone requirements. Sexton v. Public Serv. Comm'n, 188 W Va 305, 423 S.E.2d 914 (1992).

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

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

§ 16-13A-10. Budget.

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

Textbooks. — Instructions for Virginia and West Virginia (3rd ed.), § 24-128.10.

§ 16-13A-11. Accounts; audit.

The general manager, under direction of the board, shall install and maintain a proper system of accounts, in accordance with all rules, regulations or orders pertaining thereto by the public service commission, showing receipts from operation and application of the same, and the board shall at least once a year cause such accounts to be properly audited: Provided, That such audit

may be any audit by an independent public accountant completed within one year of the time required for the submission of the report: Provided, however, That if the district is required to have its books, records and accounts audited annually by an independent certified public accountant as a result of any covenant in any board resolution or bond instrument, a copy of such audit may be submitted in satisfaction of the requirements of this section, and is hereby found, declared and determined to be sufficient to satisfy the requirements of article nine [§ 6-9-1 et seq.], chapter six of this code pertaining to the annual audit report by the state tax commission. A copy of the audit shall be forwarded within thirty days of submission to the county commission and to the public service commission.

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

Textbooks. — Instructions for Virginia and West Virginia (3rd ed.), § 24-128.10.

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

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

§ 16-13A-13. Revenue bonds.

For constructing or acquiring any public service properties for the authorized purposes of the district, or necessary or incidental thereto, and for constructing improvements and extensions thereto, and also for reimbursing or paying the costs and expenses of creating the district, the board of any such district is hereby authorized to borrow money from time to time and in evidence thereof issue the bonds of such district, payable solely from the revenues derived from the operation of the public service properties under control of the district. Such bonds may be issued in one or more series, may bear such date or dates, may mature at such time or times not exceeding forty

years from their respective dates, may bear interest at such rate or rates not exceeding eighteen percent per annum payable at such times, may be in such form, may carry such registration privileges, may be executed in such manner, may be payable at such place or places, may be subject to such terms of redemption with or without premium, may be declared or become due before maturity date thereof, may be authenticated in any manner, and upon compliance with such conditions, and may contain such terms and covenants as may be provided by resolution or resolutions of the board. Notwithstanding the form or tenor thereof, and in the absence of any express recital on the face thereof, that the bond is nonnegotiable, all such bonds shall be, and shall be treated as, negotiable instruments for all purposes. Bonds bearing the signatures of officers in office on the date of the signing thereof shall be valid and binding for all purposes notwithstanding that before the delivery thereof any or all of the persons whose signatures appear thereon shall have ceased to be such officers. Notwithstanding the requirements or provisions of any other law, any such bonds may be negotiated or sold in such manner and at such time or times as is found by the board to be most advantageous, and all such bonds may be sold at such price that the interest cost of the proceeds therefrom does not exceed nineteen percent per annum, based on the average maturity of such bonds and computed according to standard tables of bond values. Any resolution or resolutions providing for the issuance of such bonds may contain such covenants and restrictions upon the issuance of additional bonds thereafter as may be deemed necessary or advisable for the assurance of the payment of the bonds thereby authorized. (1953, c. 147; 1970, cc. 11, 12; 1970, 1st Ex. Sess., c. 2; 1980, c. 33; 1981, 1st Ex. Sess., c. 2; 1989, c. 174.)

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

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

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

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

In the discretion and at the option of the board such bonds may be secured by a trust indenture by and between the district and a corporate trustee, which may be a trust company or bank having powers of a trust company within or without the State of West Virginia, but no such trust indenture shall convey mortgage or create any lien upon the public service properties or any part thereof. The resolution authorizing the bonds and fixing the details thereof may provide that such trust indenture may contain such provisions for protecting and enforcing the rights and remedies of bondholders as may be reasonable and proper, not in violation of law, including covenants setting forth the duties of the district and the members of its board and officers in relation to the construction or acquisition of public service properties and the improvement, extension, operation, repair, maintenance and insurance thereof, and the custody, safeguarding and application of all moneys, and may provide that all or any part of the construction work shall be contracted for, constructed and paid for, under the supervision and approval of consulting engineers employed or designated by the board and satisfactory to the original bond purchasers, their successors, assignees or nominees, who may be given the right to require the security given by contractors and by any depository of the proceeds of bonds or revenues of the public service properties or other money pertaining thereto be satisfactory to such purchasers, their successors, assignees or nominees. Such indenture may set forth the rights and remedies of the bondholders and such trustee. (1953, c. 147.)

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

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

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

The board of any such district shall have power to insert enforceable provisions in any resolution authorizing the issuance of bonds relating to the collection, custody and application of revenues of the district from the

operation of the public service properties under its control and to the enforcement of the covenants and undertakings of the district. In the event there shall be default in the sinking fund provisions aforesaid or in the payment of the principal or interest on any of such bonds or, in the event the district or its board or any of its officers, agents or employees, shall fail or refuse to comply with the provisions of this article, or shall default in any covenant or agreement made with respect to the issuance of such bonds or offered as security therefor, then any holder or holders of such bonds and any such trustee under the trust indenture, if there be one, shall have the right by suit, action, mandamus or other proceeding instituted in the circuit court for the county or any of the counties wherein the district extends, or in any other court of competent jurisdiction, to enforce and compel performance of all duties required by this article or undertaken by the district in connection with the issuance of such bonds, and upon application of any such holder or holders, or such trustee, such court shall, upon proof of such defaults, appoint a receiver for the affairs of the district and its properties, which receiver so appointed shall forthwith directly, or by his agents and attorneys, enter into and upon and take possession of the affairs of the district and each and every part thereof, and hold, use, operate, manage and control the same, and in the name of the district exercise all of the rights and powers of such district as shall be deemed expedient, and such receiver shall have power and authority to collect and receive all revenues and apply same in such manner as the court shall direct. Whenever the default causing the appointment of such receiver shall have been cleared and fully discharged and all other defaults shall have been cured, the court may in its discretion and after such notice and hearing as it deems reasonable and proper direct the receiver to surrender possession of the affairs of the district to its board. Such receiver so appointed shall have no power to sell, assign, mortgage, or otherwise dispose of any assets of the district except as hereinbefore provided. (1953, c. 147.)

Rules of Civil Procedure. — As to abolition of the procedural distinctions between law and equity, see Rule 2.

As to receivers, see Rule 66.

As to application of rules to writ of mandamus, see Rule 81(a)(5).

As to effect of rules on jurisdiction and venue, see Rule 82.

Mandamus. — Mandamus is a proper remedy to be pursued by the holder of a municipal revenue bond to require a municipal corporation to comply with rate covenants in its rev-

enue bonds. *State ex rel. Allstate Ins. Co. v. Union Pub. Serv. Dist.*, 151 W. Va. 207, 151 S.E.2d 102 (1966).

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

§ 16-13A-18. Operating contracts.

The board may enter into contracts or agreements with any persons, firms or corporations for the operation and management of the public service properties within the district, or any part thereof, for such period of time and under such terms and conditions as shall be agreed upon between the board and such persons, firms or corporations. The board shall have power to provide in the

resolution authorizing the issuance of bonds, or in any trust indenture securing such bonds, that such contracts or agreements shall be valid and binding upon the district as long as any of said bonds, or interest thereon, are outstanding and unpaid. (1953, c. 147.)

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

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

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

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

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

Rules of Civil Procedure. — As to abolition of the procedural distinctions between law and equity, see Rule 2.

The provision granting to bondholders a

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

§ 16-13A-20. Refunding revenue bonds.

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

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

Combination of two outstanding bond issues into one refunding bond issue may well be restricted by the use of the singular

language in this section. Op. Att'y Gen., July 8, 1976.

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

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

This article is full and complete authority for the creation of public service districts and for carrying out the powers and duties of same as herein provided. The provisions of this article shall be liberally construed to accomplish its purpose and no procedure or proceedings, notices, consents or approvals, are required in connection therewith except as may be prescribed by this article: Provided, That all functions, powers and duties of the public service commission of West Virginia, the bureau of public health, the division of environmental protection and the environmental quality board remain unaffected by this article. Every district organized, consolidated, merged or expanded under this article is a public instrumentality created and functioning in the interest and for the benefit of the public, and its property and income and any bonds issued by it are exempt from taxation by the state of West Virginia, and the other taxing bodies of the state: Provided, however, That the board of any such district may use and apply any of its available revenues and income for the payment of what such board determines to be tax or license fee equivalents to any local taxing body and in any proceedings for the issuance of bonds of such district may reserve the right to annually pay a fixed or computable sum to such taxing bodies as such tax or license fee equivalent. (1953, c. 147; 1986, c. 81; 1994, c. 61.)

Effect of amendment of 1994. — The amendment substituted "bureau of public health, the division of environmental protection and the environmental quality board" for "state department of health and the state water resources board"; deleted "declared" preceding "a public instrumentality"; and made stylistic changes.

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

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

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

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

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

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

All acts and proceedings taken by any public service board the members of which were appointed, prior to the date this section takes effect [March 13, 1965], by any county court 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.)

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§ 16-13A-24

PUBLIC HEALTH

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

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

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

Permissible borrowing by public service districts. — The borrowing by public service districts of money from counties and/or municipi-

palities, as evidenced by a note, is permissible borrowing under this section. Op. Att'y Gen., May 6, 1988, No. 27.

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

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

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of chapter twenty-four [§ 24-1-1 et seq.] of this code, when a public service district is seeking to acquire or construct public service property.

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

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

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

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

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

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

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

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

Certificate of necessity and convenience. — Under this section, a public service district must first obtain a certificate of public convenience and necessity before it can acquire or construct public service property. *Sexton v. Public Serv. Comm'n*, 188 W. Va. 305, 423 S.E.2d 914 (1992).

Eminent domain not subject to public

service commission review. — Although construction of a new facility proposed by a utility will often require the taking of private property through eminent domain, in the absence of express statutory language, the public service commission has no duty to review and decide issues that are inherent in the eminent domain proceeding. *Sexton v. Public Serv. Comm'n*, 188 W. Va. 305, 423 S.E.2d 914 (1992).

ARTICLE 13B.

COMMUNITY IMPROVEMENT ACT.

Sec.

16-13B-1. Short title.

16-13B-2. Definitions.

16-13B-3. Power and authority of counties and municipalities relating to flood relief, wastewater and water projects.

Sec.

16-13B-4. Determination of need and feasibility of creating an assessment district.

16-13B-5. Notice to property owners before creation of assessment district and construction of project.

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ARTICLE 13A.

PUBLIC SERVICE DISTRICTS FOR WATER, SEWERAGE AND GAS SERVICES.

Sec. 16-13A-2. Creation of districts by county commission; enlarging, reducing, merging, or dissolving district; consolidation; agreements, etc.; infringing upon powers of

Sec. 16-13A-25. Borrowing and bond issuance; procedure county commission; filing list of members and districts with the secretary of state.

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

Cited in State ex rel. Water Dev. Auth. v. Northern Wayne County Pub. Serv. Dist., 464 S.E.2d 777 (W. Va. 1995).

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

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

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

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

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

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

(f) If the county commission determines that any other public service district or districts can adequately serve the area of the proposed public service district, whether by enlargement, reduction, merger, dissolution or consolidation, it shall refuse to enter the order, but shall enter an order creating, enlarging, reducing, merging, dissolving or consolidating the area with an existing public service district, in accordance with rules adopted by the public service commission for such purpose: Provided, That no enlargement of a public service district may occur if the present or proposed physical facilities of the public service district are determined by the appropriate county commission or the public service commission to be inadequate to provide such enlarged service. The clerk of the county commission of each county into which any part of such district extends shall retain in his office an authentic copy of the order creating, enlarging, reducing, merging, dissolving or consolidating the district: Provided, however, That within ten days after the entry of an order creating, enlarging, reducing, merging, dissolving or consolidating a district, such order must be filed for review and approval by the public service commission. The public service commission shall provide a hearing in the affected county on the matter and may approve, reject or modify the order of the county commission if it finds it is in the best interests of the public to do so. The public service commission shall adopt rules relating to such filings and the approval, disapproval or modification of county commission orders for creating, enlarging, merging, dissolving or consolidating districts. The provisions of this section shall not apply to the implementation by a county commission of an order issued by the public service commission pursuant to this section and section one-b [§ 16-13A-1b] of this article.

(g) The county commission may, if in its discretion it deems it necessary, feasible and proper, enlarge the district to include additional areas, reduce the area of the district, where facilities, equipment, service or materials have not

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

(h) A list of all districts and their current board members shall be filed by the county commission with the secretary of state and the public service commission by the first day of July of each year. (1953, c. 147; 1965, c. 134; 1967, c. 105; 1975, c. 140; 1980, c. 60; 1981, c. 124; 1986, c. 81; 1995, c. 125.)

Effect of amendment of 1995. — The amendment added the subsection designations; in (a), rewrote the former first sentence as the present first two sentences; inserted "enlargement, reduction, merger, dissolution or consolidation" following "creation" throughout (c), (d), and (e); inserted "enlarge, reduce, merge, dissolve or consolidate" twice in (e); rewrote (f); in (g), substituted "create" for "establish" in the first sentence, deleted "with like effect as if a

district were being created" from the end of the second sentence, and substituted "enlargement" for "expansion" in the third sentence; and made stylistic changes.

Editor's notes. — Concerning the reference in (a) to "the effective date of this section," this language was added by Acts 1986, c. 81, which passed March 8, 1986, and became effective ninety days from passage.

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

Quoted in State ex rel. Water Dev. Auth. v. Northern Wayne County Pub. Serv. Dist., 464 S.E.2d 777 (W. Va. 1995).

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

Notwithstanding any other provisions of this article to the contrary, a public service district shall not borrow money, enter into contracts for the provision of engineering, design or feasibility studies, issue or contract to issue revenue bonds or exercise any of the powers conferred by the provisions of section

thirteen, twenty or twenty-four [§ 16-13A-13, § 16-13A-20 or § 16-13A-24] of this article, without the prior consent and approval of the public service commission. Unless the properties to be constructed or acquired represent ordinary extensions or repairs of existing systems in the usual course of business, a public service district must first obtain a certificate of public convenience and necessity from the public service commission in accordance with the provisions of chapter twenty-four [§ 24-1-1 et seq.] of this code, when a public service district is seeking to acquire or construct public service property.

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

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

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

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

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

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

In the event of disapproval, the reasons for the disapproval shall be assigned in writing by the commission. (1969, 1st Ex. Sess., c. 6; 1981, c. 124; 1986, c. 81; 1996, c. 213.)

Effect of amendment of 1996. — The amendment, in the second paragraph, substituted "Thirty days" for "Sixty days" and inserted "public service" preceding the second occurrence of "district"; inserted "public service" in (d); and made stylistic changes.

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