Huttonsville Public Service District
Water Revenue Bonds
Series 2004 A (West Virginia Infrastructure Fund) and
Series 2004 B (United States Department of Agriculture)

Date of Closing: August 25, 2004

JACKSON KELLY
ATTORNEYS AT LAW PLLC

HUTTONSVILLE PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS,
SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND
SERIES 2004 B (UNITED STATES DEPARTMENT OF AGRICULTURE)

Closing Date: August 25, 2004

TRANSCRIPT OF PROCEEDINGS

DOCUMENT NO.	DESCRIPTION	INDEX NO.
	I. Organizational Documents	
1.1	Certified copies of Chapter 16, Article 13A and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended.	1
1.2	Orders of The County Commission of Randolph County Creating and Enlarging Huttonsville Public Service District (the "Issuer").	2
1.3	Orders of The County Commission of Randolph County Appointing Members of the Public Service Board of the Issuer (the "Board").	3
1.4	Oaths of Office of the Board Members.	4
1.5	Rules of Procedure.	5
1.6	Minutes of Current Year Organizational Meeting.	6
	II. Authorizing Documents	
2.1	Public Service Commission Order.	7
2.2	Infrastructure Council Approval Letter.	8

2.3	Infrastructure Council Loan Agreement.	9
2.4	USDA Letter of Conditions.	10
2.5	USDA Closing Letter.	11
2.6	USDA Loan Resolution.	12
2.7	Minutes of Board Meeting regarding Adoption of USDA Loan Resolution.	13
2.8	Bond Resolution.	14
2.9	Supplemental Resolution.	15
2.10	Minutes of Board Meeting regarding Adoption of Bond Resolution and Supplemental Resolution.	16
2.11	Affidavits of Publication regarding Notice of Borrowing and Notice of Meeting to Adopt Bond Resolution and Supplemental Resolution.	17
2.12	Specimen Series 2004 A Bond.	18
2.13	Specimen Series 2004 B Bond.	19
2.14	Bond Register.	20
2.15	1996 Bond Resolution.	21
2.16	2000 A Bond Resolution and Supplemental Resolution.	22
2.17	USDA Consent to Issuance of Parity Bonds.	23

III. Certificates, Receipts and Other Documents

3.1	General Certificate.	24
3.2	Certificate as to Use of Proceeds.	25

3.3	Certificate of Secretary as to Truth and Accuracy of Documents Delivered.	26
3.4	Certificate of Consulting Engineer.	27
3.5	Certificate of Accountant.	28
3.6	Certificate of No Litigation.	29
3.7	Receipt for Bonds.	30
3.8	Receipt for Bond Proceeds.	31
3.9	Request and Authorization to Authenticate and Deliver Series 2004 A Bonds.	32
3.10	Registrar's Agreement.	33
3.11	Certificate of Registration of Series 2004 A Bonds.	34
3.12	Acceptance of Appointment As Depository Bank.	35
3.13	Municipal Bond Commission New Issue Report Forms.	36
3.14	Environmental Health Services Permit.	37
3.15	Evidence of Insurance.	38
3.16	Infrastructure Council Grant Agreement.	39
3.17	USDA Grant Agreement.	40
3.18	Small Cities Block Grant Letter.	41
3.19	Water Purchase Contract with City of Elkins.	42
3.20	Closing Memorandum.	43

IV. Opinions

4.1	Opinion of Jackson Kelly PLLC, Bond Counsel, on Series 2004 A Bonds.	44
4.2	Opinion of Jackson Kelly PLLC, Bond Counsel, on Series 2004 B Bonds.	45
4.3	Opinion of Counsel to Issuer.	46
4.4	Final Title Opinion.	47

07/08/04
000630/00306

State of West Virginia

Certificate

I, Joe Manchin, III, Secretary of State of the State of West Virginia, hereby certify that

THIS IS A TRUE COPY OF CHAPTER 16, ARTICLE 13A, OF THE WEST VIRGINIA CODE, AND CHAPTER 16, ARTICLE 13A, OF THE 2004 CUMULATIVE SUPPLEMENT TO THE WEST VIRGINIA CODE, AS INDICATED BY THE RECORDS OF THIS OFFICE.

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

August 9, 2004

Secretary of State

1A

jurisdiction and authority provided by this section does not extend to highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia division of highways and no rates, fees or charges for stormwater services or costs of compliance may be assessed against highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia division of highways. (1955, c. 135; 1967, c. 105; 1994, c. 61; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, substituted "the" for "such" throughout, substituted "the" for "said" throughout, inserted "fees" following "rates" throughout; in the first paragraph, inserted "and/or stormwater system" following "existing sewer system", inserted "or stormwater system" following "such sewer system"; in the second paragraph, inserted "or stormwater" following "sewage", inserted "or stormwater facilities" following "sewer facilities"; in the fourth paragraph, added "or entire stormwater works" to the end; in the sixth paragraph, deleted "such" following "fixing" and "publication of"; in the eighth paragraph, deleted "such" preceding "rates" twice; and in the last paragraph, added the proviso.

Applied in City of Morgantown v. Town of Star City, 156 W. Va. 529, 195 S.E.2d 166 (1973).

§ 16-13-24. Article to be construed liberally.

This article being necessary for the public health, safety and welfare, it shall be liberally construed to effectuate the purpose thereof. (1933, Ex. Sess., c. 25, § 24.)

Quoted in West Virginia Water Serv. Co. v. Cunningham, 143 W. Va. 1, 98 S.E.2d 891 (1957).

ARTICLE 13A.

PUBLIC SERVICE DISTRICTS FOR WATER, SEWERAGE AND GAS SERVICES.

Sec.
16-13A-1. Legislative findings.
16-13A-1a. Jurisdiction of the public service commission.
16-13A-1b. County commissions to develop plan to create, consolidate, merge, expand or dissolve public service districts.
16-13A-1c. General purpose of districts.
16-13A-2. Creation of districts by county commission; enlarging, reducing, merging, or dissolving district; consolidation; agreements, etc.; infringing upon powers of county commission; filing list of members and districts with the secretary of state.
16-13A-3. District to be a public corporation and political subdivision; powers thereof; public service boards.
16-13A-3a. Removal of members of public service board.
16-13A-4. Board chairman; members' compensation; procedure; district name.
16-13A-5. General manager of board.
16-13A-6. Employees of board.
16-13A-7. Acquisition and operation of district properties.
16-13A-8. Acquisition and purchase of public service properties; right of eminent domain; extraterritorial powers.
16-13A-9. Rules; service rates and charges; discontinuance of service; required water and sewer connections; lien for delinquent fees.
16-13A-9a. Limitations with respect to foreclosure.

Sec.
16-13A-10. Budget.
16-13A-11. Accounts; audit.
16-13A-12. Disbursement of district funds.
16-13A-13. Revenue bonds.
16-13A-14. Items included in cost of properties.
16-13A-15. Bonds may be secured by trust indenture.
16-13A-16. Sinking fund for revenue bonds.
16-13A-17. Collection, etc., of revenues and enforcement of covenants; default; suit, etc., by bondholder or trustee to compel performance of duties; appointment and powers of receiver.
16-13A-18. Operating contracts.
16-13A-18a. Sale, lease or rental of water, sewer or gas system by district; distribution of proceeds.
16-13A-19. Statutory mortgage lien created; foreclosure thereof.
16-13A-20. Refunding revenue bonds.
16-13A-21. Complete authority of article; liberal construction; district to be public instrumentality; tax exemption.
16-13A-22. Validation of prior acts and proceedings of county courts for creation of districts, inclusion of additional territory, and appointment of members of district boards.
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.

Textbooks. — Instructions for Virginia and West Virginia, Publisher's Editorial Staff (Michie).

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

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

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

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

Cited in Berkeley County Pub. Serv. Dist. v. Vitro Corp. of Am., 152 W. Va. 252, 162 S.E.2d 189 (1968); State v. Neary, 179 W. Va. 115, 365 S.E.2d 395 (1987); McClung Invs., Inc. v. Green Valley Community Pub. Serv. Dist, 199 W. Va. 490, 485 S.E.2d 434 (1997).

---

§ 16-13A-1. Legislative findings.

The Legislature of the state of West Virginia hereby determines and finds that the present system of public service districts within the state has provided a valuable service at a reasonable cost to persons who would otherwise have been unable to obtain public utility services. To further this effort, and to ensure that all areas of the state are benefiting from the availability of public service district utility services and to further correct areas with health hazards, the Legislature concludes that it is in the best interest of the public to implement better management of public service district resources by expanding the ability and the authority of the public service commission to assist public service districts by offering advice and assistance in operational, financial and regulatory affairs.

In addition to the expanded powers which shall be given to the public service commission, the Legislature also concludes that it is in the best interest of the public for each county commission to review current technology available and consider consolidating existing public service districts where it is feasible and will not result in the interference with existing bond instruments. Further, if such consolidation is not feasible, the Legislature finds that it is in the best interest of the public for each county commission to review current technology available and consider consolidating or centralizing the management of public service districts within its county or multi-county area to achieve efficiency of operations. The Legislature also finds that additional guidelines should be imposed on the creation of new public service districts and that county commissions shall dissolve inactive public service districts as hereinafter provided. The Legislature also finds that the public service commission shall promulgate rules and regulations to effectuate the expanded powers given to the commission relating to public service districts. (1953, c. 147; 1980, c. 60; 1986, c. 81.)

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

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

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

Cited in State ex rel. APCO v. Gainer, 149 W. Va. 740, 143 S.E.2d 351 (1965); Shobe v. Latimer, 162 W. Va. 779, 253 S.E.2d 54 (1979).

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

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

(a) To study, modify, approve, deny or amend the plans created under section one-b [§ 16-13A-1b] of this article for consolidation or merger of public service districts and their facilities, personnel or administration;

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

(c) To create by general order a separate division within the public service commission to provide assistance to public service districts in technological, operational, financial and regulatory matters. (1986, c. 81.)

Cited in State ex rel. Water Dev. Auth. v. Northern Wayne County Pub. Serv. Dist., 195 W. Va. 135, 464 S.E.2d 777 (1995).

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

Each county commission shall conduct a study of all public service districts which have their principal offices within its county and shall develop a plan relating to the creation, consolidation, merger, expansion or dissolution of such districts or the consolidation or merger of management and administrative services and personnel and shall present such plan to the public service commission for approval, disapproval, or modification: Provided, That within ninety days of the effective date of this section each county commission in this state shall elect either to perform its own study or request that the public service commission perform such study. Each county commission electing to perform its own study has one year from the date of election to present such plan to the public service commission. For each county wherein the county commission elects not to perform its own study, the public service commission shall conduct a study of such county. The public service commission shall establish a schedule for such studies upon a priority basis, with those counties perceived to have the greatest need of creation or consolidation of public service districts receiving the highest priority. In establishing the priority schedule, and in the performance of each study, the bureau of public health and the division of environmental protection shall offer their assistance and cooperation to the public service commission. Upon completion by the public service commission of each study, it shall be submitted to the appropriate county commission for review and comment. Each county commission has six months in which to review the study conducted by the public service commission, suggest changes or modifications thereof, and present such plan to the public service commission. All county plans, whether conducted by the county commission itself or submitted as a result of a public service commission study, shall, by order, be approved, disapproved or modified by the public service commission in accordance with rules promulgated by the public service commission and such order shall be implemented by the county commission. (1986, c. 81; 1994, c. 61.)

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

Any territory constituting the whole or any part of one or more counties in the state so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of, properties supplying water or sewerage services or gas distribution services or all of these within such territory, will be conducive to the preservation of the public health, comfort and convenience of such area, may be constituted a public service district under and in the manner provided by this article. The words "public service properties," when used in this article, shall mean and include any facility used or to be used for or in connection with (1) the diversion, development, pumping, impounding, treatment, storage, distribution or furnishing of water to or for the public for industrial, public, private or

other uses (herein sometimes referred to as "water facilities"), (2) the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (herein sometimes referred to as "sewer facilities" or "landfills") or (3) the distribution or the furnishing of natural gas to the public for industrial, public, private or other uses (herein sometimes referred to as "gas utilities or gas system"). (1986, c. 81.)

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

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

(b) The petition shall be filed in the office of the clerk of the county commission of the county in which the territory to constitute the proposed district is situated, and if the territory is situated in more than one county, then the petition shall be filed in the office of the clerk of the county

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

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

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

(e) All persons residing in or owning or having any interest in property in the proposed public service district shall have an opportunity to be heard for and against its creation, enlargement, reduction, merger, dissolution or consolidation. At the hearing the county commission before which the hearing is conducted shall consider and determine the feasibility of the creation, enlargement, reduction, merger, dissolution or consolidation of the proposed district. If the county commission determines that the construction or acquisition by purchase or otherwise and maintenance, operation, improvement and

extension of public service properties by the public service district will be conducive to the preservation of public health, comfort and convenience of such area, the county commission shall by order create, enlarge, reduce, merge, dissolve or consolidate such public service district. If the county commission, after due consideration, determines that the proposed district will not be conducive to the preservation of public health, comfort or convenience of the area or that the creation, enlargement, reduction, merger, dissolution or consolidation of the proposed district as set forth and described in the petition or order is not feasible, it may refuse to enter an order creating the district or it may enter an order amending the description of the proposed district and create, enlarge, reduce, merge, dissolve or consolidate the district as amended.

(f) If the county commission determines that any other public service district or districts can adequately serve the area of the proposed public service district, whether by enlargement, reduction, merger, dissolution or consolidation, it shall refuse to enter the order, but shall enter an order creating, enlarging, reducing, merging, dissolving or consolidating the area with an existing public service district, in accordance with rules adopted by the public service commission for such purpose: Provided, That no enlargement of a public service district may occur if the present or proposed physical facilities of the public service district are determined by the appropriate county commission or the public service commission to be inadequate to provide such enlarged service. The clerk of the county commission of each county into which any part of such district extends shall retain in his office an authentic copy of the order creating, enlarging, reducing, merging, dissolving or consolidating the district: Provided, however, That within ten days after the entry of an order creating, enlarging, reducing, merging, dissolving or consolidating a district, such order must be filed for review and approval by the public service commission. The public service commission shall provide a hearing in the affected county on the matter and may approve, reject or modify the order of the county commission if it finds it is in the best interests of the public to do so. The public service commission shall adopt rules relating to such filings and the approval, disapproval or modification of county commission orders for creating, enlarging, merging, dissolving or consolidating districts. The provisions of this section shall not apply to the implementation by a county commission of an order issued by the public service commission pursuant to this section and section one-b [§ 16-13A-1b] of this article.

(g) The county commission may, if in its discretion it deems it necessary, feasible and proper, enlarge the district to include additional areas, reduce the area of the district, where facilities, equipment, service or materials have not been extended, or dissolve the district if inactive or create or consolidate two or more such districts. If consolidation of districts is not feasible, the county commission may consolidate and centralize management and administration of districts within its county or multi-county area to achieve efficiency of operations: Provided, That where the county commission determines on its own motion by order entered of record, or there is a petition to enlarge the district, merge and consolidate districts, or the management and administration thereof, reduce the area of the district or dissolve the district if inactive,

all of the applicable provisions of this article providing for hearing, notice of hearing and approval by the public service commission shall apply. The commission shall at all times attempt to bring about the enlargement or merger of existing public service districts in order to provide increased services and to eliminate the need for creation of new public service districts in those areas which are not currently serviced by a public service district: Provided, however, That where two or more public service districts are consolidated pursuant to this section, any rate differentials may continue for the period of bonded indebtedness incurred prior to consolidation. The districts may not enter into any agreement, contract or covenant that infringes upon, impairs, abridges or usurps the duties, rights or powers of the county commission, as set forth in this article, or conflicts with any provision of this article.

(h) A list of all districts and their current board members shall be filed by the county commission with the secretary of state and the public service commission by the first day of July of each year. (1953, c. 147; 1965, c. 134; 1967, c. 105; 1975, c. 140; 1980, c. 60; 1981, c. 124; 1986, c. 81; 1995, c. 125.)

Editor's notes. — Concerning the reference in (a) to "the effective date of this section," this language was added by Acts 1986, c. 81, and became effective June 6, 1986.

Textbooks. — Instructions for Virginia and West Virginia, Publisher's Editorial Staff (Michie).

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

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

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

Authority of court. — A county court (now county commission) has authority to add sewerage services to the facilities of a public service district which was created for the purpose of furnishing water services, under appropriate proceedings. Canyon Pub. Serv. Dist. v. Tasa Coal Co., 156 W. Va. 606, 195 S.E.2d 647 (1973).

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

Merger or consolidation of districts. — This section authorizes either merger or consolidation of public service districts. Op. Att'y Gen., June 12, 1985, No. 9.

A merger or consolidation results in one corporation which, in the case of merger, will be the corporation designated by the commissioners as the surviving corporation, and with respect to a consolidation, will be a new corporate entity. Op. Att'y Gen., June 12, 1985, No. 9.

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

Public corporation. — A public service

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

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

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

Applied in Berkeley County Pub. Serv. Sewer Dist. v. West Va. Pub. Serv. Comm'n, 204 W. Va. 279, 512 S.E.2d 201 (1998).

Cited in State v. Neary, 179 W. Va. 115, 365 S.E.2d 395 (1987).

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

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

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

Each city, incorporated town or other municipal corporation having a population of more than three thousand but less than eighteen thousand is

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

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

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

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

Notwithstanding any provision of this code to the contrary, whenever a district is consolidated or merged pursuant to section two [§ 16-13A-2] of this article, the terms of office of the existing board members shall end on the effective date of the merger or consolidation. The county commission shall appoint a new board according to rules promulgated by the public service commission. Whenever districts are consolidated or merged no provision of this code prohibits the expansion of membership on the new board to five.

11—32—14—3880 W-Va. 01 HO- Ba

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

Any vacancy shall be filled for the unexpired term within thirty days, otherwise successor members of the board shall be appointed for terms of six years and the terms of office shall continue until successors have been appointed and qualified. All successor members shall be appointed in the same manner as the member succeeded was appointed. The district shall provide to the public service commission, within thirty days of the appointment, the following information: The new board member's name, home address, home and office phone numbers, date of appointment, length of term, who the new member replaces and if the new appointee has previously served on the board. The public service commission shall notify each new board member of the legal obligation to attend training as prescribed in this section.

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

The members of the board, and the chair, secretary and treasurer thereof, shall make available to the county commission, at all times, all of its books and records pertaining to the district's operation, finances and affairs, for inspection and audit. The board shall meet at least monthly. (1953, c. 147; 1965, c. 134; 1971, c. 72; 1981, c. 124; 1983, c. 166; 1986, c. 81; 1994, c. 61; 1997, c. 159.)

Textbooks. — Instructions for Virginia and West Virginia, Publisher's Editorial Staff (Michie).

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

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

Compensation for additional duties. — Board members of a public service district could not be compensated for performing the duties of treasurer and/or secretary, or for reading

meters for the public service district. Op. Att'y Gen., July 14, 1988, No. 2.

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

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

Applied in McCloud v. Salt Rock Water Pub. Serv. Dist., 207 W. Va. 453, 533 S.E.2d 679 (2000).

Cited in State v. Neary, 179 W. Va. 115, 365 S.E.2d 395 (1987).

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

The county commission or the public service commission or any other appointive body creating or establishing a public service district under the provisions of this article, or any group of five percent or more of the customers of a public service district, may petition the circuit court of the county in which the district maintains its principal office for the removal of any member of the governing board thereof for consistent violations of any provisions of this article, for reasonable cause which includes, but is not limited to, a continued failure to attend meetings of the board, failure to diligently pursue the objectives for which the district was created, or failure to perform any other duty either prescribed by law or required by a final order of the public service commission or for any malfeasance in public office. Any board member charged with a violation under this section who offers a successful defense against such charges shall be reimbursed for the reasonable costs of such defense from district revenues. Such costs shall be considered as costs associated with rate determination by the public service district and the public service commission. If the circuit court judge hearing the petition for removal finds that the charges are frivolous in nature, the judge may assess all or part of the court costs, plus the reasonable costs associated with the board member's defense, against the party or parties who petitioned the court for the board member's removal. (1963, c. 75; 1971, c. 72; 1981, c. 124; 1986, c. 81.)

Textbooks. — Instructions for Virginia and West Virginia, Publisher's Editorial Staff (Michie).

Quoted in State v. Neary, 179 W. Va. 115, 365 S.E.2d 395 (1987).

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

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

(b) Salaries of the board members are:

(1) For districts with fewer than six hundred customers, up to seventy-five dollars per attendance at regular monthly meetings and fifty dollars per

attendance at additional special meetings, total salary not to exceed fifteen hundred dollars per annum;

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

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

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

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

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

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

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

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

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

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

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

(e) The board shall by resolution determine its own rules of procedure, fix the time and place of its meetings and the manner in which special meetings

may be called. Public notice of meetings shall be given in accordance with section three [§ 6-9A-3], article nine-a, chapter six of this code. Emergency meetings may be called as provided for by said section. A majority of the members constituting the board also constitute a quorum to do business.

(f) The members of the board are not personally liable or responsible for any obligations of the district or the board, but are answerable only for willful misconduct in the performance of their duties. 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 the change is effective from the filing of an authenticated copy of such resolution with the clerk of the county commission of each county in which the territory embraced within such district or any part thereof is located and with the public service commission. The official name of any district created under the provisions of this article may contain the name or names of any city, incorporated town or other municipal corporation included therein or the name of any county or counties in which it is located. (1953, c. 147; 1981, c. 124; 1986, c. 81; 1997, c. 159; 2000, c. 199.)

Effect of amendment of 2000. — Acts 2000, c. 199, effective June 9, 2000, rewrote the section.

Compensation for performing additional duties. — Board members of a public service district could not be compensated for performing the duties of treasurer and/or secretary, or for reading meters for the public service district. Op. Att'y Gen., July 14, 1988, No. 2.

§ 16-13A-5. General manager of board.

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

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

The board of any public service district which purchases water or sewer service from a municipal water of sewer system or another public service district may, as an alternative to hiring its own general manager, elect to permit the general manager of the municipal water or sewer system or public service district from which such water or sewer service is purchased provide professional management to the district, if the appropriate municipality or public service board agrees to provide such assistance. The general manager shall receive reasonable compensation for such service. (1953, c. 147; 1981, c. 124; 1986, c. 81.)

§ 16-13A-6. Employees of board.

The board may in its discretion from time to time by resolution passed by a majority vote provide for the employment of an attorney, fiscal agent, one or more engineers and such other employees as the board may determine necessary and expedient. The board shall in and by such resolution fix the term of employment and compensation and prescribe the duties to be performed by such employees. (1953, c. 147; 1981, c. 124.)

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

The board of such districts shall have the supervision and control of all public service properties acquired or constructed by the district, and shall have the power, and it shall be its duty, to maintain, operate, extend and improve the same. All contracts involving the expenditure by the district of more than fifteen thousand dollars for construction work or for the purchase of equipment and improvements, extensions or replacements, shall be entered into only after notice inviting bids shall have been published as a Class I legal advertisement in compliance with the provision of article three [§§ 59-3-1 et seq.], chapter fifty-nine of this code, and the publication area for such publication shall be as specified in section two [§ 16-13A-2] of this article in the county or counties in which the district is located. The publication shall not be less than ten days prior to the making of any such contract. To the extent allowed by law, in-state contractors shall be given first priority in awarding public service district contracts. It shall be the duty of the board to ensure that local in-state labor shall be utilized to the greatest extent possible when hiring laborers for public service district construction or maintenance repair jobs. It shall further be the duty of the board to encourage contractors to use American made products in their construction to the extent possible. Any obligations incurred of any kind or character shall not in any event constitute or be deemed an indebtedness within the meaning of any of the provisions or limitations of the constitution, but all such obligations shall be payable solely and only out of revenues derived from the operation of the public service properties of the district or from proceeds of bonds issued as hereinafter provided. No continuing contract for the purchase of materials or supplies or for furnishing the district with electrical energy or power shall be entered into for a longer period than fifteen years. (1953, c. 147; 1967, c. 105; 1981, c. 124; 1982, c. 24; 1986, c. 81; 1997, c. 159.)

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

The board may acquire any publicly or privately owned public service properties located within the boundaries of the district regardless of whether or not all or any part of such properties are located within the corporate limits

of any city, incorporated town or other municipal corporation included within the district and may purchase and acquire all rights and franchises and any and all property within or outside the district necessary or incidental to the purpose of the district.

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

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

For the purpose of acquiring any public service properties or lands, rights or easements deemed necessary or incidental for the purposes of the district, each such district has the right of eminent domain to the same extent and to be exercised in the same manner as now or hereafter provided by law for such right of eminent domain by cities, incorporated towns and other municipal corporations: Provided, That such board may not acquire all or any substantial part of a privately owned waterworks system unless and until authorized so to do by the public service commission of West Virginia, and that this section shall not be construed to authorize any district to acquire through condemnation proceedings either in whole or substantial part an existing privately owned waterworks plant or system or gas facilities located in or furnishing water or gas service within such district or extensions made or to be made by it in territory contiguous to such existing plant or system, nor may any such board construct or extend its public service properties to supply its services into areas served by or in competition with existing waterworks or gas facilities or extensions made or to be made in territory contiguous to such existing plant or system by the owner thereof. (1953, c. 147; 1980, c. 60; 1981, c. 124.)

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

If a facility creates a nuisance this harm is simply an element of just compensation in an eminent domain proceeding. Sexton v. Public Serv. Comm'n, 188 W. Va. 305, 423 S.E.2d 914 (1992).

Public service commission, in the absence of specific statutory authority, is not empowered to determine whether particular property interests acquired or to be acquired by a utility are compensable in an eminent domain action, or to render any type of monetary judgment for such property interests. Affixing the value of the property taken is the function of the trier of fact in an eminent domain proceeding. Sexton v. Public Serv. Comm'n, 188 W. Va. 305, 423 S.E.2d 914 (1992).

Superior right of municipality to extend public services. — If a tract of real estate located within a public service district has been annexed into a municipality, then, as between the municipality and the public service district, the municipality has the superior right under this section to extend public services, such as water and/or sewer service, which were not being previously furnished to the tract by the public service district. Berkeley County Pub. Serv. Sewer Dist. v. West Va. Pub. Serv. Comm'n, 204 W. Va. 279, 512 S.E.2d 201 (1998).

When consent of municipality needed. — Where municipality has superior right to extend social services, a public service district would need the consent of the municipality and the public service commission in order to provide such services. Berkeley County Pub. Serv. Sewer Dist. v. West Va. Pub. Serv. Comm'n, 204 W. Va. 279, 512 S.E.2d 201 (1998).

Cited in 45 Op. Att'y Gen. 506 (1953).

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

The board may make, enact and enforce all needful rules and regulations in connection with the acquisition, construction, improvement, extension, management, maintenance, operation, care, protection and the use of any public service properties owned or controlled by the district, and the board shall establish rates and charges for the services and facilities it furnishes, which shall be sufficient at all times, notwithstanding the provisions of any other law or laws, to pay the cost of maintenance, operation and depreciation of such public service properties and principal of and interest on all bonds issued, other obligations incurred under the provisions of this article and all reserve or other payments provided for in the proceedings which authorized the issuance of any bonds hereunder. The schedule of such rates and charges may be based upon either (a) the consumption of water or gas on premises connected with such facilities, taking into consideration domestic, commercial, industrial and public use of water and gas; or (b) the number and kind of fixtures connected with such facilities located on the various premises; or (c) the number of persons served by such facilities; or (d) any combination thereof; or (e) may be determined on any other basis or classification which the board may determine to be fair and reasonable, taking into consideration the location of the premises served and the nature and extent of the services and facilities furnished. Where water, sewer and gas services are all furnished to any premises, the schedule of charges may be billed as a single amount for the aggregate thereof. The board shall require all users of services and facilities furnished by the district to designate on every application for service whether the applicant is a tenant or an owner of the premises to be served. If the applicant is a tenant, he or she shall state the name and address of the owner or owners of the premises to be served by the district. All new applicants for service shall

deposit a minimum of fifty dollars with the district to secure the payment of service rates and charges in the event they become delinquent as provided in this section. In any case where a deposit is forfeited to pay service rates and charges which were delinquent at the time of disconnection or termination of service, no reconnection or reinstatement of service may be made by the district until another minimum deposit of fifty dollars has been remitted to the district. Whenever any rates, rentals or charges for services or facilities furnished remain unpaid for a period of thirty days after the same become due and payable, the property and the owner thereof, as well as the user of the services and facilities provided are delinquent and the owner, user and property are liable at law until such time as all such rates and charges are fully paid: Provided, That the property owner shall be given notice of any said delinquency by certified mail, return receipt requested. The board may, under reasonable rules promulgated by the public service commission, shut off and discontinue water or gas services to all delinquent users of either water or gas facilities, or both: Provided, however, That upon written request of the owner or owners of the premises, the board shall shut off and discontinue water and gas services where any rates, rentals, or charges for services or facilities remain unpaid by the user of the premises for a period of sixty days after the same became due and payable.

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

Any district furnishing sewer facilities within the district may require, or may by petition to the circuit court of the county in which the property is located, compel or may require the bureau of public health to compel all owners, tenants or occupants of any houses, dwellings and buildings located near any such sewer facilities, where sewage will flow by gravity or be

transported by such other methods approved by the bureau of public health including, but not limited to, vacuum and pressure systems, approved under the provisions of section nine [§ 16-1-9], article one, chapter sixteen of this code, from such houses, dwellings or buildings into such sewer facilities, to connect with and use such sewer facilities, and to cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such houses, dwellings and buildings where there is such gravity flow or transportation by such other methods approved by the bureau of public health including, but not limited to, vacuum and pressure systems, approved under the provisions of section nine, article one, chapter sixteen of this code, and such houses, dwellings and buildings can be adequately served by the sewer facilities of the district, and it is hereby found, determined and declared that the mandatory use of such sewer facilities provided for in this paragraph is necessary and essential for the health and welfare of the inhabitants and residents of such districts and of the state: Provided, That if the public service district determines that the property owner must connect with the sewer facilities even when sewage from such dwellings may not flow to the main line by gravity and the property owner must incur costs for any changes in the existing dwellings' exterior plumbing in order to connect to the main sewer line, the public service district board shall authorize the district to pay all reasonable costs for such changes in the exterior plumbing, including, but not limited to, installation, operation, maintenance and purchase of a pump, or any other method approved by the bureau of public health; maintenance and operation costs for such extra installation should be reflected in the users charge for approval of the public service commission. The circuit court shall adjudicate the merits of such petition by summary hearing to be held not later than thirty days after service of petition to the appropriate owners, tenants or occupants.

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

All delinquent fees, rates and charges of the district for either water facilities, sewer facilities or gas facilities are liens on the premises served of equal dignity, rank and priority with the lien on such premises of state, county, school and municipal taxes. In addition to the other remedies provided in this section, public service districts are hereby granted a deferral of filing fees or other fees and costs incidental to the bringing and maintenance of an action in magistrate court for the collection of delinquent water, sewer or gas bills. If the district collects the delinquent account, plus reasonable costs, from its customer or other responsible party, the district shall pay to the magistrate the

normal filing fee and reasonable costs which were previously deferred. In addition, each public service district may exchange with other public service districts a list of delinquent accounts.

Anything in this section to the contrary notwithstanding, any establishment, as defined in section three [§ 22-11-3], article eleven, chapter twenty-two, now or hereafter operating its own sewage disposal system pursuant to a permit issued by the division of environmental protection, as prescribed by section eleven [§ 22-11-11], article eleven, chapter twenty-two of this code, is exempt from the provisions of this section. (1953, c. 147; 1965, c. 134; 1980, c. 60; 1981, c. 124; 1986, c. 81; 1989, c. 174; 1994, c. 61.)

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

Abandonment of private systems. — Where a public service district requires a property owner, tenant, or occupant to connect onto its sewer system and to abandon a private sewer system located on the property, such person cannot recover from the public service district the value of the private system on the ground that such abandonment constitutes a taking of private property without just compensation within the meaning of W. Va. Const., art. III, § 9. Kingmill Valley Pub. Serv. Dist. v. Riverview Estates Mobile Home Park, 182 W. Va. 116, 386 S.E.2d 483 (1989).

Buffer-zone requirements. — Public Service Commission did not err in finding that the proposed sewage lagoons site satisfied the buffer-zone requirements. Sexton v. Public Serv. Comm'n, 188 W. Va. 305, 423 S.E.2d 914 (1992).

Duty to pay. — Owners, tenants, or occupants have a duty under this section to pay rates and charges for the district sewer facilities from and after the date of receipt of notice (now 30 days after receipt) that such facilities are available. Rhodes v. Malden Pub. Serv. Dist, 171 W. Va. 645, 301 S.E.2d 601 (1983) (construing this section prior to 1980 and 1981 amendments).

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

Public service district liens created and enforceable under this section are subject to the recordation requirements of § 38-10C-1 so that such liens must be docketed to be enforceable against a purchaser of the property for valuable consideration, without notice. McClung Invs., Inc. v. Green Valley Community Pub. Serv. Dist, 199 W. Va. 490, 485 S.E.2d 434 (1997).

Sewer connection requirements. — 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.

Quoted in State ex rel. Water Dev. Auth. v. Northern Wayne County Pub. Serv. Dist., 195 W. Va. 135, 464 S.E.2d 777 (1995).

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

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

§ 16-13A-10. Budget.

The board shall establish the beginning and ending of its fiscal year, which period shall constitute its budget year, and at least thirty days prior to the beginning of the first full fiscal year after the creation of the district and annually thereafter the general manager shall prepare and submit to the board a tentative budget which shall include all operation and maintenance expenses, payments to a capital replacement account and bond payment schedules for the ensuing fiscal year. Such tentative budget shall be considered by the board, and, subject to any revisions or amendments that may be determined by the board, shall be adopted as the budget for the ensuing fiscal year. Upon adoption of the budget, a copy of the budget shall be forwarded to the county commission. No expenditures for operation and maintenance expenses in excess of the budget shall be made during such fiscal year unless unanimously authorized and directed by the board. (1953, c. 147; 1981, c. 124.)

Textbooks. — Instructions for Virginia and West Virginia, Publisher's Editorial Staff (Michie).

§ 16-13A-11. Accounts; audit.

The general manager, under direction of the board, shall install and maintain a proper system of accounts, in accordance with all rules, regulations or orders pertaining thereto by the public service commission, showing receipts from operation and application of the same, and the board shall at least once a year cause such accounts to be properly audited: Provided, That such audit may be any audit by an independent public accountant completed within one year of the time required for the submission of the report: Provided, however, That if the district is required to have its books, records and accounts audited annually by an independent certified public accountant as a result of any covenant in any board resolution or bond instrument, a copy of such audit may be submitted in satisfaction of the requirements of this section, and is hereby found, declared and determined to be sufficient to satisfy the requirements of article nine [§§ 6-9-1 et seq.], chapter six of this code pertaining to the annual audit report by the state tax commission. A copy of the audit shall be forwarded within thirty days of submission to the county commission and to the public service commission.

The treasurer of each public service district shall keep and preserve all financial records of the public service district for ten years, and shall at all times have such records readily available for public inspection. At the end of his term of office, the treasurer of each public service district shall promptly deliver all financial records of the public service district to his successor in office. Any treasurer of a public service district who knowingly or willfully violates any provision of this section is guilty of a misdemeanor, and shall be fined not less than one hundred dollars nor more than five hundred dollars or imprisoned in the county jail not more than ten days, or both. (1953, c. 147; 1981, c. 124; 1986, c. 81.)

Textbooks. — Instructions for Virginia and West Virginia, Publisher's Editorial Staff (Michie).

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

No money may be paid out by a district except upon an order signed by the chairman and secretary of such board, or such other person or persons authorized by the chairman or secretary, as the case may be, to sign such orders on their behalf. Each order for the payment of money shall specify the purposes for which the amount thereof is to be paid, with sufficient clearness to indicate the purpose for which the order is issued, and there shall be endorsed thereon the name of the particular fund out of which it is payable and it shall be payable from the fund constituted for such purpose, and no other. All such orders shall be reflected in the minutes of the next meeting of the board. (1953, c. 147; 1981, c. 124.)

§ 16-13A-13. Revenue bonds.

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

tion or resolutions providing for the issuance of such bonds may contain such covenants and restrictions upon the issuance of additional bonds thereafter as may be deemed necessary or advisable for the assurance of the payment of the bonds thereby authorized. (1953, c. 147; 1970, cc. 11, 12; 1970, 1st Ex. Sess., c. 2; 1980, c. 33; 1981, 1st Ex. Sess., c. 2; 1989, c. 174.)

Cross references. — Procedure for borrowing and issuing bonds, § 16-13A-25.

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

The cost of any public service properties acquired under the provisions of this article shall be deemed to include the cost of the acquisition or construction thereof, the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; interest upon bonds prior to and during construction or acquisition and for six months after completion of construction or of acquisition of the improvements and extensions; engineering, fiscal agents and legal expenses; expenses for estimates of cost and of revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized, and the construction or acquisition of the properties and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof. (1953, c. 147.)

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

In the discretion and at the option of the board such bonds may be secured by a trust indenture by and between the district and a corporate trustee, which may be a trust company or bank having powers of a trust company within or without the State of West Virginia, but no such trust indenture shall convey, mortgage or create any lien upon the public service properties or any part thereof. The resolution authorizing the bonds and fixing the details thereof may provide that such trust indenture may contain such provisions for protecting and enforcing the rights and remedies of bondholders as may be reasonable and proper, not in violation of law, including covenants setting forth the duties of the district and the members of its board and officers in relation to the construction or acquisition of public service properties and the improvement, extension, operation, repair, maintenance and insurance thereof, and the custody, safeguarding and application of all moneys, and may provide that all or any part of the construction work shall be contracted for, constructed and paid for, under the supervision and approval of consulting engineers employed or designated by the board and satisfactory to the original bond purchasers, their successors, assignees or nominees, who may be given the right to require the security given by contractors and by any depository of the proceeds of bonds or revenues of the public service properties or other money pertaining thereto be satisfactory to such purchasers, their successors, assignees or

nominees. Such indenture may set forth the rights and remedies of the bondholders and such trustee. (1953, c. 147.)

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

At or before the time of the issuance of any bonds under this article the board shall by resolution or in the trust indenture provide for the creation of a sinking fund and for monthly payments into such fund from the revenues of the public service properties operated by the district such sums in excess of the cost of maintenance and operation of such properties as will be sufficient to pay the accruing interest and retire the bonds at or before the time each will respectively become due and to establish and maintain reserves therefor. All sums which are or should be, in accordance with such provisions, paid into such sinking fund shall be used solely for payment of interest and for the retirement of such bonds at or prior to maturity as may be provided or required by such resolutions. (1953, c. 147.)

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

The board of any such district shall have power to insert enforceable provisions in any resolution authorizing the issuance of bonds relating to the collection, custody and application of revenues of the district from the operation of the public service properties under its control and to the enforcement of the covenants and undertakings of the district. In the event there shall be default in the sinking fund provisions aforesaid or in the payment of the principal or interest on any of such bonds or, in the event the district or its board or any of its officers, agents or employees, shall fail or refuse to comply with the provisions of this article, or shall default in any covenant or agreement made with respect to the issuance of such bonds or offered as security therefor, then any holder or holders of such bonds and any such trustee under the trust indenture, if there be one, shall have the right by suit, action, mandamus or other proceeding instituted in the circuit court for the county or any of the counties wherein the district extends, or in any other court of competent jurisdiction, to enforce and compel performance of all duties required by this article or undertaken by the district in connection with the issuance of such bonds, and upon application of any such holder or holders, or such trustee, such court shall, upon proof of such defaults, appoint a receiver for the affairs of the district and its properties, which receiver so appointed shall forthwith directly, or by his agents and attorneys, enter into and upon and take possession of the affairs of the district and each and every part thereof, and hold, use, operate, manage and control the same, and in the name of the district exercise all of the rights and powers of such district as shall be deemed expedient, and such receiver shall have power and authority to collect and receive all revenues and apply same in such manner as the court shall

direct. Whenever the default causing the appointment of such receiver shall have been cleared and fully discharged and all other defaults shall have been cured, the court may in its discretion and after such notice and hearing as it deems reasonable and proper direct the receiver to surrender possession of the affairs of the district to its board. Such receiver so appointed shall have no power to sell, assign, mortgage, or otherwise dispose of any assets of the district except as hereinbefore provided. (1953, c. 147.)

Rules of Civil Procedure. — As to abolition of the procedural distinctions between law and equity, see Rule 2.

As to receivers, see Rule 66.

As to application of rules to writ of mandamus, see Rule 81(a)(5).

As to effect of rules on jurisdiction and venue, see Rule 82.

Mandamus. — Mandamus is a proper remedy to be pursued by the holder of a municipal revenue bond to require a municipal corporation to comply with rate covenants in its revenue bonds. State ex rel. Allstate Ins. Co. v. Union Pub. Serv. Dist., 151 W. Va. 207, 151 S.E.2d 102 (1966).

Under this section, any holder of the bonds of the Union public service district shall have the right by mandamus to enforce and compel the performance of all the duties required by statute or undertaken by the district in connection with the issuance of bonds by such district. State ex rel. Allstate Ins. Co. v. Union Pub. Serv. Dist., 151 W. Va. 207, 151 S.E.2d 102 (1966).

§ 16-13A-18. Operating contracts.

The board may enter into contracts or agreements with any persons, firms or corporations for the operation and management of the public service properties within the district, or any part thereof, for such period of time and under such terms and conditions as shall be agreed upon between the board and such persons, firms or corporations. The board shall have power to provide in the resolution authorizing the issuance of bonds, or in any trust indenture securing such bonds, that such contracts or agreements shall be valid and binding upon the district as long as any of said bonds, or interest thereon, are outstanding and unpaid. (1953, c. 147.)

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

In any case where a public service district owns a water, sewer or gas system, and a majority of not less than sixty percent of the members of the public service board thereof deem it for the best interests of the district to sell, lease or rent such water, sewer or gas system to any municipality or privately-owned water, sewer or gas system, or to any water, sewer or gas system owned by an adjacent public service district, the board may so sell, lease or rent such water, sewer or gas system upon such terms and conditions as said board, in its discretion, considers in the best interests of the district: Provided, That such sale, leasing or rental may be made only upon: (1) The publication of notice of a hearing before the board of the public service district, as a Class I legal advertisement in compliance with the provisions of article three [§§ 59-3-1 et seq.], chapter fifty-nine of this code, in a newspaper published and of general circulation in the county or counties wherein the district is located, such publication to be made not earlier than twenty days and not later than seven days prior to the hearing; (2) approval by the county commission or commis-

sions of the county or counties in which the district operates; and (3) approval by the public service commission of West Virginia.

In the event of any such sale, the proceeds thereof, if any, remaining after payment of all outstanding bonds and other obligations of the district, shall be ratably distributed to any persons who have made contributions in aid of construction of such water, sewer or gas system, such distribution not to exceed the actual amount of any such contribution, without interest, and any balance of funds thereafter remaining shall be paid to the county commission of the county in which the major portion of such water, sewer or gas system is located to be placed in the general funds of such county commission. (1963, c. 75; 1981, c. 124; 1986, c. 81; 1997, c. 160.)

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

There shall be and is hereby created a statutory mortgage lien upon such public service properties of the district, which shall exist in favor of the holders of bonds hereby authorized to be issued, and each of them, and the coupons attached to said bonds, and such public service properties shall remain subject to such statutory mortgage lien until payment in full of all principal of and interest on such bonds. Any holder of such bonds, of any coupons attached thereto, may, either at law or in equity, enforce said statutory mortgage lien conferred hereby and upon default in the payment of the principal of or interest on said bonds, may foreclose such statutory mortgage lien in the manner now provided by the laws of the State of West Virginia for the foreclosure of mortgages on real property. (1953, c. 147.)

Rules of Civil Procedure. — As to abolition of the procedural distinctions between law and equity, see Rule 2.

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

§ 16-13A-20. Refunding revenue bonds.

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

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

Combination of bond issues. — Combination of two outstanding bond issues into one refunding bond issue may well be restricted by the use of the singular language in this section. Op. Att'y Gen., July 8, 1976.

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

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

This article is full and complete authority for the creation of public service districts and for carrying out the powers and duties of same as herein provided. The provisions of this article shall be liberally construed to accomplish its purpose and no procedure or proceedings, notices, consents or approvals, are required in connection therewith except as may be prescribed by this article: Provided, That all functions, powers and duties of the public service commission of West Virginia, the bureau of public health, the division of environmental protection and the environmental quality board remain unaffected by this article. Every district organized, consolidated, merged or expanded under this article is a public instrumentality created and functioning in the interest and for the benefit of the public, and its property and income and any bonds issued by it are exempt from taxation by the state of West Virginia, and the other taxing bodies of the state: Provided, however, That the board of any such district may use and apply any of its available revenues and income for the payment of what such board determines to be tax or license fee equivalents to any local taxing body and in any proceedings for the issuance of bonds of such district may reserve the right to annually pay a fixed or computable sum to such taxing bodies as such tax or license fee equivalent. (1953, c. 147; 1986, c. 81; 1994, c. 61.)

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

Applied in Rhodes v. Malden Pub. Serv. Dist, 171 W. Va. 645, 301 S.E.2d 601 (1983).

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

All acts and proceedings taken by any county court [county commission] of this State purporting to have been carried out under the provisions of this article which have been taken, prior to the date this section takes effect 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. — For construction of the county court as the county commission, see W.Va. Const. art. IX, § 9.

Concerning the reference to "the date this section takes effect", Acts 1958, c. 14, which enacted this section and included this language, became effective February 1, 1958. Acts 1960, c. 19, which amended this section, provided that the act take effect January 29, 1960.

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

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

Editor's notes. — For construction of the county court as the county commission, see W.Va. Const. art. IX, § 9.

Concerning the reference to "the date this section takes effect", Acts 1965, c. 134, which amended this section, provided that the act take effect March 13, 1965.

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

Any public service district created pursuant to the provisions of this article is authorized and empowered to accept loans or grants and procure loans or temporary advances evidenced by notes or other negotiable instruments issued in the manner, and subject to the privileges and limitations, set forth with respect to bonds authorized to be issued under the provisions of this article, for the purpose of paying part or all of the cost of construction or acquisition of water systems, sewage systems or gas facilities, or all of these, and the other purposes herein authorized, from any authorized agency or from the United States of America or any federal or public agency or department of the United States or any private agency, corporation or individual, which loans or temporary advances, including the interest thereon, may be repaid out of the proceeds of the bonds authorized to be issued under the provisions of this

article, the revenues of the said water system, sewage system or gas facilities or grants to the public service district from any authorized agency or from the United States of America or any federal or public agency or department of the United States or from any private agency, corporation or individual or from any combination of such sources of payment, and to enter into the necessary contracts and agreements to carry out the purposes hereof with any authorized agency or the United States of America or any federal or public agency or department of the United States, or with any private agency, corporation or individual. Any other provisions of this article to the contrary notwithstanding, interest on any such loans or temporary advances may be paid from the proceeds thereof until the maturity of such notes or other negotiable instrument. (1958, c. 14; 1980, c. 60; 1981, c. 124; 1986, c. 118.)

Permissible borrowing. — The borrowing by public service districts of money from counties and/or municipalities, as evidenced by a note, is permissible borrowing under this section. Op. Att'y Gen., May 6, 1988, No. 27.

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

Notwithstanding any other provisions of this article to the contrary, a public service district shall not borrow money, enter into contracts for the provision of engineering, design or feasibility studies, issue or contract to issue revenue bonds or exercise any of the powers conferred by the provisions of section thirteen, twenty or twenty-four [§ 16-13A-13, § 16-13A-20 or § 16-13A-24] of this article, without the prior consent and approval of the public service commission. The public service commission may waive the provision of prior consent and approval for entering into contracts for engineering, design or feasibility studies pursuant to this section for good cause shown which is evidenced by the public service district filing a request for waiver of this section stated in a letter directed to the commission with a brief description of the project, evidence of compliance with chapter five-g [§§ 5G-1-1 et seq.] of this code, and further explanation of ability to evaluate their own engineering contract, including, but not limited to: (1) Experience with the same engineering firm in the past two years requiring engineering services; or (2) completion of a construction project within the past two years requiring engineering services. The district shall also forward an executed copy of the engineering contract to the commission after receiving approval of the waiver. Unless the properties to be constructed or acquired represent ordinary extensions or repairs of existing systems in the usual course of business, a public service district must first obtain a certificate of public convenience and necessity from the public service commission in accordance with the provisions of chapter twenty-four [§§ 24-1-1 et seq.] of this code, when a public service district is seeking to acquire or construct public service property.

Thirty days prior to making formal application for the certificate, the public service district shall prefile with the public service commission its plans and supporting information for the project and shall publish a Class II legal advertisement in a newspaper or newspapers of general circulation in each city, incorporated town or municipal corporation if available in the public service district, which legal advertisement shall state:

(a) The amount of money to be borrowed, or the amount of revenue bonds to be issued: Provided, That if the amount is an estimate, the notice may be stated in terms of an amount "not to exceed" a specific amount;

(b) The interest rate and terms of the loan or bonds: Provided, That if the interest rate is an estimate, the notice may be stated in terms of a rate "not to exceed" a specific rate;

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

(d) The anticipated rates which will be charged by the public service district: Provided, That if the rates are an estimate, the notice may be stated in terms of rates "not to exceed" a specific rate; and

(e) The date that the formal application for a certificate of public convenience and necessity is to be filed with the public service commission. The public service commission may grant its consent and approval for the certificate, or any other request for approval under this section, subject to such terms and conditions as may be necessary for the protection of the public interest, pursuant to the provisions of chapter twenty-four of this code, or may withhold such consent and approval for the protection of the public interest.

In the event of disapproval, the reasons for the disapproval shall be assigned in writing by the commission. (1969, 1st Ex. Sess., c. 6; 1981, c. 124; 1986, c. 81; 1996, c. 213; 1997, c. 159.)

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

Certificate. — Under this section, a public service district must first obtain a certificate of public convenience and necessity before it can acquire or construct public service property. Sexton v. Public Serv. Comm'n, 188 W. Va. 305, 423 S.E.2d 914 (1992).

Eminent domain. — Although construction of a new facility proposed by a utility will often require the taking of private property through eminent domain, in the absence of express statutory language, the public service commission has no duty to review and decide issues that are inherent in the eminent domain proceeding. Sexton v. Public Serv. Comm'n, 188 W. Va. 305, 423 S.E.2d 914 (1992).

ARTICLE 13B.

COMMUNITY IMPROVEMENT ACT.

Sec.

16-13B-1. Short title.
16-13B-2. Definitions.
16-13B-3. Power and authority of counties and municipalities relating to flood relief, wastewater and water projects.
16-13B-4. Determination of need and feasibility of creating an assessment district.
16-13B-5. Notice to property owners before creation of assessment district and construction of project; form of notice; affidavit of publication.
16-13B-6. Petition of property owners for creation of assessment district.
16-13B-7. Receipt of petition of property owners; ordinance or order authorizing creation of assessment district and construction of project.
16-13B-8. Assessment district to be a public corporation and political subdivision; powers thereof; community improvement boards.
16-13B-9. Provisions for construction of a project.
16-13B-10. Notice to property owners of assessments; hearings, correcting and laying assessments; report on project completion; permits.
16-13B-11. Construction of projects; assessments; corner lots, etc.
16-13B-12. Apportionment and assessment of cost.

MICHIE'S™ WEST VIRGINIA CODE ANNOTATED

VOLUME 5A

2001 Replacement Volume

2004 SUPPLEMENT

Including Acts passed through the 2004 Regular and First Extraordinary Sessions

Prepared by the Editorial Staff of the Publisher

Place in pocket of corresponding bound volume

LexisNexis®

with chapter five-g [§§ 5G-1-1 et seq.] of this code, and further explanation of ability to evaluate their own engineering contract, including, but not limited to: (1) Experience with the same engineering firm; or (2) completion of a construction project requiring engineering services. The district shall also forward an executed copy of the engineering contract to the commission after receiving approval of the waiver.

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

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

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

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

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

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

(e) Unless the properties to be constructed or acquired represent ordinary extensions or repairs of existing systems in the usual course of business, a public service district must first obtain a certificate of public convenience and necessity from the public service commission in accordance with the provisions of chapter twenty-four [§§ 16-24-1 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 in a manner prescribed by public service commission rules and regulations. (1969, 1st Ex. Sess., c. 6; 1981, c. 124; 1986, c. 81; 1996, c. 213; 1997, c. 159; 2003, c. 184.)

Effect of amendment of 2003. — Acts 2003, c. 184, effective June 5, 2003, added subsection designations; inserted (c) and (d); in (b), substituted "a verified statement by the board members that the public service district has complied" for "evidence of compliance," deleted "in the past two years requiring engineering services" from the end of subdivision (1), and deleted "within the past two years" preceding "requiring engineering services" in subdivision (2); and rewrote the final paragraph of the section, deleting former subdivisions (a) through (e) regarding requirements for legal advertisements giving public notice of projects.

ALR references. — Remedies for sewage treatment plant alleged or deemed to be nuisance, 101 ALR5th 287.

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

Any public service district created pursuant to the provisions of this article is authorized and empowered to accept loans or grants and procure loans or temporary advances evidenced by notes or other negotiable instruments issued in the manner, and subject to the privileges and limitations, set forth with respect to bonds authorized to be issued under the provisions of this article, for the purpose of paying part or all of the cost of construction or acquisition of water systems, sewage systems, stormwater systems or stormwater management systems or gas facilities, or all of these, and the other purposes herein authorized, from any authorized agency or from the United States of America or any federal or public agency or department of the United States or any private agency, corporation or individual, which loans or temporary advances, including the interest thereon, may be repaid out of the proceeds of the bonds authorized to be issued under the provisions of this article, the revenues of the said water system, sewage system, stormwater system or associated stormwater management system or gas facilities, or grants to the public service district from any authorized agency or from the United States of America or any federal or public agency or department of the United States or from any private agency, corporation or individual or from any combination of such sources of payment, and to enter into the necessary contracts and agreements to carry out the purposes hereof with any authorized agency or the United States of America or any federal or public agency or department of the United States, or with any private agency, corporation or individual. Any other provisions of this article to the contrary notwithstanding, interest on any such loans or temporary 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; 2002, c. 272.)

Effect of amendment of 2002. — Acts 2002, c. 272, effective June 7, 2002, inserted "stormwater systems or stormwater management systems" and "stormwater system or associated stormwater management system".

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

(a) Notwithstanding any other provisions of this article to the contrary, a public service district may not borrow money, enter into contracts for the provision of engineering, design or feasibility studies, issue or contract to issue revenue bonds or exercise any of the powers conferred by the provisions of section thirteen [§ 16-13A-13], twenty [§ 16-13A-20] or twenty-four [§ 16-13A-24] of this article, without the prior consent and approval of the public service commission.

(b) The public service commission may waive the provision of prior consent and approval for entering into contracts for engineering, design or feasibility studies pursuant to this section for good cause shown which is evidenced by the public service district filing a request for waiver of this section stated in a letter directed to the commission with a brief description of the project, a verified statement by the board members that the public service district has complied

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; 2002, c. 272.)

Effect of amendment of 2002. — Acts 2002, c. 272, effective June 7, 2002, inserted "for stormwater systems . . . federal and state requirements" following the first phrase.

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

In any case where a public service district owns a water, sewer, stormwater or gas system, and a majority of not less than sixty percent of the members of the public service board thereof deem it for the best interests of the district to sell, lease or rent such water, sewer, stormwater or gas system to any municipality or privately-owned water, sewer, stormwater or gas system, or to any water, sewer, stormwater or gas system owned by an adjacent public service district, the board may so sell, lease or rent such water, sewer, stormwater or gas system upon such terms and conditions as said board, in its discretion, considers in the best interests of the district: Provided, That such sale, leasing or rental may be made only upon: (1) The publication of notice of a hearing before the board of the public service district, as a Class I legal advertisement in compliance with the provisions of article three [§§ 59-3-1 et seq.], chapter fifty-nine of this code, in a newspaper published and of general circulation in the county or counties wherein the district is located, such publication to be made not earlier than twenty days and not later than seven days prior to the hearing; (2) approval by the county commission or commissions of the county or counties in which the district operates; and (3) approval by the public service commission of West Virginia.

In the event of any such sale, the proceeds thereof, if any, remaining after payment of all outstanding bonds and other obligations of the district, shall be ratably distributed to any persons who have made contributions in aid of construction of such water, sewer, stormwater or gas system, such distribution not to exceed the actual amount of any such contribution, without interest, and any balance of funds thereafter remaining shall be paid to the county commission of the county in which the major portion of such water, sewer, stormwater or gas system is located to be placed in the general funds of such county commission. (1963, c. 75; 1981, c. 124; 1986, c. 81; 1997, c. 160; 2002, c. 272.)

Effect of amendment of 2002. — Acts 2002, c. 272, effective June 7, 2002, inserted "stormwater" following "sewer" in the section heading and throughout the section.

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

(g) Anything in this section to the contrary notwithstanding, any establishment, as defined in section three [§ 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; 2002, c. 272; 2003, c. 183.)

Code of State Rules References. — Rules and regulations for the government of gas utilities and gas pipeline safety, 150 CSR 4, effective July 21, 1996.

Rules and regulations for the government of sewer utilities, 150 CSR 5, effective January 2, 1996.

Rules and regulations for the government of telephone utilities, 150 CSR 6, effective October 10, 2000.

Rules and regulations for the government of water utilities, 150 CSR 7, effective February 5, 1996.

Effect of amendment of 2002. — Acts 2002, c. 272, effective June 7, 2002, inserted "fees" following "rates" throughout the section; in the first paragraph, deleted "and regulations" following "needful rules" in the first sentence, inserted a new third sentence, substituted "Where water, sewer, stormwater or gas services, or any combination thereof" for "Where water, sewer and gas services" in the present fourth sentence; inserted the fifth paragraph; in the present sixth paragraph, inserted "stormwater systems or stormwater management systems" following "sewer facilities" and "stormwater" preceding "or gas bills" in the first sentence.

Effect of amendment of 2003. — Acts 2003, c. 183, effective June 6, 2003, added subsection designations; rewrote present (a)(2), and (c); in (d), substituted "division of health" for "bureau of public health," added "tenant or occupant" to the end of the next-to-last sentence, and added the last sentence; in (f), substituted "gas facilities or stormwater systems or stormwater management programs" for "stormwater systems or stormwater management systems or gas facilities" and added the proviso to the end; and made minor stylistic changes.

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

The cost of any public service properties acquired under the provisions of this article shall be deemed to include the cost of the acquisition or construction thereof, the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; for stormwater systems and associated stormwater management programs, those activities which include, but are not limited to, water quality improvement activities necessary to comply with all federal and state requirements; interest upon bonds prior to and during construction or acquisition and for six months after completion of construction or of acquisition of the

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

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

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

(f) All delinquent fees, rates and charges of the district for either water facilities, sewer facilities, gas facilities or stormwater systems or stormwater management programs are liens on the premises served of equal dignity, rank and priority with the lien on the premises of state, county, school and municipal taxes. In addition to the other remedies provided in this section, public service districts are granted a deferral of filing fees or other fees and

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

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

(c) Any district furnishing sewer facilities within the district may require, or may by petition to the circuit court of the county in which the property is located, compel or may require the division of health to compel all owners, tenants or occupants of any houses, dwellings and buildings located near any sewer facilities where sewage will flow by gravity or be transported by other methods approved by the division of health, including, but not limited to, vacuum and pressure systems, approved under the provisions of section nine [§ 16-1-9], article one, chapter sixteen of this code, from the houses, dwellings or buildings into the sewer facilities, to connect with and use the sewer facilities and to cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from the houses, dwellings and buildings where there is gravity flow or transportation by any other methods approved by the division of health, including, but not limited to, vacuum and pressure systems, approved under the provisions of section nine, article one,

tions theretofore issued by such
l corporations then outstanding
ion or other proceedings which
or obligations.

acquired or established water
tem, stormwater management
rmwater or gas services within
l corporation included within a
ıer municipal corporation may
any facilities of the same kind
nicipal corporation without the

ce properties or lands, rights or
ıe purposes of the district, each
to the same extent and to be
after provided by law for such
ed towns and other municipal
nent domain provided in this
and drainage easements, or
erated by the West Virginia
ment of the commissioner of
l may not acquire all or any
orks system unless and until
sion of West Virginia, and that
ny district to acquire through
substantial part an existing
gas facilities located in or
ct or extensions made or to be
ing plant or system, nor may
rvice properties to supply its
th existing waterworks or gas
territory contiguous to such
53, c. 147; 1980, c. 60; 1981,

rmwater management program" fol-
er facilities" and "stormwater" pre-
as services"; in the last paragraph,
first proviso and redesignated the
roviso as the second.

**charges; discontinu-
water and sewer con-
ent fees.**

all needful rules in connec-
it, extension, management,
use of any public service
board shall establish rates,

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

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

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

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

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

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

(2) Where water, sewer, stormwater or gas services, or any combination thereof, are all furnished to any premises, the schedule of charges may be billed as a single amount for the aggregate of the charges. The board shall require all users of services and facilities furnished by the district to designate on every application for service whether the applicant is a tenant or an owner of the premises to be served. If the applicant is a tenant, he or she shall state the name and address of the owner or owners of the premises to be served by the district. Notwithstanding the provisions of section eight [§ 24-3-8], article three, chapter twenty-four of this code to the contrary, all new applicants for service shall deposit the greater of a sum equal to two twelfths of the average annual usage of the applicant's specific customer class or fifty dollars, with the district to secure the payment of service rates, fees and charges in the event they become delinquent as provided in this section. If a district provides both water and sewer service, all new applicants for service shall deposit the greater of a sum equal to two twelfths of the average annual usage for water service or fifty dollars and the greater of a sum equal to two twelfths of the average annual usage for wastewater service of the applicant's specific customer class or fifty dollars. In any case where a deposit is forfeited to pay service rates, fees and charges which were delinquent at the time of disconnection or termination of service, no reconnection or reinstatement of service may be made by the district until another deposit equal to the greater of a sum equal to two twelfths of the average usage for the applicant's specific customer class or fifty dollars has been remitted to the district. After twelve months of prompt payment history, the district shall return the deposit to the customer or credit the customer's account at a rate as the public service commission may

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

For the purpose of acquiring any public service properties or lands, rights or easements deemed necessary or incidental for the purposes of the district, each such district has the right of eminent domain to the same extent and to be exercised in the same manner as now or hereafter provided by law for such right of eminent domain by cities, incorporated towns and other municipal corporations: Provided, That the power of eminent domain provided in this section does not extend to highways, road and drainage easements, or stormwater facilities constructed, owned or operated by the West Virginia division of highways without the express agreement of the commissioner of highways: Provided, however, That such board may not acquire all or any substantial part of a privately owned waterworks system unless and until authorized so to do by the public service commission of West Virginia, and that this section shall not be construed to authorize any district to acquire through condemnation proceedings either in whole or substantial part an existing privately owned waterworks plant or system or gas facilities located in or furnishing water or gas service within such district or extensions made or to be made by it in territory contiguous to such existing plant or system, nor may any such board construct or extend its public service properties to supply its services into areas served by or in competition with existing waterworks or gas facilities or extensions made or to be made in territory contiguous to such existing plant or system by the owner thereof. (1953, c. 147; 1980, c. 60; 1981, c. 124; 2002, c. 272.)

Effect of amendment of 2002. — Acts 2002, c. 272, effective June 7, 2002, in the second paragraph, inserted "stormwater facilities" following "sewer facilities" in the proviso; in the third paragraph, inserted "a stormwater system, stormwater management program" following "sewer facilities" and "stormwater" preceding "or gas services"; in the last paragraph, added a new first proviso and redesignated the former first proviso as the second.

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

(a)(1) The board may make, enact and enforce all needful rules in connection with the acquisition, construction, improvement, extension, management, maintenance, operation, care, protection and the use of any public service properties owned or controlled by the district. The board shall establish rates,

specified in section two [§ 16-13A-2] of this article in the county or counties in which the district is located. The publication shall not be less than ten days prior to the making of any such contract. To the extent allowed by law, in-state contractors shall be given first priority in awarding public service district contracts. It shall be the duty of the board to ensure that local in-state labor shall be utilized to the greatest extent possible when hiring laborers for public service district construction or maintenance repair jobs. It shall further be the duty of the board to encourage contractors to use American made products in their construction to the extent possible. Any obligations incurred of any kind or character shall not in any event constitute or be deemed an indebtedness within the meaning of any of the provisions or limitations of the constitution, but all such obligations shall be payable solely and only out of revenues derived from the operation of the public service properties of the district or from proceeds of bonds issued as hereinafter provided. No continuing contract for the purchase of materials or supplies or for furnishing the district with electrical energy or power shall be entered into for a longer period than fifteen years. (1953, c. 147; 1967, c. 105; 1981, c. 124; 1982, c. 24; 1986, c. 81; 1997, c. 159; 2002, c. 272.)

Effect of amendment of 2002. — Acts 2002, c. 272, effective June 7, 2002, added "including, but not limited to, those activities necessary to comply with all federal and state requirements, including water quality improvement activities" to the end of the first sentence.

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

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

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

Effect of amendment of 2002. — Acts 2002, c. 272, effective June 7, 2002, inserted "or for furnishing stormwater services for the city, town or other municipal corporation" in the second sentence of the first paragraph.

§ 16-13A-5. General manager of board.

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

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

The board of any public service district which purchases water, sewer or stormwater service from a municipal water, sewer or stormwater system or another public service district may, as an alternative to hiring its own general manager, elect to permit the general manager of the municipal water, sewer or stormwater system or public service district from which such water, sewer or stormwater service is purchased provide professional management to the district, if the appropriate municipality or public service board agrees to provide such assistance. The general manager shall receive reasonable compensation for such service. (1953, c. 147; 1981, c. 124; 1986, c. 81; 2002, c. 272.)

Effect of amendment of 2002. — Acts 2002, c. 272, effective June 7, 2002, inserted "or stormwater" following "sewer" four times in the third paragraph, and made minor stylistic changes.

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

The board of such districts shall have the supervision and control of all public service properties acquired or constructed by the district, and shall have the power, and it shall be its duty, to maintain, operate, extend and improve the same, including, but not limited to, those activities necessary to comply with all federal and state requirements, including water quality improvement activities. All contracts involving the expenditure by the district of more than fifteen thousand dollars for construction work or for the purchase of equipment and improvements, extensions or replacements, shall be entered into only after notice inviting bids shall have been published as a Class I legal advertisement in compliance with the provision of article three [§§ 59-3-1 et seq.], chapter fifty-nine of this code, and the publication area for such publication shall be as

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

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

Any vacancy shall be filled for the unexpired term within thirty days, otherwise successor members of the board shall be appointed for terms of six years and the terms of office shall continue until successors have been appointed and qualified. All successor members shall be appointed in the same manner as the member succeeded was appointed. The district shall provide to the public service commission, within thirty days of the appointment, the following information: The new board member's name, home address, home and office phone numbers, date of appointment, length of term, who the new member replaces and if the new appointee has previously served on the board. The public service commission shall notify each new board member of the legal obligation to attend training as prescribed in this section.

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

The members of the board, and the chair, secretary and treasurer thereof, shall make available to the county commission, at all times, all of its books and records pertaining to the district's operation, finances and affairs, for inspection and audit. The board shall meet at least monthly. (1953, c. 147; 1965, c. 134; 1971, c. 72; 1981, c. 124; 1983, c. 166; 1986, c. 81; 1994, c. 61; 1997, c. 159; 2002, c. 272.)

shall a former board member be hired by the district in any capacity within a minimum of twelve months after board member's term has expired or such board member has resigned from the district board. The members shall be appointed in the following manner:

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

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

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

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

Notwithstanding any provision of this code to the contrary, whenever a district is consolidated or merged pursuant to section two [§ 16-13A-2] of this

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; 2002, c. 272.)

Effect of amendment of 2002. — Acts 2002, c. 272, effective June 7, 2002, in (a), capitalized "On" at the beginning of subdivision (1), and inserted "stormwater services" near the middle of the last sentence.

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

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

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

consolidation of the proposed district as set forth and described in the petition or order is not feasible, it may refuse to enter an order creating the district or it may enter an order amending the description of the proposed district and create, enlarge, reduce, merge, dissolve or consolidate the district as amended.

(f) If the county commission determines that any other public service district or districts can adequately serve the area of the proposed public service district, whether by enlargement, reduction, merger, dissolution or consolidation, it shall refuse to enter the order, but shall enter an order creating, enlarging, reducing, merging, dissolving or consolidating the area with an existing public service district, in accordance with rules adopted by the public service commission for such purpose: Provided, That no enlargement of a public service district may occur if the present or proposed physical facilities of the public service district are determined by the appropriate county commission or the public service commission to be inadequate to provide such enlarged service. The clerk of the county commission of each county into which any part of such district extends shall retain in his office an authentic copy of the order creating, enlarging, reducing, merging, dissolving or consolidating the district: Provided, however, That within ten days after the entry of an order creating, enlarging, reducing, merging, dissolving or consolidating a district, such order must be filed for review and approval by the public service commission. The public service commission shall provide a hearing in the affected county on the matter and may approve, reject or modify the order of the county commission if it finds it is in the best interests of the public to do so. The public service commission shall adopt rules relating to such filings and the approval, disapproval or modification of county commission orders for creating, enlarging, merging, dissolving or consolidating districts. The provisions of this section shall not apply to the implementation by a county commission of an order issued by the public service commission pursuant to this section and section one-b [§ 16-13A-1b], of this article.

(g) The county commission may, if in its discretion it deems it necessary, feasible and proper, enlarge the district to include additional areas, reduce the area of the district, where facilities, equipment, service or materials have not been extended, or dissolve the district if inactive or create or consolidate two or more such districts. If consolidation of districts is not feasible, the county commission may consolidate and centralize management and administration of districts within its county or multi-county area to achieve efficiency of operations: Provided, That where the county commission determines on its own motion by order entered of record, or there is a petition to enlarge the district, merge and consolidate districts, or the management and administration thereof, reduce the area of the district or dissolve the district if inactive, all of the applicable provisions of this article providing for hearing, notice of hearing and approval by the public service commission shall apply. The commission shall at all times attempt to bring about the enlargement or merger of existing public service districts in order to provide increased services and to eliminate the need for creation of new public service districts in those areas which are not currently serviced by a public service district: Provided, however, That where two or more public service districts are consolidated

ts by county commission; g, merging, or dissolving ion; agreements, etc.; in- ers of county commission; ers and districts with the

may propose the creation, enlarge- consolidation of a public service 1) On its own motion by order duly he public service commission, or (3) istered voters who reside within the t within one or more counties. The ing metes and bounds, sufficient to in and the name of such proposed date of this section, no new public d, reduced, merged, dissolved or e written consent and approval of pproval and consent shall be in ublic service commission and may he appropriate county commission . Any territory may be included ory includes one or more cities, porations which own and operate s of whether or not it includes one er municipal corporations being operties: Provided, however, That thin the boundaries of more than erritory or part thereof is included ervice district organized to supply vices or gas facilities not being of: Provided further, That no city, ation shall be included within the pon the adoption of a resolution of town or other municipal corpora-

ffice of the clerk of the county itory to constitute the proposed ituated in more than one county, ffice of the clerk of the county r portion of the territory extends, ll be filed with each of the clerks unty or counties into which the mission receiving such petition f the county at the first regular ting called for the consideration

(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

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

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

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

ees or charges shall be obligated under
inue both water and sewer services to
lities, or sewer facilities or both, and
or sewer facilities, to any delinquent
tes, fees or charges for both water
ng reasonable interest and penalty
Ex. Sess., c. 25, § 16; 1933, 2nd Ex.
001, c. 212; 2004, c. 185.)

"Class II-O" in (h); substituted "within twenty days" for "within thirty days" in (k); in (*l*) substituted "twenty days" for "thirty days" and added the second sentence; and deleted "and regulations" following "reasonable rules" in (m).

13A.

S FOR WATER, SEWERAGE ERVICES.

ec.

lic service properties; right of eminent domain; extraterritorial powers.

6-13A-9. Rules; service rates and charges; discontinuance of service; required water and sewer connections; lien for delinquent fees.

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

3-13A-18a. Sale, lease or rental of water, sewer, stormwater or gas system by district; distribution of proceeds.

3-13A-24. Acceptance of loans, grants or temporary advances.

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

.

f districts.

any part of one or more counties in
ion or acquisition by purchase or
n, improvement and extension of,
ormwater services or gas distribu-
territory, will be conducive to the
and convenience of such area, may

be constituted a public service district under and in the manner provided by this article. The words "public service properties," when used in this article, shall mean and include any facility used or to be used for or in connection with: (1) The diversion, development, pumping, impounding, treatment, storage, distribution or furnishing of water to or for the public for industrial, public, private or other uses (herein sometimes referred to as "water facilities"); (2) the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (herein sometimes referred to as "sewer facilities" or "landfills"); (3) the distribution or the furnishing of natural gas to the public for industrial, public, private or other uses (herein sometimes referred to as "gas utilities or gas system"); or (4) the collection, control or disposal of stormwater (herein sometimes referred to as "stormwater system" or "stormwater systems"), or (5) the management, operation, maintenance and control of stormwater and stormwater systems (herein sometimes referred to as "stormwater management program" or "stormwater management programs"). As used in this article "stormwater system" or "stormwater systems" means a stormwater system in its entirety or any integral part thereof used to collect, control or dispose of stormwater, and includes all facilities, structures and natural water courses used for collecting and conducting stormwater to, through and from drainage areas to the points of final outlet including, but not limited to, any and all of the following: Inlets, conduits, outlets, channels, ponds, drainage easements, water quality facilities, catch basins, ditches, streams, gulches, flumes, culverts, siphons, retention or detention basins, dams, floodwalls, pipes, flood control systems, levies and pumping stations: Provided, That the term "stormwater system" or "stormwater systems" does not include highways, road and drainage easements, or stormwater facilities constructed, owned or operated by the West Virginia division of highways. As used in this article "stormwater management program" or "stormwater management programs" means those activities associated with the management, operation, maintenance and control of stormwater and stormwater systems, and includes, but is not limited to, public education, stormwater and surface runoff water quality improvement, mapping, planning, flood control, inspection, enforcement and any other activities required by state and federal law: Provided, however, That the term "stormwater management program" or "stormwater management programs" does not include those activities associated with the management, operation, maintenance and control of highways, road and drainage easements, or stormwater facilities constructed, owned or operated by the West Virginia division of highways without the express agreement of the commissioner of highways. (1986, c. 81; 2002, c. 272.)

Effect of amendment of 2002. — Acts 2002, c. 272, effective June 7, 2002, inserted "or stormwater" following sewerage" in the first sentence; added subdivisions (4) and (5); added the last two sentences; and made minor stylistic changes.

(m) The board collecting such rates, fees or charges shall be obligated under reasonable rules to shut off and discontinue both water and sewer services to all delinquent users of either water facilities, or sewer facilities or both, and shall not restore either water facilities or sewer facilities, to any delinquent user of either until all delinquent rates, fees or charges for both water facilities, and sewer facilities, including reasonable interest and penalty charges, have been paid in full. (1933, Ex. Sess., c. 25, § 16; 1933, 2nd Ex. Sess., c. 48; 1959, c. 125; 1967, c. 105; 2001, c. 212; 2004, c. 185.)

Effect of amendment of 2004. — Acts 2004, c. 185, effective June 10, 2004, inserted "deposit required for new customers; forfeiture of deposit; reconnecting deposit; tenant's deposit" in the introductory language; added the subsection designations for (c) through (m); added (d) and (e); substituted "Class II-0" for "Class II-O" in (h); substituted "within twenty days" for "within thirty days" in (k); in (*l*) substituted "twenty days" for "thirty days" and added the second sentence; and deleted "and regulations" following "reasonable rules" in (m).

ARTICLE 13A.

PUBLIC SERVICE DISTRICTS FOR WATER, SEWERAGE AND GAS SERVICES.

Sec.	
16-13A-1c.	General purpose of districts.
16-13A-2.	Creation of districts by county commission; enlarging, reducing, merging, or dissolving district; consolidation; agreements, etc.; infringing upon powers of county commission; filing list of members and districts with the secretary of state.
16-13A-3.	District to be a public corporation and political subdivision; powers thereof; public service boards.
16-13A-5.	General manager of board.
16-13A-7.	Acquisition and operation of district properties.
16-13A-8.	Acquisition and purchase of public service properties; right of eminent domain; extraterritorial powers.
16-13A-9.	Rules; service rates and charges; discontinuance of service; required water and sewer connections; lien for delinquent fees.
16-13A-14.	Items included in cost of properties.
16-13A-18a.	Sale, lease or rental of water, sewer, stormwater or gas system by district; distribution of proceeds.
16-13A-24.	Acceptance of loans, grants or temporary advances.
16-13A-25.	Borrowing and bond issuance; procedure.

§ 16-13A-1. Legislative findings.

Code of State Rules References. — Government of public service districts, 150 CSR 17, effective September 1, 1990.

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

Any territory constituting the whole or any part of one or more counties in the state so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of, properties supplying water, sewerage or stormwater services or gas distribution services or all of these within such territory, will be conducive to the preservation of the public health, comfort and convenience of such area, may

State of West Virginia

Certificate

I, Joe Manchin, III, Secretary of State of the State of West Virginia, hereby certify that

THIS IS A TRUE COPY OF CHAPTER 31, ARTICLE 15A, OF THE WEST VIRGINIA CODE, AS INDICATED BY THE RECORDS OF THIS OFFICE.

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

August 9, 2004

Secretary of State

IB

ARTICLE 15A.

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL.

Sec.
31-15A-1. Short title.
31-15A-2. Definitions.
31-15A-3. West Virginia infrastructure and jobs development council continued; members of council; staff of council.
31-15A-4. Development of guidelines and preliminary application for funding assistance.
31-15A-5. Requirements for project funding assistance; review of project preliminary applications by council.
31-15A-6. Powers, duties and responsibilities of the council generally; comprehensive assessment.
31-15A-7. Current and prospective planning; roads and highways; report to division of highways.
31-15A-8. Exemption of certain emergency projects from certificate of public convenience and necessity requirements; review of certain emergency projects by public service commission; and exemption for North Fork Hughes River watershed project.
31-15A-9. Infrastructure fund; deposits in fund; disbursements to provide loans, loan guarantees, grants and other assistance; loans, loan guarantees, grants and other assistance shall be subject to assistance agreements.
31-15A-10. Recommendations by council for expenditures of funds by loan, grant or for engineering assistance.
31-15A-11. Reservation of funds for projects and infrastructure projects.
31-15A-12. Additional powers of water development authority.
Sec.
31-15A-13. Prohibition on funds inuring to the benefit of or being distributable to water development board; transactions between the water development board and officers having certain interests in such transactions.
31-15A-14. Termination or dissolution.
31-15A-15. Projects not to be considered public improvements; competitive bid requirements.
31-15A-16. Dedication of severance tax proceeds.
31-15A-17. Water development authority empowered to issue infrastructure revenue bonds and refunding bonds; creation of infrastructure revenue debt service fund; funding of infrastructure revenue debt service fund; requirements and manner of such issuance.
31-15A-17a. Infrastructure revenue bonds payable from A. James Manchin fund.
31-15A-18. Trustee for holders of infrastructure revenue bonds; contents of trust agreement.
31-15A-19. Legal remedies of infrastructure revenue bondholders or noteholders and trustees.
31-15A-20. Infrastructure revenue bonds lawful investments.
31-15A-21. Purchase and cancellation of infrastructure revenue bonds.
31-15A-22. Refunding revenue bonds.
31-15A-23. Infrastructure revenue bonds not debt of state, county, municipality or any political subdivision.
31-15A-24. Infrastructure revenue bonds exempt from taxation.

§ 31-15A-1. Short title.

This article shall be known and may be cited as the "West Virginia Infrastructure and Jobs Development Act." (1994, 1st Ex. Sess., c. 26.)

Cited in State ex rel. Cooper v. Caperton, 196 W. Va. 208, 470 S.E.2d 162 (1996).

(g) "Economic development authority" means the economic development authority established under article fifteen [§§ 31-15-1 et seq.], chapter thirty-one of the code, or any successor to all or any substantial part of its powers and duties;

(h) "Emergency project" means a project which the council has determined: (1) Is essential to the immediate economic development of an area of the state; and (2) will not likely be developed in that area if construction of the project is not commenced immediately;

(i) "Governmental agency" means any county; municipality; watershed improvement district; assessment district; soil conservation district; sanitary district; public service district; drainage district; regional governmental authority and any other state governmental agency, entity, political subdivision or public corporation or agency authorized to acquire, construct or operate water or wastewater facilities or infrastructure projects;

(j) "Housing development fund" means the West Virginia housing development fund established under article eighteen [§§ 31-18-1 et seq.] of this chapter, or any successor to all or any substantial part of its powers and duties;

(k) "Infrastructure fund" means the West Virginia infrastructure fund created and established in section nine [§ 31-15A-9] of this article;

(*l*) "Infrastructure project" means a project in the state which the council determines is likely to foster and enhance economic growth and development in the area of the state in which the project is developed, for commercial, industrial, community improvement or preservation or other proper purposes, including, without limitation, tourism and recreational housing, land, air or water transportation facilities and bridges, industrial or commercial projects and facilities, mail order, warehouses, wholesale and retail sales facilities and other real and personal properties, including facilities owned or leased by this state or any other project sponsor, and includes, without limitation: (1) The process of acquiring, holding, operating, planning, financing, demolition, construction, improving, expanding, renovation, leasing or otherwise disposing of the project or any part thereof or interest therein; and (2) preparing land for construction and making, installing or constructing improvements on the land, including water or wastewater facilities or any part thereof, steam, gas, telephone and telecommunications and electric lines and installations, roads, bridges, railroad spurs, buildings, docking and shipping facilities, curbs, gutters, sidewalks, and drainage and flood control facilities, whether on or off the site;

(m) "Infrastructure revenue" means all amounts appropriated by the Legislature; all amounts deposited into the infrastructure fund; any amounts received, directly or indirectly, from any source for the use of all or any part of any project completed pursuant to this article; and any other amounts received by the state treasurer, council or the water development authority for the purposes of this article;

(n) "Need of the project sponsors" means there is a public need for a project. The council shall construe a population increase evidenced by the last two decennial censuses in a county in which a project is proposed, as a factor supporting the conclusion that a need exists for projects in that county.

§ 31-15A-2. Definitions.

For purposes of this article:

(a) "Bond" or "infrastructure revenue bond" means a revenue bond, note, or other obligation issued by the water development authority pursuant to this article, including bonds to refund such bonds and notes to renew such notes, and notes in anticipation of and payable from the proceeds of such bonds.

(b) "Code" means the code of West Virginia, one thousand nine hundred thirty-one, as amended;

(c) "Cost" means, as applied to any project to be financed, in whole or in part, with infrastructure revenues or funds otherwise provided pursuant to this article, the cost of planning, acquisition, improvement and construction of the project; the cost of preliminary design and analysis, surveys, borings; the cost of environmental, financial, market and engineering feasibility studies, assessments, applications, approvals, submissions or clearances; the cost of preparation of plans and specifications and other engineering services; the cost of acquisition of all land, rights-of-way, property rights, easements, franchise rights and any other interests required for the acquisition, repair, improvement or construction of the project; the cost of demolishing or removing any buildings or structures on land so acquired, including the cost of acquiring any lands to which buildings or structures may be moved; the cost of excavation, grading, shaping or treatment of earth, demolishing or removing any buildings or structures; the cost of constructing any buildings or other improvements; the cost of all pumps, tanks, vehicles, apparatus and other machinery, furnishings and equipment; loan or origination fees and all finance charges and interest incurred prior to and during the construction and for no more than six months after completion of construction; the cost of all legal services and expenses; the cost of all plans, specifications, surveys and estimates of cost; all working capital and other expenses necessary or incident to determining the feasibility or practicability of acquiring, repairing, improving or constructing any project; the cost of placing any project in operation; and all other costs and expenses of any kind or nature incurred or to be incurred by the project sponsor developing the project that are reasonable and necessary for carrying out all works and undertakings necessary or incident to the accomplishment of any project: Provided, That costs shall not include any amounts related to the ongoing operations of the owner or operator, depreciation thereof or any other cost which the council or the water development authority has not determined to be consistent with the purposes and objectives of this article;

(d) "Council" means the West Virginia infrastructure and jobs development council created in section three [§ 31-15A-3] of this article;

(e) "Division of environmental protection" means the division [department] of environmental protection established under article one [§§ 22-1-1 et seq.], chapter twenty-two of this code, or any successor to all or any substantial part of its powers and duties;

(f) "Division of health" means the division of health created in article one [§§ 16-1-1 et seq.], chapter sixteen of this code, or any successor to all or any substantial part of its powers and duties;

(o) "Project" means any wastewater facility, water facility project or an combination thereof, constructed or operated or to be constructed or operate by a project sponsor;

(p) "Project sponsor" means any governmental agency or person, or an combination thereof, including, but not limited to, any public utility, whic intends to plan, acquire, construct, improve or otherwise develop a project;

(q) "Public service commission" means the public service commission o West Virginia created and established under section three [§ 24-1-3], articl one, chapter twenty-four of this code, or any successor to all or any substantia part of its powers and duties;

(r) "Person" means any individual, corporation, partnership, association limited liability company or any other form of business organization;

(s) "Public utility" means any person or persons, or association of persons however associated, whether incorporated or not, including, without limita tion, any governmental agency, operating a wastewater facility or wate facility as a public service, which is regulated by the public service commissio as a public utility under chapter twenty-four [§§ 24-1-1 et seq.] of this code o which is required to file its tariff with the public service commission;

(t) "State development office" means the West Virginia development offic established under article two [§§ 5B-2-1 et seq.], chapter five-b of this code, o any successor to all or any substantial part of its powers and duties;

(u) "State infrastructure agency" means the division of health, division o environmental protection, housing development fund, public service commis sion, state development office, water development authority, economic devel opment authority and any other state agency, division, body, authority commission, instrumentality or entity which now or in the future receives applications for the funding of, and provides funding or technical assistance to the planning, acquisition, construction or improvement of a project;

(v) "Waste water facility" means all facilities, land and equipment used fo or in connection with treating, neutralizing, disposing of, stabilizing, cooling segregating or holding waste water, including, without limitation, facilities fo the treatment and disposal of sewage, industrial wastes or other wastes, wastewater, and the residue thereof; facilities for the temporary or permanent impoundment of wastewater, both surface and underground; and sanitary sewers or other collection systems, whether on the surface or underground, designed to transport wastewater together with the equipment and furnish ings therefor or thereof and their appurtenances and systems, whether on the surface or underground including force mains and pumping facilities therefor;

(w) "Water development authority" means the West Virginia water develop ment authority continued pursuant to the provisions of article one [§§ 22C-1-1 et seq.], chapter twenty-two-c of this code, or any successor to all or any substantial part of its powers and duties; and

(x) "Water facility" means all facilities, land and equipment used for or in connection with the collection and/or storage of water, both surface and underground, transportation of water, storage of water, treatment of water and distribution of water all for the purpose of providing potable, sanitary water suitable for human consumption and use. (1994, 1st Ex. Sess., c. 26; 1998, c. 180.)

§ 31-15A-3. West Virginia infrastructure and jobs development council continued; members of council; staff of council.

(a) The West Virginia infrastructure and jobs development council is hereby continued. The council is a governmental instrumentality of the state. The exercise by the council of the powers conferred by this article and the carrying out of its purpose and duties shall be considered and held to be, and are hereby determined to be, essential governmental functions and for a public purpose.

(b) The council shall consist of eleven members, including the executive director of the housing development fund or his or her designee, the director of the division of environmental protection or his or her designee, the director of the economic development authority or his or her designee, the director of the water development authority or his or her designee, the executive director of the state development office or his or her designee, the director of the division of health or his or her designee, the chairman of the public service commission or his or her designee, and four members representing the general public: Provided, That there shall be at least one member representing the general public from each congressional district: Provided, however, That after the expiration of the term of office of the members first appointed as representatives of the general public, no more than one member representing the general public may be a resident of the same county. The governor shall appoint the public members of the council who shall serve three-year staggered terms. The commissioner of the division of highways, the executive director of the state rail authority, two members of the West Virginia Senate, two members of the West Virginia House of Delegates, one representative of the board of directors of the state college system and one representative of the board of trustees of the university of West Virginia shall serve as advisory members of the council. The governor shall appoint the legislative members of the council: Provided, further, That no more than three of the legislative members may be of the same political party. The governor shall appoint the representatives of the governing boards from a list of three names submitted by each governing board. The advisory members shall be ex officio, nonvoting members of the council.

(c) The council shall annually elect one of its members as chairman, and shall appoint a secretary, who need not be a member of the council and who shall keep records of its proceedings. Six members of the council shall constitute a quorum and the affirmative vote of at least the majority of those members present shall be necessary for any action taken by vote of the council. No vacancy in the membership of the council impairs the rights of a quorum by such vote to exercise all the rights and perform all the duties of the council.

(d) No member of the council who serves by virtue of his or her office shall receive any compensation or reimbursement of expenses for serving as a member. The members of the council who represent the general public shall receive reimbursement for actual expenses incurred in the service of the council.

(e) The council shall meet at least monthly to review projects and infrastructure projects requesting funding assistance and otherwise to conduct its

business, and shall meet more frequently if necessary. Notwithstanding any other provision of this article to the contrary, the economic development authority shall not be subject to council review with regard to any action taken pursuant to the authority established in article fifteen [§§ 31-15-1 et seq.], chapter thirty-one of this code nor shall the governor's civil contingent fund be subject to council review with regard to projects or infrastructure projects funded through the governor's civil contingent fund.

(f) The water development authority shall provide office space for the council, and each governmental agency represented on the council shall provide staff support for the council in the manner determined by the council from time to time.

(g) The council shall invite to all its meetings one or more representatives of the United States department of agriculture, rural economic community development, the United States economic development agency and the United States army corps of engineers or any successors thereto. The council shall also invite such other appropriate parties as may be necessary to effectuate the purposes of this article. (1994, 1st Ex. Sess., c. 26; 1995, c. 130.)

§ 31-15A-4. Development of guidelines and preliminary application for funding assistance.

(a) To implement and carry out the intent of this article, the council shall promulgate legislative rules in accordance with article three [§§ 29A-3-1 et seq.], chapter twenty-nine-a of this code to develop comprehensive, uniform guidelines for use by the council and other state infrastructure agencies in evaluating any request by a project sponsor for funding assistance to plan, acquire, construct, improve or otherwise develop a project or infrastructure project. The guidelines shall include the following factors: (1) the public health benefits of the project or infrastructure project; (2) the economic development benefits of the project or infrastructure project; (3) the degree to which the project or infrastructure project will correct deficiencies in the compliance of water supply or sewage treatment facilities with state or federal laws, regulations or standards; (4) the degree to which the project or infrastructure project encourages effective and efficient consolidation of water or sewage treatment systems consistent with the comprehensive plan developed pursuant to section six [§ 31-15A-6], of this article; (5) the cost effectiveness of the project or infrastructure project as compared with alternatives which achieve substantially the same public health or economic development benefits, including the consideration of providing maximum feasible fire protection; (6) the availability of alternative sources of funding which could finance all or a part of the project and infrastructure project, and the need for the assistance of the council to finance the project or infrastructure project or attract other sources of funding; (7) the applicant's ability to operate and maintain the system if the project or infrastructure project is approved; (8) the degree to which the project or infrastructure project achieves other state or regional planning goals; (9) the estimated date upon which the project or infrastructure project could commence if funding were available and the estimated comple-

tion date of the project or infrastructure project; and (10) such other considerations as the council may consider necessary or appropriate to accomplish the purpose and intent of this article.

(b) The council shall create a preliminary application form which shall be used by all project sponsors requesting funding assistance from state infrastructure agencies to plan, acquire, construct, improve or otherwise develop an infrastructure project or project. The preliminary application form shall contain all information required by all state infrastructure agencies that will be required to issue permits and/or certificates regarding the project or infrastructure project. The preliminary application shall require the project sponsor to set forth the type and proposed location of the infrastructure project or project; the estimated total cost of the project; the amount of funding assistance required and the specific uses of the funding; other sources of funding available or potentially available for the infrastructure project or project; information demonstrating the need for the infrastructure project or project and that the proposed funding of the project is the most economically feasible and viable alternative to completing the project or infrastructure project; and such other information as the council considers necessary to enable it to recommend the type of project or infrastructure project financing, in terms of the kind, amount and source of funding, which the project sponsor should pursue and which the state infrastructure agency or agencies should consider an appropriate investment of public funds, and to otherwise carry out the intent of this article. (1994, 1st Ex. Sess., c. 26.)

Code of State Rules References. — Infrastructure and jobs development council funding rules, 167 CSR 1, effective June 6, 1996.

§ 31-15A-5. Requirements for project funding assistance; review of project preliminary applications by council.

(a) No project sponsor may apply for or receive any loan, loan guarantee, grant or other funding assistance for a project or infrastructure project from any state infrastructure agency (i) unless the project sponsor requiring the funding assistance first submits a completed preliminary application to the council on the form prepared for such purpose by the council pursuant to section four of this article, and (ii) except as may be recommended by the council after consideration of the preliminary application: Provided, That any project sponsor which has an infrastructure project or project with either acceptable bids or all funding in place on the effective date of this act is not required to comply with the provisions of this section.

(b) The council shall, within thirty days of receipt of each completed preliminary application submitted to it, review the preliminary application and either (i) make a written recommendation as to the infrastructure project or project financing, in terms of the kind, amount and source of funding, which the project sponsor submitting the application should pursue and which the state infrastructure agency or agencies should consider an appropriate invest-

ment of public funds, or (ii) if the council determines that (1) the proposed project or infrastructure project is not eligible for funding assistance from any state infrastructure agency, or (2) the proposed project or infrastructure project is not otherwise an appropriate or prudent investment of state funds, the council shall recommend that the project sponsor not seek funding from any state infrastructure agency. A project sponsor shall include the preliminary application and the council's recommendations in any application to a state infrastructure agency.

(c) The council shall provide a copy of its recommendation with respect to each preliminary application, together with a copy of the preliminary application, to all appropriate state infrastructure agencies, which shall take into account the council's recommendations with respect to a project or infrastructure project before taking any action with respect to the project. No state infrastructure agency shall take any action inconsistent with the recommendation of the council unless the governing body of the agency, or the head of the agency if it has no governing body, expressly finds and determines that the recommendation is not in the best interest of the state or the area in which the proposed infrastructure project or project is to be located.

(d) In reviewing each preliminary application, the council shall use the engineering, financial and technical expertise of the respective staffs of the state infrastructure agencies represented on the council so as to recommend for funding those projects or infrastructure projects which are consistent with the purposes and intent of this article and with the policies and priorities of this state generally. The council may include in its findings a recommendation that a state infrastructure agency consider technical reports on the project prepared by other infrastructure agencies or by any federal agency. (1994, 1st Ex. Sess., c. 26.)

Code of State Rules References. — Infrastructure and jobs development council funding rules, 167 CSR 1, effective June 6, 1996.

§ 31-15A-6. Powers, duties and responsibilities of the council generally; comprehensive assessment.

(a) In addition to the powers set forth elsewhere in this article, the council is hereby granted, has and may exercise all powers necessary or appropriate to carry out and effectuate the purposes and intent of this article. The council shall have the power and capacity to:

(1) Provide consultation services to project sponsors in connection with the planning, acquisition, improvement, construction or development of any infrastructure project or project;

(2) Periodically prepare a list of infrastructure projects or projects which cannot meet the established funding guidelines of the various state infrastructure agencies, other than the housing development fund, but which are consistent with the mandates of this article and recommend to the water development authority that it make a grant or loan to the project sponsors

from the infrastructure fund to finance the cost of one or more such projects or infrastructure projects;

(3) Do all other acts necessary and proper to carry out the powers expressly granted to the authority in this article; and

(4) To make and execute contracts, commitments and obligations and other instruments necessary or convenient for the exercise of its powers.

(b) The council shall develop a comprehensive statewide inventory of water supply systems and sewage treatment systems and an assessment of current and future needs by the first day of July, one thousand nine hundred ninety-six. The assessment shall identify the areas of the state which do not have adequate public water or sewage systems and offer recommendations for the construction of new facilities or the extension or expansion of existing facilities to meet the identified needs. The council shall include in the assessment an identification of the obstacles, issues and problems which prevent or inhibit development of adequate infrastructure throughout the state, including financial, governmental, physical, or geographical factors and make recommendation as the council considers appropriate regarding the obstacles, issues or problems identified. This comprehensive inventory and assessment shall be updated at least once in every three year period after the initial assessment and inventory is completed.

(c) The council shall study the viability of the consolidation of public service districts throughout the state: Provided, That the study shall encompass not only public service districts but also any and all entities which provide or supply water and sewer service to the general public: Provided, however, That the council shall, in the preparation of the study, consult with the public service district division of the public service commission and representatives of the West Virginia rural water association and the West Virginia association of public service districts, as needed. The council shall report their findings and conclusions on or before the sixteenth of January of the year one thousand nine hundred ninety-five to the governor, speaker of the house of delegates and president of the senate. (1994, 1st Ex. Sess., c. 26.)

§ 31-15A-7. Current and prospective planning; roads and highways; report to division of highways.

(a) The council shall take into account the current and prospective infrastructure needs in relation to plans of the division of highways for the development and building of new roads. Upon completion an environmental impact study, the commissioner of highways shall provide the council with plans for any and all new roads. In a timely manner, the council shall advise the commissioner of the division of highways on the feasibility of the expansion of new or existing water and sewer lines concomitant to the construction of the new roads.

(b) The council has the authority to appoint local infrastructure planning teams. The local infrastructure planning teams may consist of the following: A designee of the division of highways from the region where the new road is being built; a designee of the division of highways from the central state office;

a designee from the environmental engineers division of the department of health and human resources; a designee from the local developmental authority where the new road is being built; a designee from the regional developmental authority in the area where the new road is being built; a designee from the public service commission; a designee from the division of environmental protection; a designee from the county commission where the new road is being built who shall serve as chairperson of the planning team; a citizen of the county where the new road is being built to be chosen by the county commission; and the elected state delegates and senators from the area where the new road is being built. In order to avoid delay of any highway project, immediately upon appointment of a local infrastructure planning team, the director of the division of highways shall submit to the council a time frame within which the planning team must act and within which the planning team must submit any plans, maps, recommendations or reports developed pursuant to this subsection. The local infrastructure planning team shall meet prior to the development and building of a new road. Members of the local infrastructure planning team shall only receive payment for actual expenses incurred. The local infrastructure planning team shall advise the commissioner of the division of highways on the feasibility of an infrastructure plan. The local infrastructure planning team shall meet to develop an infrastructure plan that includes an assessment study of existing water and sewer lines and a feasibility study on future development and laying of water and sewer lines. After these studies are completed, a developmental map shall be drawn of the proposed road route with overlays of the proposed water and sewer lines. These studies and the map shall be presented to the commissioner of the division of highways and shall be used by the commissioner in the planning, developing and building of the road.

(c) The water development authority shall establish a restricted account within the infrastructure fund to be expended for the construction of water and sewage lines as may be recommended by the council in accordance with this article and specifically, in accordance the plan developed under subsection (b) of this section. The reserve account shall be known as the "infrastructure road improvement reserve account". The council and the division of highways may enter into agreements to share the cost of financing projects approved in accordance with this section from moneys available in the infrastructure road reserve account and moneys available from the state road fund. Annually, the council may direct the water development authority to transfer funds from the infrastructure fund in an amount not to exceed one million dollars to the restricted account: Provided, That at no time may the balance of the restricted account exceed one million dollars.

(d) For the purposes of this section the term "new" means a road right-of-way being built for the first time.

(e) After the construction of water and sewer lines adjacent to the new road these new lines shall be turned over to existing utilities by expansion of boundaries of public service districts or shall be main extensions from the municipality. (1994, 1st Ex. Sess., c. 26.)

§ 31-15A-8. Exemption of certain emergency projects from certificate of public convenience and necessity requirements; review of certain emergency projects by public service commission; and exemption for North Fork Hughes River watershed project.

(a) If the council determines a project to be an emergency and the emergency project will be funded solely with grant money for the extension of an existing certificated water facility or wastewater facility, and if the council finds in its recommendation that the construction and acquisition of the emergency project will have no effect on the public utility's customer rates and will have no significant effect on its operational costs as a result of the project cost, then the emergency project is exempt from the requirement to obtain a certificate of public convenience and necessity under section eleven [§ 24-2-11], article two, chapter twenty-four of this code. If the public utility is a public service district, it is exempt from the approval of the public service commission required under section twenty-five [§ 16-13A-25], article thirteen-a, chapter sixteen of this code.

(b) Any public utility, and any other entity that will operate as a public utility, must obtain a certificate of public convenience and necessity pursuant to section eleven [§ 24-2-11], article two, chapter twenty-four of this code for any emergency project that is not exempt under subsection (a) of this section. The public service commission shall render its final decision on any application for a certificate within one hundred twenty days of the filing of the application: Provided, That the thirty-day prefiling requirement is not required. If the project sponsor is a public service district, then the project will be exempted from the approval requirements of section twenty-five [§ 16-13A-25], article thirteen-a, chapter sixteen of this code.

(c) Projects that are not emergency projects are subject to the requirements of section eleven, article two, chapter twenty-four of this code to the extent they would be otherwise.

(d) The North Fork Hughes River watershed project, proposed to enhance economic growth and development through tourism as provided in subsection (*l*), section two [§ 31-15A-2] of this article and to include a water facility project as defined in subsection (n), section two of this article, is hereby specifically exempted from any requirement imposed by this article, except that the provisions of subsection (a) of this section are specifically made applicable to the project. The project is hereby specifically authorized and the public land corporation shall have and may exercise the power of eminent domain and all authority otherwise prescribed by law to acquire necessary land and rights-of-way, to include approximately four hundred seventy-eight acres, in connection with the project. Funding for the project shall be provided by the federal government from the Appalachian regional commission through the United States soil conservation service. Upon completion of the project, the property acquired shall be transferred to the state park system. The commissioner of the division of tourism and parks or the successor to the commission-

er's powers and duties is directed to expand the boundaries of North Bend state park to include the project area and to operate the expanded park property, including improved recreational facilities, from funds appropriated for that purpose. (1994, 1st Ex. Sess., c. 26; 1998, c. 180.)

Editor's notes. — Concerning the reference in (d) to "a water facility project as defined in subsection (n), section two of this article," the term "water facility" is defined in subsection (x) of that section.

§ 31-15A-9. Infrastructure fund; deposits in fund; disbursements to provide loans, loan guarantees, grants and other assistance; loans, loan guarantees, grants and other assistance shall be subject to assistance agreements.

(a) The water development authority shall create and establish a special revolving fund of moneys made available by appropriation, grant, contribution or loan to be known as the "West Virginia Infrastructure Fund". This fund shall be governed, administered and accounted for by the directors, officers and managerial staff of the water development authority as a special purpose account separate and distinct from any other moneys, funds or funds owned and managed by the water development authority. The infrastructure fund shall consist of sub-accounts, as deemed necessary by the council or the water development authority, for the deposit of: (1) Infrastructure revenues; (2) any appropriations, grants, gifts, contributions, loan proceeds or other revenues received by the infrastructure fund from any source, public or private; (3) amounts received as payments on any loans made by the water development authority to pay for the cost of a project or infrastructure project; (4) insurance proceeds payable to the water development authority or the infrastructure fund in connection with any infrastructure project or project; (5) all income earned on moneys held in the infrastructure fund; (6) all funds deposited in accordance with section four [§ 31-15B-4] of article fifteen-b; and (7) all proceeds derived from the sale of bonds issued pursuant to article fifteen-b [§§ 31-15B-1 et seq.] of this chapter.

Any money collected pursuant to this section shall be paid into the West Virginia infrastructure fund by the state agent or entity charged with the collection of the same, credited to the infrastructure fund, and used only for purposes set forth in this article or article fifteen-b [§§ 31-15B-1 et seq.].

Amounts in the infrastructure fund shall be segregated and administered by the water development authority separate and apart from its other assets and programs. Amounts in the infrastructure fund may not be transferred to any other fund or account or used, other than indirectly, for the purposes of any other program of the water development authority, except that the water development authority may use funds in the infrastructure fund to reimburse itself for any administrative costs incurred by it and approved by the council in connection with any loan, loan guarantee, grant or other funding assistance made by the water development authority pursuant to this article.

(b) Notwithstanding any provision of this code to the contrary, amounts in the infrastructure fund shall be deposited by the water development authority in one or more banking institutions: Provided, That any moneys so deposited shall be deposited in a banking institution located in this state. The banking institution shall be selected by the water development authority by competitive bid. Pending the disbursement of any money from the infrastructure fund as authorized under this section, the water development authority shall invest and reinvest the moneys subject to the limitations set forth in article eighteen [§§ 31-18-1 et seq.], chapter thirty-one of this code.

(c) To further accomplish the purposes and intent of this article and article fifteen-b [§§ 31-15B-1 et seq.] of this chapter, the water development authority may pledge infrastructure revenues and from time to time establish one or more restricted accounts within the infrastructure fund for the purpose of providing funds to guarantee loans for infrastructure projects or projects: Provided, That for any fiscal year the water development authority may not deposit into the restricted accounts more than twenty percent of the aggregate amount of infrastructure revenues deposited into the infrastructure fund during the fiscal year. No loan guarantee shall be made pursuant to this article unless recourse under the loan guarantee is limited solely to amounts in the restricted account or accounts. No person shall have any recourse to any restricted accounts established pursuant to this subsection other than those persons to whom the loan guarantee or guarantees have been made.

(d) Each loan, loan guarantee, grant or other assistance made or provided by the water development authority shall be evidenced by a loan, loan guarantee, grant or assistance agreement between the water development authority and the project sponsor to which the loan, loan guarantee, grant or assistance shall be made or provided, which agreement shall include, without limitation and to the extent applicable, the following provisions:

(1) The estimated cost of the infrastructure project or project, the amount of the loan, loan guarantee or grant or the nature of the assistance, and in the case of a loan or loan guarantee, the terms of repayment and the security therefor, if any;

(2) The specific purposes for which the loan or grant proceeds shall be expended or the benefits to accrue from the loan guarantee or other assistance, and the conditions and procedure for disbursing loan or grant proceeds;

(3) The duties and obligations imposed regarding the acquisition, construction, improvement or operation of the project or infrastructure project; and

(4) The agreement of the governmental agency to comply with all applicable federal and state laws, and all rules and regulations issued or imposed by the water development authority or other state, federal or local bodies regarding the acquisition, construction, improvement or operation of the infrastructure project or project and granting the water development authority the right to appoint a receiver for the project or infrastructure if the project sponsor should default on any terms of the agreement.

(e) Any resolution of the water development authority approving loan, loan guarantee, grant or other assistance shall include a finding and determination that the requirements of this section have been met.

(f) The interest rate on any loan to governmental, quasi-governmental, or not for profit project sponsors for projects made pursuant to this article shall not exceed three percent per annum. Due to the limited availability of funds available for loans for projects, it is the public policy of this state to prioritize funding needs to first meet the needs of governmental, quasi-governmental and not for profit project sponsors and to require that loans made to for-profit entities shall bear interest at the current market rates. Therefore, no loan may be made by the council to a for-profit entity at an interest rate which is less than the current market rate at the time of the loan agreement.

(g) The water development authority shall cause an annual audit to be made by an independent certified public accountant of its books, accounts and records, with respect to the receipts, disbursements, contracts, leases, assignments, loans, grants and all other matters relating to the financial operation of the infrastructure fund, including the operating of any sub-account within the infrastructure fund. The person performing such audit shall furnish copies of the audit report to the commissioner of finance and administration [office abolished], where they shall be placed on file and made available for inspection by the general public. The person performing such audit shall also furnish copies of the audit report to the Legislature's joint committee on government and finance. (1994, 1st Ex. Sess., c. 26; 1995, c. 130.)

Editor's notes. — The office of the commissioner of finance and administration was abolished, and the duties of that office were transferred to the secretary of administration. See § 5A-1-2.

§ 31-15A-10. Recommendations by council for expenditures of funds by loan, grant or for engineering assistance.

(a) To further accomplish the purpose and intent of this article, the water development authority shall use the moneys in the infrastructure fund created pursuant to section nine [§ 31-15A-9] of this article, upon receipt of one or more recommendations from the council pursuant to section five [§ 31-15A-5] of this article, to make loans, with or without interest, loan guarantees or grants and to provide other assistance, financial, technical or otherwise, to finance all or part of the costs of infrastructure projects or projects to be undertaken by a project sponsor: Provided, That any moneys disbursed from the infrastructure fund in the form of grants shall not exceed twenty percent of the total funds available for the funding of projects. No loan, loan guarantee, grant or other assistance shall be made or provided except upon a determination by the council that the loan, loan guarantee, grant or other assistance and the manner in which it will be provided are necessary or appropriate to accomplish the purposes and intent of this article, based upon an application submitted to the council: Provided, however, That no grant shall be made to a project sponsor that is not a governmental agency or a not for profit corporation under the provisions of section 501(c) [26 USCS § 501(c)] of the Internal Revenue Code of 1986 , as amended. Applications for loans, loan guarantees, grants or other assistance may be submitted by a project sponsor for one or

more infrastructure projects on preliminary application forms prepared by the council pursuant to section four [§ 31-15A-4] of this article. Any recommendation of the council approving a loan, loan guarantee, grant or other assistance shall include a finding and determination by the council that the requirements of this section have been met. The council shall base any decisions to loan money for projects to project sponsors pursuant to this article solely on the need of the project sponsors.

(b) The council has the authority in its sole discretion to make grants to project sponsors if it finds that: (1) The level of rates for the users would otherwise be an unreasonable burden given the users' likely ability to pay; or (2) the absence of a sufficient number of users prevents funding of the project except through grants: Provided, That no project sponsor shall receive infrastructure grant money in an amount in excess of fifty percent of the total cost of the project. Therefore, the council may consider the economic or financial conditions of the area to be served. As a condition for receipt of a grant under this subsection, the council may require, in addition to any other conditions, that the applicant pursue other state or federal grant or loan programs. Upon a recommendation by the council, the water development authority shall provide the grant in accordance with the recommendation. The council shall develop criteria to be considered in making grants to project sponsors which shall require consideration of the economic or financial conditions of the area to be served and the availability of other funding sources. The council shall adopt procedural rules regarding the manner in which grants will be awarded in conformity with this section. The procedural rules shall be adopted pursuant to article three [§§ 29A-3-1 et seq.], chapter twenty-nine-a of this code.

(c) Notwithstanding any other provision of this article to the contrary, the council shall apply a mandatory minimum end user utility rate that must be met by the project sponsor before funding assistance may be awarded. The mandatory minimum end utility rate shall be be based upon a uniform statewide percentage of the median household income in a particular geographic area and said rate shall not exceed six tenths of one percent: Provided, That funding assistance made from the proceeds of any general obligation bonds and revenue bonds issued after the fifteenth day of March, one thousand nine hundred ninety-eight, after transfer required to make the state match for the water and wastewater revolving loan programs pursuant to article two [§§ 22C-2-1 et seq.], chapter twenty-two-c and article thirteen-c [§§ 16-13C-1 et seq.], chapter sixteen of this code, shall be provided by the council on a pro rata basis divided equally among the congressional districts of this state as delineated in accordance with section three [§ 1-2-3], article two, chapter one of this code: Provided, however, That infrastructure projects as defined in subsection (*l*), section two [§ 31-15A-2] of this article shall not be subject to pro rata distribution. When determining median household income of a geographic area of the project to be served, the council shall consider any surveys of the income of the households that will be served by the project.

(d) No loan or grant funds may be made available for a project if the project to be funded will provide subsidized services to certain users in the service area of the project.

(e) Notwithstanding any other provision of this article to the contrary, engineering studies and requirements imposed by the council for preliminary applications shall not exceed those engineering studies and requirements which are necessary for the council to determine the economic feasibility of the project. If the council determines that the engineering studies and requirements for the preapplication would impose an undue hardship on any project sponsor, the council may provide funding assistance to project sponsors to defray the expenses of the preapplication process from moneys available in the infrastructure fund for making loans: Provided, That the council may only provide funding assistance in an amount equal to five thousand dollars or fifty percent of the total preapplication cost of the project, whichever amount is greater. If the project is ultimately approved for a loan by the council, the amount of funding assistance provided to the project sponsor for the preapplication process shall be included in the total amount of the loan to be repaid by the project sponsor. If the project is not ultimately approved by the council, then the amount of funding assistance provided to the project sponsor will be considered a grant by the council and the total amount of the assistance shall be forgiven. In no event may the amount of funding assistance provided to all project sponsors exceed, in the aggregate, one hundred thousand dollars annually.

(f) The council shall report to the governor, the speaker of the House of Delegates and the president of the Senate during each regular and interim session of the Legislature, on its activities and decisions relating to distribution or planned distribution of grants and loans under the criteria to be developed pursuant to this article. (1994, 1st Ex. Sess., c. 26; 1995, c. 130; 1998, c. 180.)

Code of State Rules References. — Infrastructure and jobs development council funding rules, 167 CSR 1, effective June 6, 1996.

Editor's notes. — Section 501 of the Internal Revenue Code of 1986, referred to in (a), is codified at 26 USCS § 501.

§ 31-15A-11. Reservation of funds for projects and infrastructure projects.

Eighty percent of the funds deposited in the West Virginia infrastructure fund shall be dedicated for the purpose of providing funding for the cost of projects as defined in subsection (n), section two [§ 31-15A-2] of this article. Twenty percent of the funds deposited in the West Virginia infrastructure fund shall be dedicated for the purpose of providing funding for costs of infrastructure projects as defined in subsection (*l*), section two of this article. Project sponsors of infrastructure projects shall follow the application process as established by this article: Provided, That notwithstanding any provision of this article to the contrary, all applications for any infrastructure project shall be submitted to the council for community and economic development, or its successor, for review, recommendation and approval regarding infrastructure project funding. (1994, 1st Ex. Sess., c. 26; 1998, c. 180.)

Editor's notes. — Concerning the reference to "projects as defined in subsection (n), section two of this article," the term "project" is defined in subsection (o) of that section.

§ 31-15A-12. Additional powers of water development authority.

To accomplish the purpose and intent of this article, the water development authority is hereby empowered, in addition to all other powers granted to it under this code, upon approval of the council, to (1) enter into agreements or other transactions with any federal or state agency in connection with any infrastructure project or project; (2) receive or administer on behalf of any federal or state agency grants, subsidies or other payments to be applied to the costs of any infrastructure project or project financed in whole or in part or otherwise assisted by the water development authority, including, but not limited to, payments to be applied to operating costs and debt service or obligations of any project sponsor; (3) receive and accept aid or contributions from any source of money, property, labor or other things of value, to be held, used and applied only for the purposes for which such grants and contributions are made; (4) establish and amend the criteria and qualifications for making loans, loan guarantees or grants, or providing any other assistance, for any infrastructure project or project, and the terms of any loans, loan guarantee, grant or assistance agreement for any project; and (5) do all things which are necessary to further the purposes and intent of this article. (1994, 1st Ex. Sess., c. 26.)

§ 31-15A-13. Prohibition on funds inuring to the benefit of or being distributable to water development board; transactions between the water development board and officers having certain interests in such transactions.

No part of the infrastructure fund or the West Virginia infrastructure revenue debt service fund shall inure to the benefit of or be distributable to the water development board directors or officers of the water development authority except that the water development authority is authorized and empowered to pay reasonable compensation, other than to members of the water development board, including the chairman, vice chairman, secretary-treasurer for services rendered and to make loans and exercise its other powers as previously specified in furtherance of its corporate purpose: Provided, That no loans shall be made, and no property shall be purchased or leased from, or sold, leased or otherwise disposed of, to any water development board member or officer of the water development authority. (1994, 1st Ex. Sess., c. 26; 1998, c. 180.)

§ 31-15A-14. Termination or dissolution.

Upon the termination or dissolution of the water development authority, all rights and properties of the water development authority with respect to the

infrastructure fund shall pass to and be vested in the state, subject to the rights of lienholders and other creditors. (1994, 1st Ex. Sess., c. 26.)

§ 31-15A-15. Projects not to be considered public improvements; competitive bid requirements.

(a) No project or infrastructure project acquired, constructed, maintained or financed, in whole or in part, by the water development authority shall be considered to be a "public improvement" within the meaning of the provisions of article five-a [§§ 21-5A-1 et seq.], chapter twenty-one of this code as a result of the financing.

(b) The state and its subdivisions shall, except as provided in subsection (c) of this section, solicit competitive bids and require the payment of prevailing wage rates as provided in article five-a [§§ 21-5A-1 et seq.], chapter twenty-one of this code for every project or infrastructure project funded pursuant to this article exceeding twenty-five thousand dollars in total cost.

Following the solicitation of the bids, the construction contract shall be awarded to the lowest qualified responsible bidder, who shall furnish a sufficient performance and payment bond: Provided, That the state and its subdivisions may reject all bids and solicit new bids on the project.

(c) This section does not:

(1) Apply to work performed on construction or repair projects not exceeding a total cost of fifty thousand dollars by regular full-time employees of the state or its subdivisions: Provided, That no more than fifty thousand dollars shall be expended on an individual project in a single location in a twelve-month period;

(2) Prevent students enrolled in vocational educational schools from being used in the construction or repair projects when such use is a part of the students' training program;

(3) Apply to emergency repairs to building components and systems: Provided, That the term "emergency repairs" means repairs that, if not made immediately, will seriously impair the use of the building components and systems or cause danger to those persons using the building components and systems; or

(4) Apply to any situation where the state or a subdivision of the state comes to an agreement with volunteers, or a volunteer group, by which the governmental body will provide construction or repair materials, architectural, engineering, technical or any other professional services and the volunteers will provide the necessary labor without charge to, or liability upon, the governmental body: Provided, That the total cost of the construction or repair projects does not exceed fifty thousand dollars.

(d) The provisions of subsection (b) of this section do not apply to privately owned projects or infrastructure projects constructed on lands not owned by the state or a subdivision of the state. (1994, 1st Ex. Sess., c. 26; 2001, c. 45.)

§ 31-15A-16. Dedication of severance tax proceeds.

(a) There shall be dedicated an annual amount from the collections of the tax collected pursuant to article thirteen-a [§§ 11-13A-1 et seq.], chapter

eleven of this code for the construction, extension, expansion, rehabilitation, repair and improvement of water supply and sewage treatment systems and for the acquisition, preparation, construction and improvement of sites for economic development in this state as provided in this article.

(b) Notwithstanding any other provision of this code to the contrary, beginning on the first day of July, one thousand nine hundred ninety-five, the first sixteen million dollars of the tax collected pursuant to article thirteen-a [§§ 11-13A-1 et seq.], chapter eleven of this code shall be deposited to the credit of the West Virginia infrastructure general obligation debt service fund created pursuant to section three [§ 31-15B-3], article fifteen-b of this chapter: Provided, That beginning on the first day of July, one thousand nine hundred ninety-eight, the first twenty-four million dollars of the tax annually collected pursuant to article thirteen-a of this code shall be deposited to the credit of the West Virginia infrastructure general obligation debt service fund created pursuant to section three, article fifteen-b of this chapter.

(c) Notwithstanding any provision of subsection (b) of this section to the contrary: (1) none of the collections from the tax imposed pursuant to section six [§ 11-13A-6], article thirteen-a, chapter eleven of this code shall be so dedicated or deposited; and (2) the portion of the tax imposed by article thirteen-a [§§ 11-13A-1 et seq.], chapter eleven and dedicated for purposes of medicaid and the division of forestry pursuant to section twenty-a [§ 11-13A-20a] of said article thirteen-a shall remain dedicated for the purposes set forth in said section twenty-a.

(d) On or before the first day of May of each year, commencing the first day of May, one thousand nine hundred ninety-five, the council, by resolution, shall certify to the treasurer and the water development authority the principal and interest coverage ratio and amount for the following fiscal year on any infrastructure general obligation bonds issued pursuant to the provisions of article fifteen-b [§§ 31-15B-1 et seq.] of this chapter. (1994, 1st Ex. Sess., c. 26; 1995, c. 130; 1998, c. 180.)

§ 31-15A-17. Water development authority empowered to issue infrastructure revenue bonds and refunding bonds; creation of infrastructure revenue debt service fund; funding of infrastructure revenue debt service fund; requirements and manner of such issuance.

(a) To accomplish the purpose and intent of this article, the water development authority is hereby empowered at the written request of the council to issue from time to time infrastructure revenue bonds of the state in such principal amounts as the council deems necessary to make loans and loan guarantees and other forms of financial assistance to project sponsors for one or more projects or infrastructure projects: Provided, That the water development authority may not issue any such bonds, other than refunding bonds, unless the council by resolution determines that the aggregate cost of the

projects or infrastructure projects expected to be constructed during any annual period exceeds (1) the projected annual infrastructure revenues for the same period, and (2) the principal and interest payments not otherwise pledged to the infrastructure revenue debt service fund that are due the water development authority on all outstanding loans previously made by the water development authority pursuant to the provisions of this article.

(b) The proceeds of infrastructure revenue bonds shall be used solely for the purpose of making loans and loan guarantees and other forms of financial assistance to sponsors of one or more projects or infrastructure projects, and shall be deposited in one or more special accounts with the trustee under the trust agreement securing such bonds and disbursed from time to time for projects or infrastructure projects in accordance with this article: Provided, That notwithstanding any provision of this code to the contrary, twenty percent of the funds deposited in the special account shall be dedicated for the purpose of providing funding for costs of infrastructure projects as defined in subsection (*l*), section two [§ 31-15A-2], of this article.

(c) The water development authority may not authorize the disbursement of any proceeds of infrastructure revenue bonds unless it has received documentation from the council pursuant to the provisions of section ten [§ 31-15A-10] of this article.

(d) There is hereby created in the water development authority a special fund which shall be designated and known as the "West Virginia Infrastructure Revenue Debt Service Fund," into which shall be transferred solely from the loan repayments deposited in the infrastructure fund the amounts certified by the director of the water development authority as necessary to pay the principal, premium, if any, and interest on infrastructure revenue bonds and any reserve requirements, subject to the terms of any agreement with the holders of the infrastructure revenue bonds. All amounts deposited in the West Virginia infrastructure revenue debt service fund shall be pledged to the repayment of the principal, interest and redemption premium, if any, on any infrastructure revenue bonds authorized by this article: Provided, That amounts on deposit in the fund may be used to establish or maintain reserves created for the purposes of securing such infrastructure revenue bonds. The pledge shall be valid and binding from the time the pledge is made, and the West Virginia infrastructure revenue debt service fund so pledged shall immediately be subject to the lien of the pledge without any physical delivery thereof or further act, and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the water development authority irrespective of whether the parties have notice thereof.

(e) Except as may otherwise be expressly provided in this article or by resolution of the water development authority, every issue of infrastructure revenue bonds shall be special obligations of the water development authority payable solely from amounts in the West Virginia infrastructure revenue debt service fund, and the reserves created for this purpose by the water development authority, without preference or priority among the bonds regardless of when issued, subject only to any agreements with the holders of any bonds to the contrary. All such bonds are hereby declared to be negotiable instruments.

(f) Infrastructure revenue bonds shall be authorized by resolution of the water development authority. These bonds shall bear such dates and shall mature at such times, in case of any note or renewal thereof not exceeding five years from the date of issue of the original note, and in the case of any bond not exceeding fifty years from the date of issue, as the resolution may provide. Infrastructure revenue bonds shall bear interest at a rate or rates, including variable rates, shall be taxable or tax-exempt, shall be in the denominations, shall be in registered form, shall carry the registration privileges, shall be payable in the medium and place of payment, and shall be subject to the terms of redemption as the water development authority may authorize. Infrastructure revenue bonds may be sold by the water development authority at public or private sale at the price the water development authority determines in consultation with the council. Infrastructure revenue bonds shall be executed by the chairman and the vice chairman of the water development authority, either or both of whom may use a facsimile signature. The official seal of the water development authority or a facsimile thereof shall be affixed thereto or printed thereon and attested by manual or facsimile signature by the secretary-treasurer of the water development authority. If any officer whose signature, or a facsimile of whose signature appears on any infrastructure revenue bond ceases to be such officer before delivery of such bond, such signature or facsimile is nevertheless sufficient for all purposes to the same extent as if he or she had remained in office until such delivery, and if the seal of the water development authority has been changed after a facsimile has been imprinted on such bond, the facsimile will continue to be sufficient for all purposes.

(g) Any resolution authorizing any infrastructure revenue bonds may contain provisions, subject to any agreement with bondholders or noteholders which may then exist, which agreements shall be part of the contract with the holder thereof, with respect to the pledge of or other use and disposition of amounts in the infrastructure revenue debt service fund; the setting aside of reserve funds; the disposition of any assets of the water development authority; limitations on the purpose to which the proceeds of sale of bonds may be applied; the authorization of notes issued in anticipation of the issuance of bonds; an agreement of the water development authority to do all things necessary for the authorization, issuance and sale of such bonds in such amounts as may be necessary for the timely retirement of such notes; limitations on the issuance of additional bonds; the terms upon which additional bonds may be issued and secured; the refunding of outstanding bonds and the renewal of outstanding notes; the procedures, if any, by which the terms of any contract with bondholders or noteholders may be amended or abrogated; the amount of bonds the holders of which must consent thereto and the manner in which such consent may be given; and any other matter which in any way affects the security for or protection of the bonds.

(h) In the event that the sum of all reserves pledged to the payment of the bonds is less than the minimum reserve requirements established in any resolution or resolutions authorizing the issuance of the bonds, the chairman or the director of the water development authority shall certify, on or before the

first day of December of each year, the amount of such deficiency to the governor of the state for inclusion, if the governor shall so elect, of the amount of such deficiency in the budget to be submitted to the next session of the Legislature for appropriation to the water development authority to be pledged for payment of such bonds: Provided, That the Legislature shall not be required to make any appropriations so requested, and the amount of such deficiencies shall not constitute a debt or liability of the state.

(i) Neither the officers or board members of the water development authority, nor any person executing the infrastructure revenue bonds, shall be liable personally on the bonds or be subject to any personal liability or accountability by reason of the issuance thereof. (1998, c. 180.)

§ 31-15A-17a. Infrastructure revenue bonds payable from A. James Manchin fund.

Notwithstanding any other provision of this code to the contrary, the water development authority may issue, in accordance with the provisions of section seventeen [§ 31-15A-17] of this article, infrastructure revenue bonds payable from the A. James Manchin fund created by section six [§ 17-24-6], article twenty-four, chapter seventeen of this code and such other sources as may be legally pledged for such purposes other than the West Virginia infrastructure revenue debt service fund created by section seventeen of this article. (2003, c. 251.)

Effective dates. — Acts 2003, c. 251, provided that the act take effect June 6, 2003.

§ 31-15A-18. Trustee for holders of infrastructure revenue bonds; contents of trust agreement.

(a) Any infrastructure revenue bonds issued by the water development authority under this article shall be secured by a trust agreement between the water development authority and a corporate trustee, which trustee may be any trust company or banking institution having the powers of a trust company within this state.

(b) Any trust agreement may pledge or assign the infrastructure revenue debt service fund. Any trust agreement or any resolution providing for the issuance of such bonds may contain such provisions for protecting and enforcing the rights and remedies of the bondholders or noteholders as are reasonable and proper and not in violation of law, including the provisions contained in section seventeen [§ 31-15A-17] of this article, and covenants setting forth the duties of the water development authority in respect to the payment of the principal of and interest, charges and fees on loans made to, or bond purchases from, governmental agencies from the proceeds of the bonds, and the custody, safeguarding and application of all moneys. Any banking institution or trust company incorporated under the laws of this state which may act as depository of the proceeds of bonds or of the infrastructure debt service fund shall furnish such indemnifying bonds or pledge securities as are

required by the water development authority. The trust agreement may set forth the rights and remedies of the bondholders and noteholders and of the trustee and may restrict individual rights of action by bondholders and noteholders as customarily provided in trust agreements or trust indentures securing similar bonds and notes. The trust agreement may contain such other provisions as the water development authority deems reasonable and proper for the security of the bondholders or noteholders. All expenses incurred in carrying out the provisions of any such trust agreement may be treated as part of the cost of the construction, renovation, repair, improvement or acquisition of a project or infrastructure project. (1998, c. 180.)

§ 31-15A-19. Legal remedies of infrastructure revenue bondholders or noteholders and trustees.

Any holder of infrastructure revenue bonds issued pursuant to this article and the trustee under any trust agreement, except to the extent the rights given by this article may be restricted by the applicable resolution or trust agreement, may by civil action, mandamus or other proceedings protect and enforce any rights granted under the laws of this state or granted under this article, by the trust agreement or by the resolution in the issuance of the bonds, and may enforce and compel the performance of all duties required by this article, pursuant to the trust agreement or resolution, to be performed by the water development authority or any officer thereof. (1998, c. 180.)

§ 31-15A-20. Infrastructure revenue bonds lawful investments.

All infrastructure revenue bonds issued pursuant to this article shall be lawful investments for banking institutions, societies for savings, building and loan associations, savings and loan associations, deposit guarantee associations, trust companies, and insurance companies, including domestic for life and domestic not for life insurance companies. (1998, c. 180.)

§ 31-15A-21. Purchase and cancellation of infrastructure revenue bonds.

(a) The water development authority, subject to such agreements with noteholders or bondholders as may then exist, shall have the power, from any funds available therefor, to purchase or redeem infrastructure revenue bonds of the water development authority.

(b) If the infrastructure revenue bonds are then redeemable, the price of the purchase shall not exceed the redemption price then applicable, plus accrued interest to the next interest payment date thereon. If the infrastructure revenue bonds are not then redeemable, the price of the purchase shall not exceed the redemption price applicable on the first date after the purchase upon which the bonds become subject to redemption, plus accrued interest to such date. Upon purchase or redemption, the bonds shall be canceled. (1998, c. 180.)

§ 31-15A-22. Refunding revenue bonds.

Any infrastructure revenue bonds issued pursuant to the provisions of this article and at any time outstanding may at any time and from time to time be refunded by the water development authority by the issuance of its refunding revenue bonds in an amount it deems necessary to refund the principal of the bonds to be refunded, together with any unpaid interest thereon, to provide additional funds for the water development authority to accomplish the purpose of this article, and to pay any premiums and commissions necessary to be paid in connection therewith. Any refunding may be effected whether the infrastructure revenue bonds to be refunded shall have then matured or shall thereafter mature: Provided, That the holders of any infrastructure revenue bonds so to be refunded shall not be compelled without their consent to surrender their infrastructure revenue bonds for payment or exchange prior to the date on which they are payable or, if they are called for redemption, prior to the date on which they are by their terms subject to redemption. Any refunding revenue bonds issued pursuant to this article shall be payable from the West Virginia infrastructure revenue debt service fund, and shall be subject to the provisions contained in section seventeen [§ 31-15A-17] of this article, and shall be secured in accordance with the provisions of sections seventeen and eighteen [§ 31-15A-18] of this article. (1998, c. 180.)

§ 31-15A-23. Infrastructure revenue bonds not debt of state, county, municipality or any political subdivision.

Infrastructure revenue bonds issued pursuant to the provisions of this article shall not constitute a debt or a pledge of the faith and credit or taxing power of this state or of any county, municipality or any other political subdivision of this state. The holders or owners thereof shall have no right to have taxes levied by the Legislature or the taxing authority of any county, municipality or any other political subdivision of this state for the payment of the principal thereof or interest thereon. The bonds shall be payable solely from the revenues and funds pledged for their payment as authorized by this article. All such bonds shall contain on the face thereof a statement to the effect that the bonds, as to both principal and interest, are not debts of the state or any county, municipality or political subdivision thereof, but are payable solely from revenues and funds pledged for their payment. (1998, c. 180.)

§ 31-15A-24. Infrastructure revenue bonds exempt from taxation.

The exercise of the powers granted to the water development authority by this article will be in all respects for the benefit of the people of the state, for the improvement of their health, safety, convenience and welfare and for the enhancement of their residential, agricultural, recreational, economic, commercial and industrial opportunities and is for a public purpose. As the

construction, acquisition, repair or renovation of projects or infrastructure projects will constitute the performance of essential governmental functions, the water development authority shall not be required to pay any taxes or assessments upon any project or upon any property acquired or used by the water development authority or upon the income therefrom. The infrastructure revenue bonds and all interest and income thereon shall be exempt from all taxation by this state, or any county, municipality, political subdivision or agency thereof, except estate taxes. (1998, c. 180.)

ARTICLE 15B.

INFRASTRUCTURE BONDS.

Sec.
31-15B-1. Definitions.
31-15B-2. Infrastructure general obligation bonds; amount; when may issue.
31-15B-3. Creation of debt service fund; disbursements to pay debt service on infrastructure general obligation bonds.
31-15B-4. Infrastructure general obligation debt service fund; sources used to pay bonds and interest; investment of remainder.
31-15B-5. Covenants of state.
31-15B-6. Sale by governor; minimum price.
31-15B-7. Prohibition on funds inuring to the benefit of or being distributable to directors or officers; transactions between the council and West Virginia water development authority and directors or officers having certain interests in such transactions.
31-15B-8. Infrastructure bonds lawful investments.
31-15B-9. Refunding bonds.
31-15B-10. Termination or dissolution.
31-15B-11. Treasurer to determine financial advisor.
31-15B-12. Governor to determine bond counsel.
31-15B-13. Approval and payment of all necessary expenses.

§ 31-15B-1. Definitions.

For purposes of this article and article fifteen-a [§§ 31-15A-1 et seq.] of this chapter:

(a) "Council" means the West Virginia infrastructure and jobs development council created in section three [§ 31-15A-3], article fifteen-a of this chapter;

(b) "Infrastructure amendment" means the amendment to the constitution of this state entitled "infrastructure amendment" as approved by referendum in the month of November, one thousand nine hundred ninety-four;

(c) "Infrastructure general obligation bond" means any bond or bonds issued by the state pursuant to section two [§ 31-15B-2] of this article;

(d) "Water development authority" means the West Virginia water development authority established under article one [§§ 22C-1-1 et seq.], chapter twenty-two-c of this code, or any successor to all or any substantial part of its powers and duties. (1995, c. 130.)

§ 31-15B-2. Infrastructure general obligation bonds; amount; when may issue.

Bonds of the state of West Virginia, under authority of the infrastructure improvement amendment of 1994, of the par value not to exceed in the

IN THE COUNTY COURT OF
RANDOLPH COUNTY,
WEST VIRGINIA

IN RE: Huttonsville Sewage Public Service Distric

This day came James F. Cain, who presented to the a duly attested copy of a resolution passed by unanimous vo the Town Council of Mill Creek held on May 2, 1972, and cam Omar Bartlett, Mayor of the Town of Huttonsville, who notif the Court that a similar resolution had been adopted by the Council of Huttonsville, and the Court, after having examin resolutions, is of the opinion that both governmental bodie requested the Randolph County Court to act to create a Publ Service District for Huttonsville Magisterial District, and being the opinion of the Court that such relief should be gi accordingly, it is ORDERED that a public hearing shall be he determine whether or not such public service district shoulc created.

It is further ORDERED that such public hearing shal open to all of the residents of Huttonsville District of Ran County, West Virginia, and that at such hearing, testimony s be taken to determine whether or not it will be for the best interests of such inhabitants to create a public service dis for the whole of Huttonsville District of Randolph County, W Virginia.

It is further ORDERED that such hearing shall be he on Tuesday, June 13th, 1972, at 2:00 P. M. or as soon therea as the matter may be heard, in the County Court Room of the Randolph County Court House, Elkins, West Virginia.

It is further ORDERED that the Clerk of this Court cause a copy of a notice to be prepared, to be published in t the Elkins Inter-Mountain and the Randolph Enterprise-Review a Class I Legal Advertisement, and that such publication shal made at least 10 days prior to June 13th, 1972.

2

It is further ORDERED that notice shall also be p
in at least five (5) conspicious places in the Huttonsvill
Service District, containing the same information as is co
in the published notice. It is further ORDERED that such
notices shall be posted not less than ten (10) days prior
hearing.

ENTER: This the 12th day of May, 1972.

RANDOLPH COUNTY COURT

BY _____
Its President

ATTEST:

_____
Clerk of County Court

State of West Virginia,
Randolph County, ss:

At a Regular Session of the County Court, held in and the aforesaid County and State, at the Court House thereof, c Tuesday, June 13, 1972.

Present: Barrett L. Liggett, President, and Fred S. Poling, Commissioner thereof.

The following order was made and entered of record:

IN RE: THE CREATION OF THE HUTTONSVILLE PUBLIC SERVICE D

This day this matter came on again for hearing upon resolutions in writing heretofore filed with this Court, requ the creation of a Public Service District for Huttonsville Di for the purpose of upgrading the sewer services and distribut system for those persons residing in such district; and upon notice of a public hearing required by statute to be publishe and upon the certificate of publication of such notice eviden the publication of such notice.

Whereupon, this matter came on for hearing, and came Mayor of Huttonsville and the Mayor of Mill Creek who moved t Court to create such Public Service District and the Court ha ascertained: that there was no objection or opposition there and the Court being of the opinion that it is in the best inte and public welfare to grant such relief; the Court being of t further opinion that the construction, acquisition, maintenanc operation of the sewerage service and distribution system woul conducive to the preservation of public health, comfort and co venience of said area; and the rights of no individual would b adversely affected, according, it is

ADJUDGED and ORDERED that the Public Service District and it is hereby created which shall be known as the Huttonsvi Public Service District comprising all of Huttonsville Magiste District as heretofore created by order entered by the Randolp County Court aforesaid on date of Tuesday, March 3, 1942, foun records of the Randolph County Court in Election Precinct Reco Book No. 1 beginning at Page 58, reference being herein made t the order aforesaid for a more particular metes and bounds de- scription of the Public Service District herein created.

It is further ADJUDGED and ORDERED that the boundary l as set out in such order shall govern the Public Service Distr hereby created, it being the intention of the Commissioners af said to create such Public Service District for the entire Hut ville Magisterial District.

WHEREUPON, the Court does further ADJUDGE and ORDER th such Public Service District shall be governed by a Public Ser Board consisting of not less than three members to be selected accordance with West Virginia Code Chapter 16 Article 13a Sect 3 (1953 as amended) and it is accordingly

ADJUDGED and ORDERED that the following Board Members appointed for the respective terms of office running from June 1972.

Mayor of Buttonsville - Two year term
Russell Linger, Jr. - 4 year term
Mayor of Mill Creek - Six year term

It is further ADJUDGED and ORDERED that the aforesaid three Board members shall appear before the Clerk of this Court and qualify as members of such Public Service Board by taking the oath of office administered by the Clerk of this Court as in such cases is required by law.

Attest: Barrett L. Liggett, President

State of West Virginia,
Randolph County, to wit:

I, Virgil Hamrick, Clerk of the County Court in and for the aforesaid County and State, the same being a Court of Record and having an Official Seal, do hereby certify that the foregoing is a true and correct copy from Court Order Recordsof my office. AND I DO FURTHER CERTIFY that inder the laws of the State of West Virginia, I am the legal custodian of said records.

Given under my hand and the Official Seal of my office, in my office in the City of Elkins, Randolph County West Virginia, this the 13th day of June, 1972.

Virgil Hamrick
Clerk

Attest Virgil Hamrick Clerk

STATE OF WEST VIRGINIA,

RANDOLPH COUNTY COMMISSION, SS;

AT A REGULAR SESSION of the County Commission held in and for the aforesaid County and State, at the Court House Annex on May 10, 1993.

Present: Jimmie R. Bennett, President and Thomas A. Wamsley and Judy Guye, Commissioners theroef.

Court opened by Joyce Johns.

VERA, DIANA - REQUEST FOR EXONERATION - Diane Vera appeared before the Commission and requested an exoneration of taxes on a parcel of property in Elkins Corporation. Map 14 Parcel 4. She stated that she had purchased the property for $10,000.00

No action.

BOB ADAMS-THOMAS LISTON - to discuss -Dailey-Valley Bend area-creating a new PSD. Mr. Bennett read a letter from State Public service Commission-stating they did not recommend a creatio of a new district, beacause of higher rates. Mr. Adams, als, citizens from Dailey-Valley Bend area requested to withdraw their request of creating a new PSD.

Mr. Adams stated they felt their area should be represented on the Huttonsville PSD and have a say where the lines go, etc.

R. H. Talbott, Jr. Attorney for "Valley Water Company" asked the Commission to withdraw their request for the creation of a new PSD in the Dailey-Valley Bend Area.

Motion made by Judy Guye and seconded by Thomas A. Wamsley to write a letter to the PS Commission to withdraw their request for a creation of a new PSD in the Dailey-Valley Bend Area.

Motion made by Thomas A. Wamsley and seconded by Judy Guye to approve the enlargement of the Huttonsville PSD to include the Valley Bend Magisterial District.

ERREONOUS ASSESSMENT - Motion made by Thomas A. Wamsley and seconded by Judy Guye to approve the partial erreonous assessment in the name of Margaret Helmick and Richard Fitzpatrick in the amount of $210.04.

State of West Virginia,
Randolph County, to wit:

I, Rosezetta Lloyd, Clerk of the County Commission in and for the aforesaid County and State, the same being a Court of Record and having an Official Seal, do hereby certify that the foregoing is a true and correct copy from Records of my office. AND I DO FURTHER CERTIFY that under the laws of the State of West Virginia, I am the legal custodian of said records.

Given under my hand and the Offical Seal of my office, in my office, in the City of Elkins, Randolph County, West Virginia, this the 28th day of ~~March~~, 19 ~~96~~.

Rosezetta Lloyd
Clerk

THE PRINTCRAFTERS FORM 122190P-481

HUTTONSVILLE PUBLIC SERVICE DISTRICT

ORDER

By order entered by the Public Service Commission of West Virginia on November 12, 1993, the petition of the Randolph County Commission for consent and approval to enlarge the boundaries of the Huttonsville Public Service District was granted and such order having become the final order of the Public Service Commission on December 2, 1993, it is hereby ORDERED that the Huttonsville Public Service District be enlarged to include the area of the Valley Bend Magisterial District.

It is further ORDERED that a certified copy of this order be filed with the Public Service Commission within ten (10) days from the entry hereof.

Enter: This 1 day of April, 1996.

Judith A. Guye
PRESIDENT

ATTEST:

Rosetta Lloyd
CLERK

(SEAL)

State of West Virginia, County of Randolph, ss.

The Randolph County Commission in response petition filed by the Huttonsville Public Service D[illegible] that requests the County Commission to enlarge the Huttonsville Public Service District to include the Valley Bend Magisterial District.

Any Randolph County citizen may participate by giving oral or written comments to the Randolph County Commission pertaining to this matter at said Public Hearing.

Said hearing will be held May 3, 1993 at 7:00 p.m. at the Dailey Fire Hall, Dailey, West Virginia.

Randolph County Commission

4—22

I, James Hoffman, Publisher of THE INTER-MOUNTAIN, a newspaper published at Elkins, in said county, do hereby certify that the annexed advertisement was published on the following dates:

April 22

19 93 as required by law.

Given under my hand this 22 day of April 19 93

James Hoffman
Publisher

Printer's Fee: $ 7.19

OFFICIAL SEAL
Notary Public, State of West Virginia
SHIRLEY A. [illegible]
P. O. Box [illegible]
Elkins, W. V. 26241
My Commission Expires April 15, 2002

Subscribed and sworn to before me this 22 day of April, 19 93.

Shirley A. [illegible]
Notary Public

My Commission Expires the 12 day of April, 19 2002.

ORIGINAL

ENTERED
O.R. 93-5 Page

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
12-2-93

Entered: November 12, 1993

CASE NO. 93-0448-PSD-PC

RANDOLPH COUNTY COMMISSION
Petition for consent and approval to enlarge the Huttonsville Public Service District.

RECOMMENDED DECISION

PROCEDURE

On May 13, 1993, the Randolph County Commission, Randolph County, filed a petition with the Commission, pursuant to West Virginia Code (Code) §24-2-12 and §16-13A-2, for consent and approval to enlarge the boundaries of the Huttonsville Public Service District (District).

On July 16, 1993, Staff Attorney Drexel M. Vealey, Esquire, filed the Initial and Final Joint Staff Memorandum, recommending that the Randolph County Commission be authorized to enlarge the District as proposed.

On July 23, 1993, the Commission Referral Order was entered in this proceeding, referring this matter to the Division of Administrative Law Judges for decision on or before December 10, 1993. In response to the Commission Referral Order on August 12, 1993, the Administrative Law Judge (ALJ) issued a Procedural Order establishing a procedural schedule to be followed in processing and resolving this matter, including a October 12, 1993 hearing date. The August 12, 1993 Procedural Order also directed the Randolph County Commission to publish a Notice of Hearing, once a week for two (2) successive weeks, in a newspaper duly qualified by the Secretary of State, published and generally circulated in Randolph County, West Virginia.

On October 12, 1993, the hearing was held as scheduled before the ALJ. The Randolph County Commission appeared by its President, Jimmie R. Bennett, pro se; the District appeared by counsel, T. R. Ross, II, Esquire; the Valley Water Company appeared by counsel, Richard Talbott, Esquire; and Commission Staff appeared by counsel, Staff Attorney Vealey. No one appeared to oppose the proposal to enlarge the District's boundaries. Several members of the public appeared, pro se, to voice their support for the proposal.

The Randolph County Commission presented the testimony of one witness and presented two post-hearing exhibits. Six public witnesses presented their testimony. No other evidence was presented.

EVIDENCE

The only witness to testify on behalf of the Randolph County Commission was its President, Jimmie R. Bennett. He outlined the procedures followed by the Randolph County Commission when it adopted the proposal to enlarge the District's boundaries. He opined that all notice requirements of Code §16-13A-2 had been followed by the Commission. He verified that the Commission had voted at a regular meeting held on May 10, 1993, to enlarge the District's boundaries, after first giving the public notice as prescribed by the Code. He explained that a special meeting was held on May 3, 1993, pursuant to the public notice, and the regular meeting was held on May 10, 1993, when the petition was granted. He also indicated that the Notice of Hearing for the instant hearing before the ALJ had been properly published. He indicated that the Randolph County Commission would file a post hearing exhibit comprising the affidavits of publication indicating proper notice. (Tr., pp. 9-12).

Six public witnesses, i.e., Bob Adams, Lawrence Betler, Janice Carter, Lola Vanover, Thomas Liston, and Alice Kemp, presented statements on their own behalf, all voicing their support for the proposed enlargement of the District. (Tr., pp. 17-18).

Post-Hearing Exhibit No. 1 is an affidavit of publication indicating that a Notice had been published on April 22, 1993, in The Inter-Mountain, a newspaper published and generally circulated in Randolph County. This notice indicated that the District had petitioned the Randolph County Commission to enlarge its boundaries, and that a hearing would be held on May 3, 1993, at 7:00 p.m., at the Daily Fire Hall, Dailey, West Virginia, whereby the public could present oral or written comments pertaining to the proposal to enlarge the District's boundaries.

Post-Hearing Exhibit No. 2 is an affidavit of publication indicating that the Notice of Hearing of the October 12, 1993 hearing before the ALJ had been published as directed on September 24, 1993, and on October 1, 1993, in The Inter-Mountain, a newspaper published and generally circulated in Randolph County.

DISCUSSION

Upon consideration of all of the above, since all notice requirements of Code §16-13A-2 have been satisfied as indicated by the affidavits of publication presented as Post-Hearing Exhibits, and since no one appeared at the hearing in opposition to the proposed enlargement of the District's boundaries, the ALJ will grant the petition.

FINDINGS OF FACT

1. The Randolph County Commission filed a petition with the Commission, pursuant to Code §24-2-12 and §16-13A-2, for consent and approval to enlarge the boundaries of the Huttonsville Public Service District. (See, Petition, filed May 13, 1993).

2. The Randolph County Commission, at a regular meeting, held on May 10, 1993, approved a petition filed by the District, to enlarge the District's boundaries, after first giving public notice of the petition, by publication of such notice on April 22, 1993, in The Inter-Mountain, a newspaper published and generally circulated in Randolph County. (See, Testimony of Jimmie R. Bennett, Tr., pp. 9-12; Post Hearing Exhibit No. 1).

3. The Randolph County Commission published the Notice of Hearing, as directed by the ALJ, on September 24, 1993, and on October 1, 1993, in The Inter-Mountain, a newspaper published and generally circulated in Randolph County. (See, Post-Hearing Exhibit No. 2; Testimony of Jimmie R. Bennett, Tr., pp. 9-12).

4. No one appeared at the hearing to oppose the proposed enlargement of the District. (See, Tr., generally, pp. 1-20).

5. Six public witnesses, testifying on their own behalf, voiced their support for the petition. (See, Testimony of Bob Adams, Lawrence Betler, Janice Carter, Lela Vanover, Thomas Liston and Alice Kemp, Tr., pp. 17-18).

CONCLUSIONS OF LAW

1. Code §16-13A-2 provides that, in order to enlarge a public service district, the county commission in the county where the district is located shall notify the public by publishing a notice as a Class I legal advertisement, and by posting the notice in the proposed service area. The notice must contain the date, time, and place of the public hearing to consider such proposal, and it must be published at least ten (10) days prior to such public hearing. (See, Code §16-13A-2).

2. For all of the reasons set forth in Findings of Fact Nos. 2 and 3, and Conclusion of Law No. 1, it is reasonable to conclude that the Randolph County Commission has substantially complied with the notice requirements of Code §16-13A-2.

3. For all of the reasons set forth in Findings of Fact Nos. 3, 4 and 5, and Conclusions of Law Nos. 1 and 2, it is reasonable to grant the petition.

ORDER

IT IS, THEREFORE, ORDERED that the petition filed with the Commission on May 13 1993, by the Randolph County Commission, pursuant to Code §24-2-12 and §16-13A-2, for consent and approval to enlarge the boundaries of the Huttonsville Public Service District, be, and it hereby is, granted.

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.

Ronnie Z. McCann
Administrative Law Judge

RZM:pst

IN THE COUNTY COMMISSION OF
RANDOLPH COUNTY, WEST VIRGINIA

IN RE: Huttonsville Public Service District

ORDER

WHEREAS, Huttonsville Public Service District ("the District") has entered into an agreement to acquire certain assets of Valley Water Company which presently furnishes water service to customers within the Valley Bend Magisterial District, and

WHEREAS, the District has applied for certain loans and grants to finance improvements to the existing water distribution system, and a grant from the Small Cities Block Grant Program has already been awarded to the Randolph County Commission for the District's project, and

WHEREAS, the District as now created is only authorized to provide sewage service in the Huttonsville and Mill Creek areas and in the Valley Bend Magisterial District,

NOW, THEREFORE, in order for the District to proceed with such project, the County Commission of Randolph County hereby ORDERS:

1. That the provision of water services by the Huttonsville Public Service District in the territory which comprises the Valley Bend Magisterial District be and the same is hereby proposed.

2. That the territory to be served by the District is all territory which is included within the boundaries of the Valley Bend Magisterial District, including the present service area of the Valley Water Company and the unincorporated towns of Dailey, East Dailey and Valley Bend.

3. That a public hearing to consider and determine the feasibility of the provision of water services by the District shall be held by the County Commission on Monday, March 7, 1994, at 7:00 o'clock a.m. at the County Commission Meeting Room in the Randolph County Courthouse Annex.

Enter: This 14th day of February, 1994.

Jimmie K. Bennett
PRESIDENT

Attest:
Rosyette Lloyd
CLERK

State of West Virginia,
Randolph County, to wit:

I, Rosezetta Lloyd, Clerk of the County Commission in and for the aforesaid County and State, the same being a Court of Record and having an Official Seal, do hereby certify that the foregoing is a true and correct copy from Records of my office. AND I DO FURTHER CERTIFY that under the laws of the State of West Virginia, I am the legal custodian of said records.

Given under my hand and the Offical Seal of my office, in my office, in the City of Elkins, Randolph County, West Virginia, this the 28th day of March, 19 96.

Rosezetta Lloyd
Clerk

THE PRINTCRAFTERS FORM 122190P-481

State of West Virginia,
Randolph County, to wit:

I, Rosezetta Lloyd, Clerk of the County Commission in and for the aforesaid County and State, the same being a Court of Record and having an Official Seal, do hereby certify that the foregoing is a true and correct copy from Records of my office. AND I DO FURTHER CERTIFY that under the laws of the State of West Virginia, I am the legal custodian of said records.

Given under my hand and the Offical Seal of my office, in my office, in the City of Elkins, Randolph County, West Virginia, this the 28th day of March, 19 96.

Rosezetta Lloyd
Clerk

THE PRINTCRAFTERS FORM 122190P-481

IN THE COUNTY COMMISSION
OF RANDOLPH COUNTY, WEST VIRGINIA

IN RE: APPROVAL OF PROVISION OF WATER SERVICES BY HUTTONSVILLE PUBLIC SERVICE DISTRICT

ORDER

Pursuant to the order of this County Commission entered on February 14, 1994, a public hearing was held on March 7, 1994, at 7:00 p.m. to consider and determine the feasibility of approving the provision of water services by Huttonsville Public Service District in the territory comprising the Valley Bend Magisterial District.

Pursuant to the provisions of West Virginia Code Section 16-13A-2, the County Clerk caused notice of the hearing and the time and place thereof to be published as a Class I legal advertisement in the Elkins Inter-Mountain on February 23, 1994, at least ten (10) days prior to said hearing. In addition, copies of such notice were posted in at least five (5) public places in the territory comprising the Valley Bend Magisterial District.

At said hearing no persons appeared in opposition to the proposal.

After due consideration, the County Commission finds that:

1. The proposed provision of water services by the Huttonsville Public Service District is feasible and the acquisition by the District of the operating assets of the Valley Water Company and the maintenance, operation, improvement and extension of the water system in the territory of the Valley Bend Magisterial District and

the provision of water service to the residents thereof by the Huttonsville Public Service District will be conducive to the preservation of public health, comfort and convenience of such area;

2. No other public service district can adequately serve the area in question.

Based upon the foregoing, the County Commission hereby approves the provision of water services by the Huttonsville Public Service District within the territory comprising the Valley Bend Magisterial District all of which lies within the boundaries of the Huttonsville Public Service District, and it is hereby ORDERED that the said District is authorized to provide such water services.

It is further ORDERED that a certified copy of this order be filed with the Public Service Commission within ten days from the entry hereof.

Enter: This 7th day of March, 1994.

Jimmie R. Bennett
PRESIDENT

ATTEST:
Rosetta Lloyd
CLERK

(SEAL)

State of West Virginia,
Randolph County, to wit:

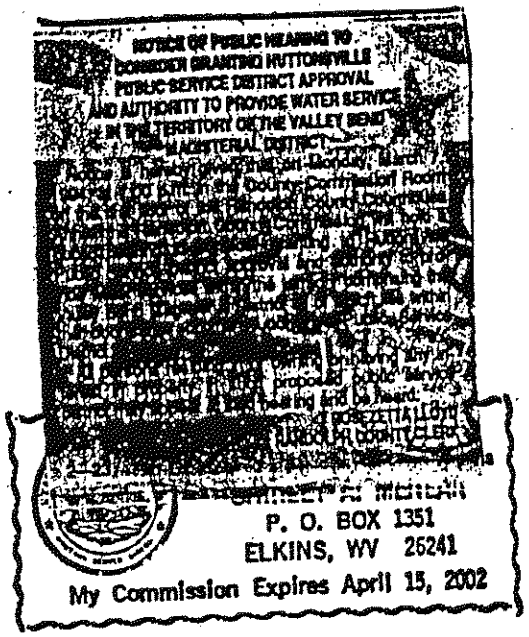
I, Rosezetta Lloyd, Clerk of the County Commission in and for the aforesaid County and State, the same being a Court of Record and having an Official Seal, do hereby certify that the foregoing is a true and correct copy from Records of my office. AND I DO FURTHER CERTIFY that under the laws of the State of West Virginia, I am the legal custodian of said records.

Given under my hand and the Offical Seal of my office, in my office, in the City of Elkins, Randolph County, West Virginia, this the 11th day of March, 19 94.

Rosezetta Lloyd
Clerk

THE PRINTCRAFTERS FORM 122190P-481

State of West Virginia, County of Randolph, ss.


NOTICE OF PUBLIC HEARING TO CONSIDER GRANTING HUTTONSVILLE PUBLIC SERVICE DISTRICT APPROVAL AND AUTHORITY TO PROVIDE WATER SERVICE IN THE TERRITORY ON THE VALLEY BEND MAGISTERIAL DISTRICT

P. O. BOX 1351
ELKINS, WV 26241
My Commission Expires April 15, 2002

I, James Hoffman, Publisher of THE INTER-MOUNTAIN, a newspaper published at Elkins, in said county, do hereby certify that the annexed advertisement was published on the following dates:

Feb 23 ---------- ---------- ----------

19 94 as required by law.

Given under my hand this 23 day of February 19, 94

James Hoffman
Publisher

Printer's Fee: $ 11 50

Subscribed and sworn to before me this 23 day of February, 19 94

Shirley A Keenan
Notary Public

My Commission Expires the 15 day of April 19 2002

ORIGINAL

ENTERED
O.R. 94-I Page

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
6-20-94

Entered: May 31, 1994

CASE NO. 94-0133-PWD-PC

RANDOLPH COUNTY COMMISSION
Petition for consent and approval for Huttonsville Public Service District to encompass and provide water service within the boundaries of the Valley Bend Magisterial District including the present service area of the Valley Water Company and the unincorporated towns of Dailey, East Dailey and Valley Bend.

RECOMMENDED DECISION

On February 24, 1994, the Randolph County Commission filed a petition for the Commission's consent and approval for the Huttonsville Public Service District to provide water service in the territory which encompasses the Valley Bend Magisterial District, including the present service area of the Valley Water Company and the unincorporated towns of Dailey, East Dailey and Valley Bend, in accordance with the provisions of West Virginia Code §16-13A-2.

By Order dated March 1, 1994, this matter was referred to the Division of Administrative Law Judges for a decision to be rendered on or before September 20, 1994.

In a Final Joint Staff Memorandum, filed April 13, 1994, Susan J. Riggs, Esquire, Staff Attorney, advised that the Staff had reviewed the filing made by the Randolph County Commission on February 24, 1994, and Staff believes that the County Commission's order requesting this action to be in the public interest.

In accordance with the requirements of West Virginia Code §16-13A-2, by order dated March 30, 1994, this matter was set for hearing to be held in the Council Chambers, City Building, 401 Davis Avenue, Elkins, West Virginia, on May 12, 1994.

Said order also required that the County Commission publish a notice of hearing setting forth the time, date and site of the hearing to be held on May 12, 1994. The publication was made as required as is evidenced by the affidavit of publication in the case file.

The hearing was held as scheduled on May 12, 1994. The County Commission appeared in the persons of Mrs. Judith Guye and Mr. Thomas

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA

Andrew Wamsley, two of the three County Commissioners. Commission Staff was represented by Cassius Toon, Esquire, Staff Attorney. Since no one appeared in protest to the petition, no evidence was taken and the matter was submitted as an unprotested case.

FINDINGS OF FACT

1. On February 24, 1994, the Randolph County Commission filed a petition for the Commission's consent and approval for the Huttonsville Public Service District to provide water service in the territory which encompasses the Valley Bend Magisterial District, including the present service area of the Valley Water Company and the unincorporated towns of Dailey, East Dailey and Valley Bend, in accordance with the provisions of West Virginia Code §16-13A-2. (See, County Petition).

2. In a Final Joint Staff Memorandum filed April 13, 1994, Susan J. Riggs, Esquire, Staff Attorney, explained that the County Commission's petition had been reviewed and that Staff was of the opinion that the County Commission's order requesting the action is in the public interest. (See, Final Joint Staff Memorandum dated April 11, 1994).

3. In an order dated March 30, 1994, this matter was set for hearing to be held in the Council Chambers, City Building, Elkins, West Virginia, on May 12, 1994 and said order required that a notice of the hearing be published setting forth the date, time and place of the hearing. (See, Order dated March 30, 1994).

4. The Randolph County Commission made proper publication of the notice of hearing as required by the order of March 30, 1994, as is evidenced by the affidavit of publication in the case file. (See, Affidavit of Publication, case file).

5. At the hearing held in this matter on May 12, 1994, no one appeared in protest to the Randolph County Commission's petition, whereupon the matter was submitted as an unprotested case. (See, Tr., p. 4).

DISCUSSION

This case involves a petition filed by the Randolph County Commission seeking consent and approval from the Public Service Commission to allow the Huttonsville Public Service District to provide water service in the territory which encompasses the Valley Bend Magisterial District including the present service area of the Valley Water Company and the unincorporated towns of Dailey, East Dailey and Valley Bend. In accordance with provisions of West Virginia Code §16-13A-2, a hearing was scheduled to be held in Randolph County on May 12, 1994, and a notice of hearing was properly published as required by the Commission. At the hearing held in this matter on May 12, 1994, no one appeared to make protest to the Randolph County Commission's petition whereupon, the matter was submitted as an unprotested case.

CONCLUSION OF LAW

The Administrative Law Judge is of the opinion and finds that, since a public hearing was held in Randolph County, in accordance with the provisions of West Virginia Code §16-13A-2, on the petition filed by the Randolph County Commission and no one appeared at the hearing to make protest to the petition, after proper publication was made of a notice of the hearing, said petition can be approved as an unprotested case.

ORDER

IT IS, THEREFORE, ORDERED that the petition of the Randolph County Commission, filed on February 24, 1994, seeking approval for the Huttonsville Public Service District to provide water service in the territory which encompasses the Valley Bend Magisterial District, including the present service area of the Valley Water Company and the unincorporated towns of Dailey, East Dailey and Valley Bend, be, and the same hereby is, approved.

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

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

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

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

Robert W. Glass
Administrative Law Judge

RWG:pst

Order Book Y-63 F

STATE OF WEST VIRGINIA,

RANDOLPH COUNTY COMMISSION, SS:

At a Regular Session of the County Commission held in and for the aforesaid County and State, at the Court House Annex, on Monday, November 18, 1996, at 1:30 P. M.

Present: Judith A. Guye, President and Thomas A. Wamsley and Ira J. Coberly, Commissioners thereof.

Court opened by Sheriff Willard Herron.

Prayer was led by President Guye.

Pledge of Allegiance was led by Commissioner Coberly.

Minutes from the previous meeting was read and approved.

GENERAL ELECTION 1996 - Motion made by Commr. Coberly and seconded by Commr. Wamsley to certify the results of the November 5, 1996 General Election. So ordered.....

ERRONEOUS ASSESSMENT - Motion made by Commr. Wamsley and seconded by Commr. Coberly to approve the correction of the erroneous assessment. So ordered.....

PROSECUTING ATTORNEY - Newly Elected Prosecuting Attorney, Earl Maxwell discussed the needs for the Prosecuting Attorney-salaries, equipment, etc. Motion was made by Commr. Coberly and seconded by Commr, Wamsley to allocate to the Prosecuting Attorney at least $10,000.00 for the 1996-97 Budget (Extra) So ordered...

Joe Marshall - Co owner of the Cheat River Inn discussed reports from the Convention Visitors Bureau. Mr. Marshall asked questions of the Commission and President Guye said they would discuss this at a later date. President Guye told Mr. Marshall that Lisa Stanley-State Tax Department - told the Commission they could not make the CVB do an external audit. Roxie Marshall said she had talked to Mack Parsons and he said that an audit by the State could be done if the Commission would authorize it.

Hotel-Motel-Tax - Charlie Friddle discussed the Hotel-Motel Tax with the Commission and the need that the CVB has for the Hotel Motel Tax. Charlie told the Commission that CVB would welcome an audit of their books.

BUDGET REVISION - Motion made by Commr. Coberly and seconded by Commr. Wamsley to make a budget adjustment of $5,000.

Increase Revenue	+$45,0000
Line item Budget-Midland PSD (Inter Connection with Beverly Water)	-$45,000.00

So ordered.....

RANDOLPH COUNTY HOUSING AUTHORITY - Jocie Cuda- Randolph County Housing Authority asked the Commission to set up a public hearing for Special Allocation of Funds for the Randolph County Authority - $250,000 - affordable rental units - first preference to flood victims (January Flood) and then to other flood victims.

Motion was made by Commr. Coberly and seconded by Commr. Wamsley to h old a public hearing on December 2, 1996 at 7:30 P.M. at the Court House Annex. So ordered.....

HUTTONSVILLE PSD - Motion made by Commr. Coberly and seconded by Commr. Wamsley to endorse the enlarging of the Huttonsville PSD- and a public hearing will be held on December 2, 1996 at 8:00 P. M. at the Court House Annex. So ordered.....

FAIRFAX TRUCKING - Motion was made by Commr. Wamsley and seconded by Commr. Coberly to enter into an agreement with Fairfax Trucking - cleaning of two ditches in lower Oak Grove Addition to eliminate flooding - cost of less than $5,000 - FEMA Money. So ordered.....

HOLIDAY - Motion made by Commr. Wamsley and seconded by Commr. Coberly to declare Friday November 29 (day after Thanksgiving) a holiday.

Planning Commisison requested a letter from the Commission to slow down speeding and traffic in Beverly.

Public Comment: Lina Taylor discussed.

1.Cost of Holiday Pay
2. low cost housing
3. over and under votes in Election

Mary Ann Pritt discussed:

1. run away daughter - Sheriff
2. Birth Certificate.

SETTLEMENTS: Motion was made by Commr. Wamsley and seconded by Commr. Coberly to approve Settlements of Estates. So ordered....

Next Meeting of the Commisison will be on Monday, November 25, 1996 at 1:30 P. M. Court House Annex.

Motion made by Commr. Wamsley and seconded by Commr. Coberly to adjourn. So ordered.....

Attest: Judith A. Guye
JUDITH A. GUYE, PRESIDENT

STATE OF WEST VIRGINIA,

RANDOLPH COUNTY COMMISSION, SS:

At a Regular Session of the County Commission held in and for the aforesaid County and State, at the Court House Annex, on November 25, 1996, at the Court House Annex at 1:30 P. M.

Present: Judith A. Guye, President and Thomas A. Wamsley and Ira J. Coberly, Commissioners thereof.

Court opened by Sheriff of Randolph County - Willard Herron.

Prayer was led by President Guye

Pledge of Allegiance was led by Commr. Coberly.

Minutes from the previous meeting was read and approved.

CORRECTIONAL OFFICERS - Sheriff Herron announced that two (2) of his Correctional Officers graduated from WV Tech, after completing a six (6) weeks course. Leland (Donnie) Elbon graduated first in this class.

EXECUTIVE SESSION - Motion made by Commr. Coberly and seconded by Commr. Wamsley to go into Executive Session. (personal matter)

Motion made by Commr. Coberly and seconded by Commr. Wamsley to back into regular session. (No action)

TYRICK BANKS - Motion made by Commr. Wamsley and secondedby Commr. Coberly to discharge Gertrude Stanton as Guardian for Tyrick Banks. So ordered.....

CRYSTAL SPRINGS FLOODING - Roseann Marshall, Coordinator for County Commission (Flooding) received figures for buy-outs/and or/ elevations for the Citizens in Crystal Springs. Commission is sending out letters to these citizens - to see if they are going to accept these offers or if they wish to appeal these offers.

COMMISSION MEMBERS

Judith A. Guye, President
J. Coberly
omas A. Wamsley

Randolph County Commission

P.O. Box 2092
Elkins, West Virginia 26241
(304) 636-2057
Fax: (304) 636-5989

Rosezetta Lloyd
County Clerk

P.O. Box 368
(304) 636-0543

STATE OF WEST VIRGINIA,
RANDOLPH COUNTY COMMMISSION, TO WIT:

AT a Regular Session of the County Commission held in and for the aforesaid County and State, at the Court House Annex, on Dec. 2, 1996, the following order was made and entered by the Commission:

All Members being present:

8:00 P. M. - Public Hearing - Huttonsville PSD

Hearing was scheduled at the above time for a public hearing for the enlargement of Huttonsville PSD - after being advertised in the Elkins Inter-Mountain and stating the specifed areas to be affected by this enlargement. No persons appearing to protest the said enlargment - Motion was made by Commissioner Coberly and seconded by Commr. Wamsley to approve the enlargment of the Huttonsville Public Service District. So ordered by President Guye.

Attest: Judith A. Guye, President

Attest: Rosezetta Lloyd County Clerk

Order Book
Y-102

STATE OF WEST VIRGINIA,

RANDOLPH COUNTY COMMISSION, TO WIT:

AT a Regular Session of the County Commission held in and for the aforesaid County and State, at the Court House Annex, on March 24, 1997, at 1:30 P M.

Present: Judith A. Guye, President and Thomas A Wamsley and Ira J. Coberly, Commissioners thereof.

Court opened by Dianne Marstiller

Minutes from the previous meeting was read and approved.

CHEAT RIVER LODGE - REQUEST FOR HOTEL MOTEL TAX - Commr Coberly moved that the request contained in Mrs. Roxie Marshalls' letter of March 7,1997, for the return of the Hotel Motel Tax to her be denied. Motion was seconded by Commr. Wamsley. So ordered. . .

RANDOLPH COUNTY PLANNING COMMISSION - Motion made by Commr. Coberly and seconded by Commissioner Wamsley to appoint Dan Booth and Brenda Schmidlen to the Planning Commission in lieu and stead of Richard Rockwell and Fred Clark who was previously appointed. Terms to expire the same as Mr. Rockwell and Mr. Clark. So ordered.... .

HUTTONSVILLE PSD - Letter was received from Huttonsville Public Service District requesting the expansion to include Mingo Magisterial District. No action taken at this meeting.

2:00 P. M. - Leadsville Public Service District - Extension-Public Hearing - Sheila Smith Johnson from Region VII Planning and Development conducted a Public Hearing on the Leadsville Public Service District - Extension. Discussion followed - Mrs. Johns told the public and the Commission that Eighty Seven (87) people were need for sign ups for this project, and they only had eighty (80). Laurel Mountain Road residents want to sign up for this serve and there are twenty three (23) customers. Motion was made by Commr. Coberly and seconded by Commr. Wamsley to authorize Region VII to submit the change of scope for Leadsville District Water line Extension (Laurel Mountain Road). So ordered.... .

Motion by Commr Wamsley - seconded by Commr. Coberly to take a recess.

Motion made by Commr Coberly and seconded by Commr. Wasmely to go back into regular session.

STATE OF WEST VIRGINIA,
RANDOLPH COUNTY COMMISSION, SS:

AT a Regular Session of the County commision held in and for the aforesaid County and State, at the Court House Annex, on Monday, May 12, 1997.

Present: Judith A Guye, President and Ira A Coberly, Commissioner thereof Commissioner Wamsley - absent

Court opened by Dianne Marstiller

Prayer was led by President Guye

Pledge of allegiance was led by Commissioner Coberly.

PUBLIC COMMENT: President Guye announced that Public Comment would be at the beginning of the County Commission meeting

PUBLIC COMMENT:

Clay Tallman discussed the DNR Picture that was in the Elkins-Inter mountain on May 9, 1997. Discussed garbage and garbage dumps.

Clay Tallman - discussed the survey that the Planning Commission is going to put out

Lina Taylor - discussed the Survey for the Planning Commission and funding for the Planning Commission

Discussed funding for Ellamore Fire Department..

Minutes from the previous meeting was read and approved.

JAIL - bids for medical treatment -

Commissoner Coberly moved that the County Commission place an Ad - Class I - in the local newspaper for bids from a Physician, Physician Assistant or Nurse Practicioner, for medical needs at the Randolph County Jail. Seconded by President Guye. So ordered..

(See description next page).

2:00 P. M Public Hearing Huttonsville PSD - Enlargement to include Mingo Magisterial District.

Commr. Coberly moved that the Huttonsville PSD be enlarged to include the entire Mingo Magisterial District. No persons appearing to oppose-said motion was seconded by President Guye,

(See Next page).

STATE OF WEST VIRGINIA,
RANDOLPH COUNTY COMMISSION, SS:

At a Regular Session of the County Commission held in and for the aforsaid County and State, at the Court House Annex, on Monday, May 12, 1997.

Present: Judith A. Guye, President and Ira J. Coberly, Commissioner thereof. Commissioner Wamsley - absent.

2:00 P. M. - PUBLIC HEARING - HUTTONSVILLE PUBLIC SERVICE DISTRICT - PETITION TO ENLARGE

Public Hearing was held this day for the enlargement of Huttonsville District Public Service District - No persons having appeared to object to said enlargement;

Commissioner Coberly moved that the Huttonsville Public Service District be enlarged to include the entire Mingo Magisterial District. In addition the responsibilities of the Huttonsville Public Service District will be changed from Waste Water Collection to Waste Water Collection and Potable Water Distribution System.

Copy of the metes and bounds of Mingo Magisterial District are attached hereto and made part of this Order.

Motion was seconded by President Guye and a copy of this order is to be sent to the Public Service Commission within ten (10) days.

Attest: Judith A. Guye
JUDITH A. GUYE, PRESIDENT

Teste: Paulette Lloyd
County Clerk

2:30 P.M. - Public Hearing - Huttonsville PSD - Enlargement to include Portion of Georgetown Road.

No persons appearing to object to said enlargement - Commr. moved that the Huttonsville Public Service District be enlarged to to include the following:

STATE OF WEST VIRGINIA,
RANDOLPH COUNTY COMMISSION, SS:

At a Regular Session of the County Commission held in and for the aforesaid County and State, at the Court House Annex, on Monday, May 12, 1997.

Present: Judith A Guye, President and Ira J. Coberly, Commissioner thereof. Commissioner Wamsley - absent.

2:30 P. M. - PUBLIC HEARING - HUTTONSVILLE PUBLIC SERVICE DISTRICT - PETITION TO ENLARGE

Public Hearing was held this day for the enlargement of Huttonsville District Public Service District + No persons having appeared to object to said enlargement;

Commissioner Coberly moved that the Huttonsville Public Service District be enlarged to include the following:

A portion of Georgetown Highway Secondary State Route 21 south of it's intersection with secondary State Highway 37/8 Beginning at the center line of State Secondary Highway 21 at the point where State Secondary Highway 21 crosses Troutwine Run, thence eastward with Troutwine Run enters the Tygart Valley River, thence northward with the Tygart Valley River to a point 1,000 feet south of State Secondary Highway 37/8 to a point 2,000 feet of a perpendicular line to State Secondary Highway 21 and State Secondary Highway 37/8. Thence in a west northwesterly direction to a point in a line 2,000 feet from and parallel to State Secondary Highway 21, thence in a southerly direction on a line 2,000 feet west of and parallel to State Secondary Highway 21 to Troutwine Run in an east southeasterly direction to the beginning of State Secondary Highway 21

In addition the responsibilities of the Huttonsville Public Service District will be changed from Waste Water Collection to Waste Water Collection and Potable Water Distribution System.

Said motion was seconded by President Guye and ORDERED that a copy of this order be sent to the Public Service Commission within ten (10) days.

Attest: Judith A. Guye
JUDITH A. GUYE, PRESIDENT

TESTE: Kenetta Lloyd
County Clerk

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
9-10-97

Entered: August 21, 1997

CASE NO. 97-0076-PSD-PC

RANDOLPH COUNTY COMMISSION
Petition to for consent and approval
to enlarge the boundaries of Huttonsville
Public Service District.

CASE NO. 97-0636-PSD-PC

RANDOLPH COUNTY COMMISSION
Petition to for consent and approval
to enlarge the boundaries of Huttonsville
Public Service District.

RECOMMENDED DECISION

PROCEDURE

Case No. 97-0076-PSD-PC

On January 24, 1997, the Randolph County Commission (Petitioner) filed a petition with the Public Service Commission, pursuant to *West Virginia Code (Code)* §16-13A-2, seeking consent and approval to enlarge the Huttonsville Public Service District (District), a public utility, Randolph County, to include an area known as Georgetown Highway. The Commission designated this petition as Case No. 97-0076-PSD-PC.

On February 10, 1997, Staff Attorney James V. Kelsh, Esquire, filed the Initial Joint Staff Memorandum, dated February 6, 1997, attaching thereto the Staff Initial Internal Memorandum, dated January 30, 1997, from Utilities Analyst II James W. Boggess, Jr., Water and Wastewater Division, indicating that, once Commission Staff had investigated this matter, it would issue a recommendation. Commission Staff's preliminary findings indicated that the Petitioner has failed to properly follow the mandatory procedures set forth in *Code* §16-13A-2, and Commission Staff recommended that the Petitioner correct these procedural due process deficiencies by strictly following all of the applicable *Code* provisions, as set out in detail in Commission Staff's preliminary recommendation.

On February 14, 1997, the Commission entered the Commission Referral Order in this proceeding, referring this matter to the Division of Administrative Law Judges for decision on or before August 21, 1997. In response thereto, on March 7, 1997, the Administrative Law Judge (ALJ) issued a Procedural Order establishing a procedural schedule to process and resolve this matter, including a May 19, 1997 hearing date.

On May 15, 1997, the Petitioner requested that the ALJ reschedule the May 19, 1997 hearing because the Petitioner had not published the hearing notice. Pursuant thereto, on May 15, 1997, the ALJ rescheduled the hearing to be held on Friday, July 11, 1997.

Case No. 97-0636-PSD-PC

On May 19, 1997, the Petitioner filed a petition with the Public Service Commission, pursuant to *Code* §16-13A-2, seeking consent and approval to enlarge the District to include all of the Mingo Magisterial District within the District's service territory. The Commission designated this petition as Case No. 97-0636-PSD-PC.

Consolidated Case

On June 26, 1997, the Commission consolidated Case Nos. 97-0076-PSD-PC and 97-0636-PSD-PC, and referred these consolidated cases to the ALJ Division for decision no later than August 21, 1997. The Commission's Order also directed the Petitioner to publish a Notice of Hearing regarding the petition in Case No. 97-0636-PSD-PC and referencing the hearing scheduled for July 11, 1997.

On July 11, 1997, the ALJ convened the hearing in this consolidated matter as scheduled. The Petitioner appeared by its President, Judith A. Guye, and one of its Members, Ira Coberly. The District appeared by its Chairman, Lynn Channell, and its Clerk, Bonnie Serrett. Commission Staff appeared by counsel, James V. Kelsh, Esquire.

The Petitioner presented the testimony of one witness and presented six exhibits. The District presented no witnesses or exhibits, but its Clerk was called to testify by Commission Staff. Commission Staff presented the testimony of two witnesses and presented one exhibit.

After the hearing, the parties availed themselves of their rights under *Code* §24-1-9(b) to file proposed findings of fact, conclusions of law, briefs and replies. The ALJ considered all of the evidence and arguments prior to rendering this Recommended Decision.

EVIDENCE

The first witness to testify was Ira Coberly, who testified on behalf of the Petitioner. He stated that the Petitioner proposes to expand the District's service territory to include two new areas, i.e., the Georgetown Highway area and the Mingo Magisterial District. The Petitioner first proposed adding the Georgetown Highway area on January 24, 1997. On or about May 19, 1997, the Petitioner decided also to add the Mingo Magisterial District to the District's service area. He sponsored Petitioner Exhibit No. 1, a Randolph County Commission Order entered May 12, 1997, finally approving the proposal to enlarge the District by adding the entire Mingo Magisterial District to the District's service territory. (Tr., pp. 6-9; Petitioner Exhibit No. 1). Petitioner Exhibit No. 2 is a copy of the minutes of a March 24, 1997 Randolph County

Commission meeting which contains a request from the District to expand the District's boundaries to include the Mingo Magisterial District. (Tr., pp. 9-10; Petitioner Exhibit No. 2). Petitioner Exhibit No. 3 is a receipt for payment of a bill[1] indicating that, on April 24, 1997, the Petitioner had published a notice in *The Inter-Mountain*, a newspaper published and generally circulated in Randolph County, West Virginia, indicating that the Petitioner would, on May 12, 1997, consider a petition to enlarge the District by including both the Georgetown Highway area and the Mingo Magisterial District in the District's service territory. (Tr., p. 10; Petitioner Exhibit No. 3). Petitioner Exhibit No. 4 is a receipt for payment of a bill[2] indicating that the Petitioner had published the Notice of Hearing on June 30 and July 7, 1997, as directed, in *The Inter-Mountain*. (Tr., pp. 10-11; Petitioner Exhibit No. 4).

Mr. Coberly opined that the Petitioner had given the public proper and adequate notice of both the May 12, 1997 Randolph County Commission meeting, where the Petitioner approved Orders to enlarge the District, and of the July 11, 1997 hearing. (Tr., pp. 11-12). Petitioner Exhibit No. 5 is a copy of the Randolph County Commission May 12, 1997 Order expanding the District's service territory to include the Georgetown Highway area, for the District to provide water and sewer service in this area. (Tr., pp. 12-13; Petitioner Exhibit No. 5). Mr. Coberly explained that Case No. 97-0076-PSD-PC relates to the Georgetown Road expansion, and that Case No. 97-0636-PSD-PC relates to the Mingo Magisterial District expansion. (Tr., pp. 13-16).

After hearing Commission Staff's recommendation to grant the two petitions, except to limit the expansion in the Mingo Magisterial District to water service only, Mr. Coberly indicated that the Petitioner accepted Commission Staff's final recommendation. (Tr., p. 31).

The next witness to testify was Bonnie Serrett, the District's Clerk for the past 16 years, who testified on behalf of Commission Staff. Ms. Serrett testified that the District does not provide both water and sewer services to all of its customers, i.e., in some areas it provides both services, in some areas it provides water service only and in other areas it provides sewer service only. The District serves approximately 800 sewer customers with two treatment plants, one located at Mill Creek and the other at Valley Bend. The Mill Creek plant has sufficient treatment capacity to receive additional customers, but the Valley Bend plant does not. However, the District has hired an engineer to design a new sewer treatment plant for the Valley Bend area. (Tr., pp. 16-21).

Ms. Serrett testified that the people living in the Georgetown Highway area do want water service. Currently, the District provides water service to approximately 575 customers, and it would gain about 25 new customers if the Commission enlarges the boundaries to include the Georgetown Road area. The District purchases its water from the Town of

[1]After the hearing ended, the Petitioner supplemented Petitioner Exhibit No. 3 with an actual publication affidavit.

[2]After the hearing ended, the Petitioner supplemented Petitioner Exhibit No. 4 with an actual publication affidavit.

Beverly (Beverly). Currently it purchases about 3,000,000 gallons per month to serve its existing customers, and Beverly has indicated that it can furnish up to 4,000,000 gallons per month to the District. (Tr., pp. 21-24). Currently, three other water systems provide water service within the District's existing boundaries, i.e., the Town of Mill Creek, the Town of Huttonsville and the Huttonsville Correctional Center. The District does not intend to replace any existing water utilities. (Tr., pp. 24-25).

Ms. Serrett testified that the District has no current or foreseeable plans to provide sewer service in the Mingo Magisterial District area. This area is sparsely populated and would not support a public sewer service. She opined that the District would be able to provide water service to the Mingo Magisterial District area. She clarified that the District will have to construct a project in order to provide this water service. The source of the water would be a new dam to be constructed on the Elk River. The purpose of the dam is to provide the City of Elkins (Elkins) with water in case of a drought, but the District also would use it to provide water to the area in between Elkins and the dam. (Tr., pp. 25-27).

The final witness to testify was Utilities Analyst James W. Boggess, Jr., Water and Wastewater Division. Mr. Boggess sponsored Staff Exhibit No. 1, a Final Internal Memorandum, dated June 30, 1997, which he prepared for this consolidated proceeding. He recommended that the Commission grant the two petitions, except that the District should not be authorized to provide sewer service in the Mingo Magisterial District area. (Tr., pp. 27-30; Staff Exhibit No. 1).

DISCUSSION

Commission Staff has argued that the District has substantially complied with all of the notice requirements of *Code* §16-13A-2 and Rule 6.0 of the Commission's *Rules and Regulations for the Government of Public Service Districts* (*PSD Rules*). As Commission Staff pointed out in its brief, these laws and rules contain many technical requirements for providing sufficient public notice when a county commission attempts to enlarge a public service district. However, the West Virginia State Supreme Court of Appeals has held[3] that a county commission's actions to execute all of these technical notice requirements should be reviewed for "substantial compliance". The ALJ holds that the Petitioner has substantially complied with all of the notice requirements necessary for the Commission to approve the May 12, 1997 Orders in these consolidated matters. For this reason, and since no one appeared at the hearing to oppose the petition; since Commission Staff recommended approving the Petitioner's orders, except that the District would not be authorized to provide sewer service in Mingo Magisterial District, and since the Petitioner accepted Commission Staff's final recommendation, the ALJ will approve the May 12, 1997 orders, as recommended by Commission Staff.

[3]See, *Canyon Public Service District v. Tasa Coal Company*, 156 W.Va. 606, 195 S.E.2d 647 (1973).

FINDINGS OF FACT

1. The Randolph County Commission filed a petition with the Commission, pursuant to *Code* §16-13A-2, seeking consent and approval to enlarge the Huttonsville Public Service District to include an area known as Georgetown Highway. (See, Petition, filed January 24, 1997, in Case No. 97-0076-PSD-PC).

2. The Randolph County Commission filed a petition with the Commission, pursuant to *Code* §16-13A-2, seeking consent and approval to enlarge the Huttonsville Public Service District to include all of the Mingo Magisterial District within its service territory. (See, Petition filed May 19, 1997, in Case No. 97-0636-PSD-PC).

3. The Petitioner published a notice indicating that it intended to act on May 12, 1997, on a petition to enlarge the District by including all of the Mingo Magisterial District and the Georgetown Highway area within the District's service territory boundaries. The District also published the Notice of Hearing complying with the ALJ's May 15, 1997 Procedural Order. (See, Petitioner Exhibits Nos. 3 and 4, and the supplemental publication affidavits).

4. The Petitioner approved the proposal to enlarge the District by including all of the Mingo Magisterial District and the Georgetown Highway area within the District's service territory boundaries. (See, Petitioner Exhibits Nos. 1 and 5).

5. Commission Staff has recommended that the Commission approve the two petitions in these consolidated matters, except that the District should be authorized to provide water service only, and not sewer service, in the Mingo Magisterial District. (See, Testimony of James W. Boggess, Jr., Tr., pp. 27-30; Staff Exhibit No. 1).

6. The Petitioner has agreed to accept Commission Staff's final recommendation. (See, Testimony of Ira Coberly, Tr., p. 31).

CONCLUSIONS OF LAW

1. A county commission's actions to execute all of the technical notice requirements of *Code* §16-13A-2 and Rule 6.0 of the Commission's *PSD Rules* should be reviewed for "substantial compliance". (See, *Canyon Public Service District v. Tasa Coal Company*, 156 W.Va. 606, 195 S.E.2d 647 (1973)).

2. For all of the reasons set forth in Conclusion of Law No. 1 and Finding of Fact No. 3, it is reasonable to conclude that the Petitioner substantially complied with the notice requirements of *Code* §16-13A-2 and Rule 6.0 of the Commission's *PSD Rules*.

3. For all of the reasons set forth in Conclusion of Law Nos. 1 and 2 and Finding of Fact Nos. 4, 5 and 6, it is reasonable to approve the Petitioner's orders in these consolidated matters.

ORDER

IT IS, THEREFORE, ORDERED that the Randolph County Commission Orders entered May 12, 1997, and filed with the Commission on May 19, 1997, in Case Nos. 97-0076-PSD-PC and 97-0636-PSD-PC, respectively, by the Randolph County Commission, pursuant to *Code* §16-13A-2, seeking consent and approval to enlarge the Huttonsville Public Service District to include an area known as Georgetown Highway and another area known as the Mingo Magisterial District, respectively, be, and they hereby are, modified to include water service only in the Mingo Magisterial District area, and, as modified, they hereby are approved.

The Executive Secretary hereby is 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 hereby is 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 Executive 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.

Ronnie Z. McCann
Deputy Chief Administrative Law Judge

RZM:s

IN THE COUNTY COMMISSION OF RANDOLPH COUNTY, WEST VIRGINIA

IN RE: REQUEST OF HUTTONSVILLE PUBLIC SERVICE DISTRICT FOR THE ENLARGEMENT OF ITS BOUNDARIES AND REDUCTION OF THE BOUNDARIES OF MIDLAND PUBLIC SERVICE DISTRICT AND LEADSVILLE PUBLIC SERVICE DISTRICT

ORDER

This 13th day of August, 2002, came Huttonsville Public Service District by its attorney, Thomas R. Ross II, and by its engineer, Hornor Brothers Engineers, and requested that the County Commission, upon its own motion by order duly adopted pursuant to the provisions of WV Code §16-13A-2, propose the enlargement of the boundaries of Huttonsville Public Service District and the reduction of the boundaries of Midland Public Service District and Leadsville Public Service District. Counsel for Huttonsville Public Service District advised that Huttonsville Public Service District has funding for a water project to extend water service in certain areas near Mill Creek and Huttonsville; that it will purchase water in bulk from the City of Elkins; that it will be able to serve a number of residents of the Georgetown Road area who do not now have public water service; and that such area lies or may lie within the boundaries of Midland Public Service District and Leadsville Public Service District neither of which is able to provide water service to the residents of said Georgetown Road area; and that both Leadsville Public Service District and Midland Public Service District have in the past indicated their support for Huttonsville Public Service District to furnish water service to the residents of the Georgetown Road area, and their willingness to reduce their respective boundaries in order to accommodate such project.

Thereupon counsel for Huttonsville Public Service District presented to the County Commission a description of the territory to be embraced within the enlargement of the boundaries of Huttonsville Public Service District, and descriptions of the territory by which the respective boundaries of Midland Public Service District and Leadsville Public Service District are to be reduced.

The County Commission being fully advised and good cause appearing therefor, upon motion of Commissioner Schneider, seconded by Commissioner Wamsley it is hereby

ORDERED, pursuant to the provisions of WV Code §16-13A-2 that:

1. The County Commission proposes the enlargement of the boundaries of Huttonsville Public Service District and the reduction of the boundaries of Leadsville Public Service District and Midland Public Service District as set forth in the descriptions presented to the County Commission by Huttonsville Public Service District.

2. A hearing be held before the County Commission on the 10 day of September, 2002, at 4:00 p.m. to consider and determine the feasibility of such proposal, and to afford all persons residing in or owning or having any interest in property located within any of said public service districts an opportunity to be heard for and against such proposal.

3. The County Clerk 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 within the boundaries of Huttonsville Public Service District and all the territory proposed to be reduced from Leadsville Public Service District and Midland Public Service District, respectively, to be given by publication as a Class I legal advertisement in The Inter-Mountain at least ten (10) days prior to

the hearing. Huttonsville Public Service District shall pay or reimburse the County Commission for the costs of such publication.

4. The Huttonsville Public Service District shall cause to be posted in at least five conspicuous places in the territory proposed to be included in Huttonsville Public Service District, and in the territory proposed to be reduced from Leadsville Public Service District, and in the territory proposed to be reduced from Midland Public Service District, a notice containing the same information as is contained in the published notice, and such notices shall be posted not less than ten days before the hearing.

ENTER: This 13th day of August, 2002.

President

Attest:

County Clerk

IN THE COUNTY COMMISSION OF RANDOLPH COUNTY, WEST VIRGINIA

IN RE: REQUEST OF HUTTONSVILLE PUBLIC SERVICE DISTRICT FOR THE ENLARGEMENT OF ITS BOUNDARIES AND REDUCTION OF THE BOUNDARIES OF MIDLAND PUBLIC SERVICE DISTRICT AND LEADSVILLE PUBLIC SERVICE DISTRICT

ORDER

On September 10, 2002, at 4:00 p.m., the County Commission held a public hearing regarding the enlargement of the boundaries of the Huttonsville Public Service District and the reduction of the boundaries of the Leadsville Public Service District and of the Midland Public Service District, respectively, pursuant to the order proposing the same entered by the County Commission on August 13, 2002.

Pursuant to said order and to the provisions of WV Code §16-13A-2, notice of said hearing was published in *The Inter-Mountain* as a Class I legal advertisement on August 30, 2002, more than ten (10) days prior to such hearing. An affidavit of publication from *the Inter-Mountain* was presented and ordered filed with the County Clerk. And further a notice of hearing containing the same information as contained in the published notice was posted in five (5) conspicuous places in the area of Huttonsville Public Service District proposed to be enlarged, and in the respective areas of Leadsville Public Service District, and Midland Public Service District proposed to be reduced, on August 29, 2002, more than ten (10) days prior to said hearing as evidenced by the sworn affidavit of Morgan Haymond which was presented to the County Commission and ordered filed with the County Clerk.

Thereupon Thomas R. Ross II, attorney for Huttonsville Public Service District, presented to the Commission letters from Midland Public Service District and Leadsville Public

Service District each of which advised the Commission that such Public Service District had no objections to the reduction of the boundaries of such Public Service District.

The President of the County Commission then asked if there were those present who wished to be heard with respect to the proposal. No person spoke in opposition or offered any objections to the proposal

Upon motion of Commissioner Wamsley, seconded by Commissioner Schmidlen, and unanimously carried, it was

RESOLVED that the County Commission does determine that the enlargement of the boundaries of the Huttonsville Public Service District as proposed and the reduction of the boundaries of the Leadsville Public Service District and of Midland Public Service District as proposed will be conducive to the preservation of public health, comfort and convenience of the area in question and will result in the access to public water service to many residents of Randolph County who presently do not have such service.

Accordingly, it is ORDERED that:

(1) The boundaries of the Huttonsville Public Service District be enlarged to include the following described area:

> Beginning at a point on the Tygart Valley River at the mouth of Troutline Run;
>
> Thence up the right fork of said run and with the Valley Bend District and the Beverly District line crossing the headwaters of Beaver Creek to the top of Rich Mountain approximately 18,000 linear feet to a point near the fire tower. Said point is also a corner with the Roaring Creek and Middle Fork Districts;
>
> Thence along the top of Rich Mountain with the Roaring Creek and Beverly District line in a northerly direction approximately 29,000 linear feet to

the head of Mathias Run which is a corner of the Leadsville and Beverly District on the top of Rich Mountain and in the Roaring Creek District line;

Thence along the top of Rich Mountain in a northerly direction with the Leadsville and Roaring Creek line approximately 13,500 linear feet to the center of the Tygart Valley River;

Thence with or near the center of the Tygart Valley River as it meanders in an easterly direction approximately 19,200 feet to a point in the northern end of the Elkins Flood Control Spillway;

Thence with the Elkins Flood Control Spillway in a southerly direction approximately 1,900 feet to a point in center of the Tygart Valley River;

Thence with or near the center of the Tygart Valley River as it meanders in a southerly direction approximately 68,800 linear feet to the point of beginning.

(2) The boundaries of Midland Public Service District be reduced by deleting the following described area:

Beginning at a point in the existing Midland Public Service District boundary that is 200 feet south and east of the intersection of WV Secondary Route 21/1 and the Georgetown Road (WV Secondary Route 21) and is in the centerline of the Tygart Valley River;

Thence following a common boundary line between the Midland PSD and the Leadsville PSD in a northwesterly direction with a line parallel to and 200 feet south of WV Secondary Route 21/1, crossing the Georgetown Road, approximately 2,300 linear feet to a point 200 feet south of WV Secondary Route 21/1 and 2000 feet west of the Georgetown Road;

Thence leaving the Leadsville PSD line and following the existing Midland PSD boundary line in a southerly direction parallel to and 2,000 feet west of the Georgetown Road approximately 25,000 linear feet to the center of the old Rich Mountain Road at its crossing of Beaver Creek;

Thence continuing with the existing Midland PSD boundary line down Beaver Creek with its meanders in an easterly direction approximately 7,000 linear feet to the center of the Tygart Valley River opposite the Elk's Country Club;

Thence continuing with the existing Midland PSD boundary line along the center of the Tygart Valley River in a northerly direction approximately 4,000 linear feet to a point west of the theoretical intersection of the Arnold Hill Road with the Tygart Valley River;

Thence leaving the existing Midland PSD boundary line and continuing with the meanders of the Tygart Valley River in a northerly direction approximately 30,300 linear feet to the point of beginning.

and

(3) The boundaries of Leadsville Public Service District be reduced by deleting the following described area.

Beginning at a point on the top of Rich Mountain, about 200 linear feet westerly of the place where state secondary Route 21/1 crosses the height of land;

Thence with an existing boundary line of the Leadsville PSD in a southeasterly direction along an imaginary line parallel and 200 linear feet southwest of the center of State Secondary Route 21/1 as it meanders to the intersection with State Secondary Route 21;

Thence southeasterly to a point in the center of the Tygart Valley River approximately 300 linear feet;

Thence with or near the center of the Tygart Valley River as it meanders in a southeasterly direction approximately 8,800 linear feet to the southern end of the Elkins Flood Control Spillway;

Thence leaving the existing boundary line of the Leadsville PSD and running in a northerly direction with the Elkins Flood Control Spillway to the Tygart Valley River approximately 1,900 linear feet;

Thence with or near the center of the Tygart Valley River as it meanders downstream in a westerly direction approximately 19,200 feet to a point near Aggregates where it intersects with the Roaring Creek District line;

Thence in a southerly direction along the Roaring Creek District line approximately 4,400 linear feet to the point of beginning on Rich Mountain.

ENTER: This 10th day of September, 2002.

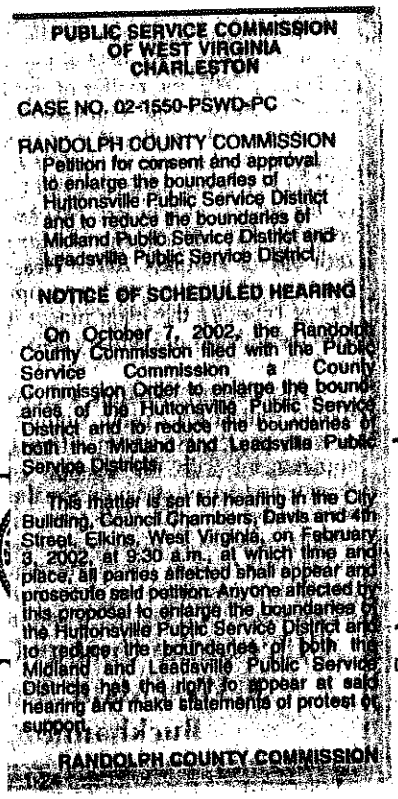
President

Attest:

County Clerk

This Order Prepared By:
Thomas R. Ross II
Attorney at Law
P.O. Box 2448
Elkins, WV 26241

State of West Virginia, County of Randolph, ss.



PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CASE NO. 02-1550-PSWD-PC

RANDOLPH COUNTY COMMISSION
Petition for consent and approval to enlarge the boundaries of Huttonsville Public Service District and to reduce the boundaries of Midland Public Service District and Leadsville Public Service District.

NOTICE OF SCHEDULED HEARING

On October 7, 2002, the Randolph County Commission filed with the Public Service Commission a County Commission Order to enlarge the boundaries of the Huttonsville Public Service District and to reduce the boundaries of both the Midland and Leadsville Public Service Districts.

This matter is set for hearing in the City Building, Council Chambers, Davis and 4th Street, Elkins, West Virginia, on February 3, 2002, at 9:30 a.m., at which time and place, all parties affected shall appear and prosecute said petition. Anyone affected by this proposal to enlarge the boundaries of the Huttonsville Public Service District and to reduce the boundaries of both the Midland and Leadsville Public Service Districts has the right to appear at said hearing and make statements of protest or support.

RANDOLPH COUNTY COMMISSION

I, James Hoffman, Publisher of THE INTER-MOUNTAIN, a newspaper published at Elkins, in said county, do hereby certify that the annexed advertisement was published on the following dates:

Jan 24 _____ _____ _____

20 03 as required by law.

Given under my hand this 24 day of January 20, 03

James Hoffman
Publisher

Printer's Fee: $ 30.80

Sworn to before me this 24 day of January, 20, 03.

Shirley A Morrow
Notary Public

My Commission Expires the 15th day of April, 20 12.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
03-11-03

Entered: February 19, 2003

CASE NO. 02-1550-PSWD-PC

RANDOLPH COUNTY COMMISSION
Petition for consent and approval to enlarge the boundaries of Huttonsville Public Service District and to reduce the boundaries of Midland Public Service District and Leadsville Public Service District, pursuant to §16-13A-2 of the West Virginia Code.

RECOMMENDED DECISION

PROCEDURE

On October 7, 2002, Randolph County Commission filed with the Public Service Commission a County Commission Order enlarging the boundaries of the Huttonsville Public Service District and reducing the boundaries of both the Midland and the Leadsville Public Service Districts.

On October 31, 2002, Cecelia Jarrell, Staff Attorney, filed an Initial Joint Staff Memorandum. According to Staff, it still needs certain maps showing the proposed boundary expansion and the two proposed boundary reductions. Staff stated that its recommendation will be made once these documents are received.

By Commission Order entered on November 14, 2002, the Commission referred this matter to the Division of Administrative Law Judges for a recommended decision to be rendered on or before May 5, 2003.

By Procedural Order entered on January 9, 2003, a hearing was scheduled to be held in this case on February 3, 2003, at 9:30 a.m., in the City Building, Council Chambers, Davis and 4th Street, Elkins, Randolph County, West Virginia. It was further ordered that, if it had not yet already done so, the Randolph County Commission file with the Public Service Commission all information requested by Commission Staff on or before January 17, 2003. It was further ordered that the Randolph County Commission give notice of the hearing on its proposal to enlarge the boundaries of Huttonsville Public Service District and to reduce the boundaries of the Midland Public Service District and Leadsville Public Service District by publishing a copy of a specified Notice of Hearing, one time, in a newspaper, duly qualified by the Secretary of State,

published and generally circulated in Randolph County. The Randolph County Commission was ordered to return proper certification of publication, within ten (10) days of said publication, but no later than February 3, 2002. The publication was to occur no later than January 27, 2003. Finally, Commission Staff was ordered to file its substantive recommendation on or before January 27, 2003.

On January 27, 2003, Staff Attorney Jarrell filed an "Initial" Joint Staff Memorandum attached to which was the Final Internal Memorandum prepared by Utilities Analyst Supervisor William A. Nelson. Commission Staff has determined that the County Commission has satisfied all of the requirements of West Virginia Code §16-13A-2. Technical Staff recommended approval of the County Commission's Order.

The hearing was held as scheduled. Mr. Thomas R. Rose, II, Esquire, appeared on behalf of the Huttonsville Public Service District, and Ms. Cecelia Jarrell, Esquire, appeared on behalf of the Public Service Commission Staff. At the hearing, Mr. Ross presented the certificate of publication from The Inter-Mountain, verifying compliance with the publication requirements.

Ms. Jarrell recommended that, since there were no protestants at the hearing, this case should be submitted and decided based on the information in the case file.

FINDINGS OF FACT

1. On October 7, 2002, the Randolph County Commission filed with the Public Service Commission a County Commission Order enlarging the boundaries of the Huttonsville Public Service District and reducing the boundaries of both the Midland and the Leadsville Public Service Districts. (See, Commission Order).

2. A hearing in this case was held on Monday, February 3, 2003, at 9:30 a.m., in the City Building, Council Chambers, Davis and Fourth Street, Elkins, Randolph County, West Virginia. No protestants were present and the case was submitted on the record. (See, Tr., pp. 7-8).

3. Commission Staff recommended approval of the County Commission Order. (See, Final Internal Memorandum filed January 27, 2003; Tr., p. 7).

CONCLUSION OF LAW

Since no protestants appeared at the hearing and since Commission Staff recommended approval thereof, the Order of the Randolph County Commission dated September 10, 2002, should be approved.

ORDER

IT IS, THEREFORE, ORDERED that the Randolph County Commission Order dated September 10, 2002, enlarging the boundaries of the Huttonsville Public Service District, and reducing the boundaries of both the Midland and the Leadsville Public Service Districts, be, and hereby is, approved, as filed.

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
Administrative Law Judge

MCC:jas
021550aa.wpd

Order 100024-4737

STATE OF WEST VIRGINIA,

RANDOLPH COUNTY COMMISSION, SS:

At a Regular Session of the County Commission held in and for the aforesaid County and State, at the Court House Annex on April 25, 2000.

Present: Willard L. Herron, President and Ira J. Coberly, Commissioner thereof. Commissioner Wamsley - absent.

Court opened by Dianne Marstiller.

Prayer and Pledge of Allegiance was led by Commr. Coberly.

ERRONEOUS ASSESSMENTS - Motion made by Commr. Coberly and seconded by President Herron to approve the correction of Erroneous Assessments.

BILLS, PAYMENT OF - Motion made by Commr. Coberly and seconded by President Herron to approve the payment of outstanding bills.

SCT - Motion made by Commr. Coberly and seconded by President Herron to sign an Agreement with SCT to continue Budget-Accounting-Payroll-Personnel for fiscal year 2000-2001 for the sum of $3,964.00.

Motion made by Commr. Coberly and seconded by Commr. Herron to adjourn.

Attest: _____
Willard L. Herron, President

STATE OF WEST VIRGINIA,

RANDOLPH COUNTY COMMISSION, SS:

At a Regular Session of the Commission held in and for the aforesaid County and State, at the Court House Annex, on May 1, 2000.

Present: All members

Court was opened by Dianne Marstiller

Prayer and Pledge of Allegiance was led by Commr. Coberly

JIMMY TINCHER-SALVAGE YARD - Jimmy Tincher discussed Salvage Yard - he told the Commission that he needed financial help.

Commissioner Coberly said that the Citizens on Stewart Avenue want the grass mowed on the property that the County Commission purchased thru FEMA.

HUTTONSVILLE PSD - Motion made by Commr. Wamsley and seconded by Commr. Coberly to appoint Lynn Channell as a member of the Huttonsville PSD for a Six (6) year term beginning July 1, 2000 and ending June 30, 2006.

VALLEY HEAD COMMUNITY BUILDING - Motion made by Commr. Coberly and seconded by Commr. Wamsley to enter into a Partnership Agreement with the Governor's Office for the Valley Head Community Bldg. in the amount of $20,000 and authorize the President of the Commission sign said Partnership Agreement.

DRY FORK RECREATION CENTER - Motion made by Commr. Coberly and seconded by Commr. Wamsley to enter into a Partnership Agreement with the Governor's Office for Dry Fork Recreation Center in the amount of $15,000 and authorize the President of the Commission to sign said Partnership Agreement.

COUNTY TRUCK - Commissioner Coberly said that the Old Yellow Truck that the Maintenance Men use needs repairs.

ERRONEOUS ASSESSMENTS - Motin made by Commr. Coberly and seconded by Commr. Wamsley to approve the correction of Erroneous Assessments. So ordered.

Motion made by Commr. Wamsley and seconded by President Herron to adjourn.

Attest: _____
Willard L. Herron, President

COMMISSION MEMBERS
Willard L. Herron, President
Thomas A. "Andy" Wamsley
Walt L. Schmidlen, III

Randolph County Commission

ROSEZETTA LLOYD
County Clerk
(304) 636-0543

P. O. Box 2092
Elkins, West Virginia 26241
(304) 636-2057
Fax: (304) 637-4619

STATE OF WEST VIRGINIA,
RANDOLPH COUNTY COMMISSION, SS:

At a Regular Session of the County Commission held in and for the afoesaid County and State, at the Court House thereof, on April 9, 2002, the following order was entered of record.

Motion was made by Commr. Schmidlen and seconded by Commr. Wamsley to reappoint Billy Daft as a member of the Huttonsville PSD for a term beginning July 1, 2002 and ending on June 30, 2008.

Attest: Willard L. Herron, President

Teste: Rosezetta Lloyd
County Clerk

COMMISSION MEMBERS
Voras Haynes
Willard L. Herron
Walt L. Schmidlen, III

Randolph County Commission

ROSEZETTA LLOYD
County Clerk
(304) 636-0543

P. O. Box 2092
Elkins, West Virginia 26241
(304) 636-2057
Fax: (304) 637-4619

March 11, 2004

Huttonsville PSD
P. O. Box 277
Mill Creek, WV 26280

Dear Bonnie:

At the Regular Meeting of the County Commission held on March 9, 2004 the following action was taken:

Motion made by Commissioner Herron and seconded by President Schmidlen to appoint Loy McAtee for a six (6) year term to the Huttonsville Public Service District for the period beginning July 1, 2004 and ending June 30, 2010.

If you should have any questions, please advise.

Sincerely yours,

Rosie Lloyd

Rosezetta Lloyd, Clerk
Randolph County Commission

OATH OF OFFICE

STATE OF WEST VIRGINIA,
COUNTY OF RANDOLPH, TO WIT:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia and that I will faithfully discharge the duties of the office of Member of HPSD to the best of my skill and judgment, SO HELP ME GOD.

(SIGNATURE OF AFFIANT) Lynn R. Channell

TAKEN, ACKNOWLEDGED AND SUBSCRIBED to before, a Notary Public or Official, this the 12th day of July, 2000.

Roxzitta Lloyd, Co Clerk

My Commission expires 12-31-2007

FILED
Jul 12 3 45 PM '00

FILED
Jul 2 8 51 AM '02

OATH OF OFFICE

STATE OF WEST VIRGINIA,
COUNTY OF RANDOLPH, TO WIT:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia and, that I will faithfully discharge the duties of the office of Buckhannon P.S.D. to the best of my skill and judgment, SO HELP ME GOD.

Billy A. Daft
(Signature of Affiant)

TAKEN, ACKNOWLEDGED AND SUBSCRIBED to before, a Notary Public or Official, this the July 2, 2002.

Rosetta Lloyd

My Commission expires: December 31, 2004

OATH OF OFFICE

STATE OF WEST VIRGINIA,
COUNTY OF RANDOLPH, TO WIT:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia and that I will faithfully discharge the duties of the office of Huttonsville PSD. to the best of my skill and judgment, SO HELP ME GOD.

Leo C McCutcheon
(Signature of Affiant)

TAKEN, ACKNOWLEDGED AND SUBSCRIBED to before, a Notary Public or Official, this the 1st June, 2004.

Loretta Lloyd

My Commission expires: December 31, 2004

RULES OF PROCEDURE

HUTTONSVILLE PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. The name of this Public Service District shall be HUTTONSVILLE PUBLIC SERVICE DISTRICT (the "District").

Section 2. The principal office of the District will be located in Mill Creek, West Virginia.

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

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

ARTICLE II

PURPOSE

Section 1. The District is organized and operated exclusively for the purposes set forth in Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act").

ARTICLE III

MEMBERSHIP

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

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

Section 3. The District shall provide to the Public Service Commission of West Virginia, within 30 days of the appointment, the following information: the new board member's name, home address, home and office phone numbers, date of appointment, length of term, who the new member replaces and if the new appointee has previously served on the board, and such other information required under the Act.

Section 4. Each board member shall, within 6 months of taking office, successfully complete the training program established and administered by the Public Service Commission of West Virginia in conjunction with the West Virginia Department of Environmental Protection and the West Virginia Bureau for Public Health.

Section 5. Board members shall not be or become pecuniarily interested, directly or indirectly, in the proceeds of any contract or service, or in furnishing any supplies or materials to the District, nor shall a former board member be hired by the District in any capacity within a minimum of 12 months after such board member's term has expired or after such board member has resigned from the Board.

Section 6. Salaries of the board members shall be established as provided in Chapter 16, Article 13A, Section 4 of the Act. The District shall certify the number of customers served to the Public Service Commission of West Virginia on the first day of July each year. Board members may be reimbursed for all reasonable and necessary expenses actually incurred in the performance of their duties.

Section 7. The members of the Board are not personally liable or responsible for any obligations of the District or the Board but are answerable only for willful misconduct in the performance of their duties.

ARTICLE IV

MEETINGS OF THE BOARD

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

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

Section 3. Unless otherwise waived, notice to members of regular meetings shall be by letter or telephone. Unless otherwise waived, notice to members of each special meeting shall be by letter or telephone not less than 72 hours before the date fixed for such special meeting. The notice of any special meeting shall state briefly the purposes of such meeting and the nature of the business to be transacted at such meeting, and no business other than that stated in the notice shall be transacted at such special meeting.

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

Rule No. 1. Notice of Regularly Scheduled Meetings. Immediately after adoption of these Rules of Procedure and in July of each year thereafter, the Board shall instruct the Secretary to, and the Secretary shall, post, and leave posted throughout the year to which it applies, at the regular meeting place of the Board and at the Randolph County Courthouse, where notices customarily are posted, a notice setting forth the date, time and place of the Board's regularly scheduled meetings for the ensuing year. In addition, a copy of the agenda for each regularly scheduled meeting shall also be posted at the same location by the Secretary not less than 72 hours before such regular meeting is to be held.

The Board shall also instruct the Secretary to, and the Secretary shall, distribute to each of the newspapers and other news media listed below a notice identical to that posted:

News Media	Address
Elkins Inter-Mountain	P.O. Box 1339 Elkins, WV 26241

A notice shall be considered distributed to a news medium when it has been addressed to such news medium at the address listed above, or at such other address as the news medium has in writing requested be used, marked or stamped with first class postage and deposited in the United States mail. In July of each year after the adoption of these Rules of Procedure, the Board shall review the above list and shall amend such list as needed, in the opinion of the Board, to reflect properly all the newspapers and other news media that customarily cover news of the area served by the Board. In addition, a copy of the agenda for each regularly scheduled meeting shall also be distributed to the news media by the Secretary not less than 72 hours before such regular meeting is to be held.

In the event of any modification to the date, time, place or agenda of a regularly scheduled meeting of the Board, notice of such modification shall immediately be given to the public and news media by posting at the places and distributing to the news media in the manner set forth above not less than 48 hours before such regular meeting is to be held. A copy of the notice of such modification shall be attached to and made a part of the minutes of the meeting for which such notice was given.

Rule No. 2. Notice of Special Meetings. Not less than 72 hours prior to the date set for any special meeting of the Board, the Board shall instruct the Secretary to, and the Secretary shall, post at the regular meeting place of the Board and at the Randolph County Courthouse, where notices customarily are posted, a notice setting forth the date, time, place and purpose or purposes of such special meeting. Business at such special meeting shall be limited to the purpose or purposes specified in said notice.

As soon as practical after the posting of said notice, but not less than 72 hours prior to the date set for such special meeting, the Secretary shall distribute to each of the newspapers and other news media listed in Rule No. 1 hereof, a notice identical to that posted. Amendments made to such news media list, as provided for in said Rule No. 1, shall be incorporated by reference in this Rule No. 2. A notice shall be considered distributed to a news medium when it has been addressed to such news medium at the address listed in said Rule No. 1, or at such other address as the news medium has in writing requested be

used, marked or stamped with first class postage and deposited in the United States mail.

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

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

Rule No. 4. Executive Sessions. The Board may hold an executive session during a regular, special or emergency meeting in accordance with Chapter 6, Article 9A, Section 4 of the Code of West Virginia, 1931, as amended. During the open portion of the meeting, prior to convening an executive session, the Chairperson shall identify the authorization under Chapter 6, Article 9A, Section 4 of the Code of West Virginia, 1931, as amended, for holding the executive session and present it to the Board and to the general public, but no decision may be made in the executive session. An executive session may be held only upon a majority affirmative vote of the Board members present. The Board may hold an executive session and exclude the public only when a closed session is required for any of the actions permitted under Chapter 6, Article 9A, Section 4 of the Code of West Virginia, 1931, as amended.

Rule No. 5. Minutes. The Board shall provide for the preparation of written minutes of all of its meetings. Subject to the exceptions set forth in Chapter 6, Article 9A, Section 4 of the Code of West Virginia, 1931, as amended, minutes of all meetings except minutes of executive sessions, if any are taken, shall be available to the public within a reasonable time after the meeting and shall include, at least, the following information:

(1) The date, time and place of the meeting;
(2) The name of each Board member present and absent;
(3) All motions, proposals, resolutions, orders, ordinances and measures proposed, the name of the person proposing the same and their disposition; and
(4) The results of all votes and, upon the request of a Board member, the vote of each Board member, by name.

Rule No. 6. No Actions by Reference. Except as otherwise expressly provided by law, the Board may not deliberate, vote, or otherwise take official action upon any matter by reference to a letter, number or other designation or other secret device or method, which may render it difficult for persons attending a meeting to understand what is being deliberated, voted or acted upon. However, this rule does not prohibit the Board from deliberating, voting or otherwise taking action by reference to an agenda, if copies of the agenda, sufficiently worded to enable the public to understand what is being deliberated, voted or acted upon, are available for public inspection at the meeting. The Board may not vote by secret or written ballot.

Rule No. 7. Broadcasting of Meetings. Except as otherwise provided in this rule, any radio or television station is entitled to broadcast all or any part of a Board meeting required to be open. The Board may regulate the placement and use of equipment necessary for broadcasting, photographing, filming or recording a meeting, so as to prevent undue interference with the meeting. The Board shall allow the equipment to be placed within the meeting room in such a way as to permit its intended use, and the ordinary use of the equipment may not be declared to constitute undue interference; provided, that if the Board, in good faith, determines that the size of the meeting room is such that all the members of the public present and the equipment and personnel necessary for broadcasting, photographing, filming and tape-recording the meeting cannot be accommodated in the meeting room without unduly interfering with the meeting and an adequate alternative meeting room is not readily available, then the Board, acting in good faith and consistent with the purposes of this rule, may require the pooling of the equipment and the personnel operating it.

Rule No. 8. Telephonic Meetings. Board meetings may be held by telephone conference or other electronic means. All Board members participating by telephone or other electronic means must be audible to all those personally present.

Section 5. All meetings of any committee of the Board shall be subject to the Rules of Procedure set forth in Section 4 above.

ARTICLE V

OFFICERS

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

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

ARTICLE VI

DUTIES OF OFFICERS

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

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

Section 3. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. Duplicate records shall be filed with the County Commission and shall include the minutes of all Board meetings. He/She shall, together with the Chairperson, sign the minutes of the meetings at which he/she is present. The Secretary shall have charge of the minute book, be the custodian of deeds and other documents and papers of the Board. He/She shall also perform such other duties as may be required of him/her by law or as may be conferred upon him/her from time to time by the members of the Board.

Section 4. The Treasurer shall be the lawful custodian of all funds of the District and shall pay same out on orders authorized or approved by the Board. The Treasurer shall keep or cause to be kept proper and accurate books of accounts and proper receipts and vouchers for all disbursements made by or through him/her and shall prepare and submit such reports and statements of the financial condition of the Board as the members may from time to time prescribe. The Treasurer shall keep and preserve all financial records of the District for 10 years and shall at all times have such records readily available for public

inspection. At the end of his/her term of office, the Treasurer shall promptly deliver all financial records of the District to his successor in office. He/She shall also perform such other duties as may be required of him/her by law or as may be conferred upon him/her from time to time by the members of the Board. The Treasurer shall furnish bond in an amount to be fixed by the Board for the use and benefit of the District.

Section 5. No money may be paid out by the District except upon an order signed by the Chairperson and Secretary, or such other person or persons authorized by the Chairperson or the Secretary, as the case may be, to sign such orders on their behalf. Each order for the payment of money shall specify the purposes for which the amount thereof is to be paid, with sufficient clearness to indicate the purpose for which the order is issued, and there shall be endorsed thereon the name of the particular fund out of which it is payable and it shall be payable from the fund constituted for such purpose, and no other. All such orders shall be reflected in the minutes of the next meeting of the Board.

Section 6. The members and officers of the Board shall make available to the County Commission, at all times, all of its books and records pertaining to the District's operation, finances and affairs, for inspection and audit.

ARTICLE VII

AMENDMENTS TO RULES OF PROCEDURE

Section 1. These Rules of Procedure may be altered, changed, amended or added to at any regular or special meeting of the Board when a quorum is present and a majority of those present vote for the alteration, change, amendment or addition; but no such alteration, change, amendment or addition shall be made at any special meeting unless notice of the intention to propose such alteration, change, amendment or addition and a clear statement of the substance thereof be included in the written notice calling such special meeting.

Adopted this 29th day of May, 2002.

Chairperson and Member

Member

Member

CERTIFICATION

Certified a true copy of the Rules of Procedure duly adopted by the Board of Huttonsville Public Service District on May 29, 2002.

Dated this 30th day of May, 2002.

[SEAL]

Secretary

05/13/02
000630/00303

Huttonsville PSD Valley Meeting
February 25, 2004

The Huttonsville PSD Board of directors met on February 25, 2004 for their regular meeting. Those present were Lynn Channell, Loy McAtee, Bill Daft, Milford Jones, Ron Wamsley, Bonnie Serrett and Louise McAtee.

Lynn Channell called the meeting to order.

Bonnie Serrett opened with prayer.

Minutes of the last meeting were read by Louise McAtee and stand approved as read.

Financial report was approved as presented.

Old Business:

1.) Status Report Sewer/Water Projects-

- **a.)** R U S Meeting- Bonnie Serrett stated the Huttonsville PSD had some concerns regarding the current water project. After discussion with District R U S understands the problems and is willing to work with HPSD on the second phase of this project to correct areas of concern. However, we were told on future Engineering contracts to include input on road sites, tank sites, need alternatives, and maybe allow another engineering firm to go over plans prior to approval.
- **b.)** Water Public Hearing- we had 8 people attend the public meeting. Was a very positive meeting.
- **c.)** Huttonsville Correctional Center- A meeting will be set to discuss if the Correctional Center is ready to look at water and sewer needs.

Bonnie Serrett reported Don Sharp has been released and will be returning to work with Thrasher Engineering.
Lendall Armstrong has signed her right-of-way agreement in lieu of a free water tap, but requested two water taps, the HPSD Board directed only one water tap for a right-of-way.
Milford Jones and Bonnie Serrett will attend a meeting with the City of Elkins on March 3, 2004 at 4:00 p.m. to give an update on the current water project.

New Business:

1. **Sewer Revenue Bond Series 2003A-** after discussion Loy McAtee motioned to authorize Chairman Lynn Channell to sign the supplemental resolution, which was, adopted on June 9, 2003 for the Series 2003A (WVIP) & Series B (RUS) Sewer Revenue Bond. A correction was made on the payment start date which was changed from March 2004 to June 2005 motion was seconded by Bill Daft and the motion passed.
2. **Appoint Chairman of the Board-** Bill Daft motioned to appoint Lynn Channell as Chairman to the Huttonsville PSD Board second Loy McAtee and the motion passed. Loy McAtee motioned to reappoint Bonnie Serrett Secretary to the Board seconded Bill Daft and the motion passed.
3. **Re-appoint Loy McAtee-** Bill Daft motioned to authorize Bonnie Serrett to send a letter to the Randolph County Commission to reappoint Loy McAtee to the Huttonsville PSD Board, Lynn Channell seconded and the motion passed.

At this time Milford Jones gave the Board a presentation on areas of concern regarding the current water project hydrants. After discussion the Board decided to provide a change in line size from 6" to 8" and provide a change in hydrants size from 4 1/2" to 5 1/4" therefore providing fire service to Fox Lumber and Mill Creek Builders.

Sewer Report and Water Report:

Imhoff operation okay, no sludge pumped. (see *attached)*
Lab results okay no visit from the DEP. One sewer tap pending Swecker. Ferguson already completed 02/25/2004. Received an application for sewer from Tygart Valley Sanitation.

Water: Bac T samples okay, Chlorine 1.6
Two water taps pending. Swecker and Arbogast. Ferguson working on today.

Geraldine Tenney in the Valley trailer park has a water leak. Water consumption is 100,000 + which is running on the ground-meter was shut off until repairs are made. *(see attached)* Rella Tacy had a water line break in her home, water was turned off, customer was in the hospital.

Milford Jones and Bonnie Serrett will attend the Expo in Charleston on March 24-25, 2004.

Loy McAtee motioned to pay routine bills, second Bill Daft and the motion passed.
Loy McAtee motioned to adjourn second Bill Daft and the motion passed.

Meeting adjourned 3:29 p.m.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: July 9, 2003

CASE NO. 02-1678-PWD-CN

HUTTONSVILLE PUBLIC SERVICE DISTRICT
Application for a certificate of convenience and necessity to construct approximately 178,000 LF of 12", 10", 8", 6", 4" and 2" waterlines, two water storage tanks, and three water booster pump stations to serve approximately 438 potential customers.

FINAL
07-29-03

RECOMMENDED DECISION

On October 23, 2002, Huttonsville Public Service District (District), a public utility, filed an application, duly verified, for a certificate to construct certain additions and improvements to the District's system in Randolph County. The District estimated that construction would cost approximately $6,244,000 and would be financed by a West Virginia Infrastructure and Jobs Development Council loan in the amount of $952,000; a West Virginia Infrastructure and Jobs Development Council Grant in the amount of $1,392,000; a USDA Rural Utilities Service Loan in the amount of $400,000; a USDA Rural Utilities Service Grant in the amount of $2,000,000; and a Small Cities Block Grant in the amount of $1,500,000. The District proposed an increase in rates and charges which would produce approximately $113,517.97 annually in additional revenue.

By Order entered October 23, 2002, the District was directed to give notice of the filing of the application by publishing a copy of the Notice of Filing, once, in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Randolph County, making due return to the Commission of proper certification of publication immediately after publication. The notice provided that anyone desiring to protest or intervene should file a written protest or notice of intervention within thirty (30) days following the date of the publication unless otherwise modified by Commission Order.

On November 13, 2002, the District submitted additional information which included its permit from the West Virginia Office of Environmental Health Services Permit No. 15442.

On November 15, 2002, Staff filed its Initial Joint Staff Memorandum advising that it was reviewing the application and needed additional information. Staff advised that it would continue to investigate the

facts of the case and would timely file its recommendation. Staff recommended that the case be referred to the Division of Administrative Law Judges for further disposition.

By Order entered November 26, 2002, this matter was referred to the Division of Administrative Law Judges for a decision to be rendered on or before May 21, 2003.

On January 23, 2003, Staff filed its first set of interrogatories, data requests and requests for information. Also, Staff filed its Second Initial Joint Staff Memorandum indicating that the District's application contained several deficiencies. Staff advised that, to date, the District had not responded to Staff's concerns. Staff indicated that it had requested the needed information in a formal data request. Staff advised that, if the requested information was not provided, Staff would have no alternative but to recommend that the case be dismissed.

On January 24, 2003, the District filed its affidavit of publication indicating that the Notice of Filing was published on January 17, 2003, in The Inter-Mountain, a newspaper of general circulation in Randolph County. No protests were filed to the filing of the application.

On February 11, 2003, the District filed its response to Staff's data requests. The District also advised that it has 263 out of the 371 required signatures for the project. The District assured Staff that it was making every effort to have the remaining 25% of its proposed customers sign the water user agreement by the end of February 2003. The District requested additional time to provide its final plans.

On April 25, 2003, the District filed a set of its final plans for the proposed water system extension. The District advised that 353 customers had signed the user agreements and paid their tap fees.

On April 25, 2003, the Director of the Water and Wastewater Division responded to a letter addressed to the Chairman of the Public Service Commission from Congresswoman Capito regarding a concern expressed by Jacqueline Scherger regarding the District's proposed storage tank for the project. The Commission advised that it shared the concern of Mrs. Scherger about dividing her property. The District has requested that its engineers prepare a survey plot of all areas needed for the project. An economic offer for the property will be made to Mrs. Scherger. Attached to the letter addressed to Congresswoman Capito was a letter from the District to the Commission advising that Mrs. Scherger can contact the District and request to be placed on the agenda for any of its regularly scheduled meetings or attend any meeting of the Huttonsville Public Service District.

On May 6, 2003, Staff filed its Final Joint Staff Memorandum. There are no protests to the application and Staff has been informed that the District has been successful in obtaining the signatures of 353 customers regarding the water user agreements. Staff recommended that the certificate of public convenience and necessity be granted and that the proposed financing be approved. Staff believes that the increased rates and charges proposed by the District should be approved, as amended by Staff to reflect an updated leak adjustment charge. The District

should be required by the Commission to submit its West Virginia Department of Highways permit and a West Virginia Department of Environmental Protection Stormwater NPDES permit prior to beginning construction. Staff requested that, if there were any changes in the scope of the project, the District be required to seek approval of the changes from the Public Service Commission. Staff believes the District should provide a copy of the certified tabulation of bids to the Public Service Commission within ten (10) days of opening the bids. Staff did not address the Scherger concern discussed in the correspondence from the Director of the Water and Wastewater Division. No response or opposition was filed to the Staff recommendations from the District.

On May 27, 2003, Staff filed a Second Final Joint Staff Memorandum explaining that the District had failed to provide a direct mailing of public notice to its customers as required by Rule 10.3.d. of the Commission's Rules of Practice and Procedure. Staff believes the District has substantially complied with the public requirements because the percentage increase is de minimis. Staff noted that it had provided specific language for the District to place on its June 2003 postcard billing.

By Order issued May 30, 2003, the District was directed to proceed with the direct mailing notice of the proposed rate increase as required by Rule 10.3.d of the Public Service Commission's Rules of Practice and Procedure. The District was directed to take the steps necessary to prevent the filing from being dismissed as a result of the statutory deadlines established for certificate filings.

On June 2, 2003, the District requested that the statutory deadline in West Virginia Code §24-2-11 be tolled. The District indicated that it wished to waive its statutory rights to a final decision within the prescribed period.

By Order issued June 9, 2003, the Commission granted the request to toll the suspension period and established a new statutory deadline for the Commission of September 3, 2003.

By Order issued June 23, 2003, the Commission extended the Administrative Law Judge's decision due date until July 25, 2003.

On July 2, 2003, the District's Executive Secretary filed an affidavit indicating that the notice of the rate increase was published on the June 2003 postcard billing.

Based upon the foregoing, the Administrative Law Judge is of the opinion that the application filed by the Huttonsville Public Service District for a certificate of convenience and necessity should be approved, as amended.

FINDINGS OF FACT

1. On October 23, 2002, Huttonsville Public Service District filed a duly verified application for a certificate of convenience and

necessity to construct approximately 178,000 linear feet of 10 inch, 8 inch, 6 inch, 4 inch and 2 inch waterlines, two water storage tanks and three water booster stations to serve approximately 438 customers in Randolph County. (See, Application).

2. The project is to be financed through an Infrastructure and Jobs Development Council loan in the amount of $952,000.00, at an interest rate of 0% for a period not to exceed 40 years; a grant from the West Virginia Infrastructure and Jobs Development Council in the amount of $1,392,000.00; a loan from the USDA Rural Utilities Service in the amount of $400,000.00, at an interest rate not to exceed 4.75%, for a period not to exceed 40 years; a grant from the USDA Rural Utilities Service in the amount of $2,000,000.00; and a Small Cities Block Grant in the amount of $1,500,000. The District is not planning to obtain interim financing. The proposed funding has been committed. (See, Commitment Letters filed October 23, 2002; Final Joint Staff Memorandum filed May 6, 2003).

3. The project will result in an increase of $81,345 in expenses and other taxes. Without a rate increase, the District will be operating at a severe deficit once the project is complete. The requested and Staff-recommended rates will generate sufficient revenues to cover these increased expenses and generate debt service coverage of 115%. (See, Final Joint Staff Memorandum filed May 6, 2003).

4. The District filed an affidavit of publication from The Inter-Mountain, a newspaper of general circulation in Randolph County, indicating that the Notice of Filing was published on January 17, 2003, with no protests being filed to the Notice of Filing. (See, Affidavit of Publication received January 24, 2003; case file generally).

5. The District's Executive Secretary filed an affidavit indicating that notice of the rate increase was provided on the June 2003 postcard billing. (See, Affidavit filed July 2, 2003).

6. The District received State of West Virginia Office of Environmental Health Services Permit No. 15442. (See, November 13, 2002 filing).

7. The customers to be served by the project have inadequate or undependable individual water systems. The project will enable these customers to have good quality, dependable water service. (See, Final Joint Staff Memorandum filed May 6, 2003).

8. Staff's review of the plans and specification for the project did not reveal any conflicts with the Commission's rules and regulations, but Staff believes the District needs a permit from the West Virginia Department of Highways and a stormwater NPDES permit from the West Virginia Department of Environmental Protection prior to construction. (See, Final Joint Staff Memorandum filed May 6, 2003).

9. The proposed and Staff-recommended rates (constituting an increase of 2.15%) will cover all expenses and debt service requirements of the District and will generate a cash flow surplus of $5,414 and debt service coverage of 115%. (See, Final Joint Staff Memorandum and Attachment filed May 6, 2003).

10. Commission Staff recommended that the application for a certificate of convenience and necessity be granted, as amended by Staff to reflect a leak adjustment in the proposed rates. (See, Final Joint Staff Memorandum and Attachments filed May 6, 2003).

CONCLUSIONS OF LAW

1. The public convenience and necessity require the issuance of a certificate of convenience and necessity to Huttonsville Public Service District to construct 178,000 linear feet of waterlines, two water storage tanks and three water booster stations to serve approximately 438 potential customers in Randolph County.

2. The project is adequately financed and economically feasible and supported by the District's proposed rates as amended by Staff's leak adjustment clause.

3. It is reasonable to approve the funding for the project, being an Infrastructure and Jobs Development Council loan in the amount of $952,000, for a period not to exceed 40 years, at a 0% interest rate; a grant from the Infrastructure and Jobs Development Council in the amount of $1,392,000; a loan from the USDA Rural Utilities Service in the amount of $400,000.00, at an interest rate not to exceed 4.75%, for a period not to exceed 40 years; a grant from the USDA Rural Utilities Service in the amount of $2,000,000.00; and a Small Cities Block Grant in the amount of $1,500,000.

ORDER

IT IS, THEREFORE, ORDERED that the application filed by Huttonsville Public Service District for a certificate of convenience and necessity to construct approximately 178,000 linear feet of 12 inch, 10 inch, 8 inch, 6 inch, 4 inch and 2 inch waterlines, two water storage tanks and three water booster stations to serve customers in Randolph County, be, and hereby is, granted, subject to bids coming within the cost estimates and the receipt of permits from the West Virginia Department of Highways and West Virginia Department of Environmental Protection.

IT IS FURTHER ORDERED that the financing for the project, consisting of a loan from the Infrastructure and Jobs Development Council in the amount of $952,000, at a 0% interest rate, for a period not to exceed forty years; a grant from the Infrastructure and Jobs Development Council in the amount of $1,392,000; a loan from the USDA Rural Utilities Service in the amount of $400,000, at an interest rate not to exceed 4.75%, for a period not to exceed 40 years; a grant from the USDA Rural Utilities Service in the amount of $2,000,000; and a Small Cities Block Grant in the amount of $1,500,000, be, and hereby is, approved.

IT IS FURTHER ORDERED that the following rates and charges be, and hereby are, approved for use by the Huttonsville Public Service District

to become effective for all service rendered on or after the date that the project is certified as complete:

APPLICABILITY

Applicable in entire territory served.

AVAILABILITY OF SERVICE

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

RATES

First	3,000 gals. used per mo.	$7.13 per 1,000 gals.
Next	7,000 gals. used per mo.	5.71 per 1,000 gals.
Over	10,000 gals. used per mo.	3.84 per 1,000 gals.

MINIMUM CHARGE

No bill will be rendered for less than $21.39 per month, which is the equivalent of 3,000 gallons of water.

			Equivalent Gallons
5/8	inch meter	$ 21.39 per month	3,000
3/4	inch meter	32.09 per month	4,874
1	inch meter	53.48 per month	9,896
1-1/2	inch meter	106.95 per month	23,820
2	inch meter	171.12 per month	40,531
3	inch meter	320.85 per month	79,523
4	inch meter	534.75 per month	135,227
6	inch meter	1,069.50 per month	274,484

DELAYED PAYMENT PENALTY

The above schedule is net. On any account not paid in full within twenty (20) days, ten percent (10%) will be added to the net amount thereof. This delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

TAP FEE

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

A tap fee of $100 will be charged to customers applying for service before construction is completed adjacent to the customers' premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to an applicant's premises that is associated with a certificate proceeding.

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

RECONNECTION $20.00

To be charged whenever the supply of water is turned off for violations of rules, non-payment of bills or fraudulent use of water.

RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the District or a maximum of $15.00 will be imposed upon any customer whose check for payment of charges is returned by their bank due to insufficient funds.

LEAK ADJUSTMENT INCREMENT

$1.97 per thousand gallons is to be used when a bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

IT IS FURTHER ORDERED that the District file a copy of the certified bids with the Commission within ten (10) days of the opening of the bids.

IT IS FURTHER ORDERED that the District notify the Commission within thirty (30) days of the engineer's certification of the completion of this project.

IT IS FURTHER ORDERED that the District file an original and five (5) copies of the revised tariff approved herein with the Commission within thirty (30) days of the date that the project is certified as complete.

IT IS FURTHER ORDERED that, if there is a change in any of the terms, conditions, financing or scheduling of the proposed project, Huttonsville Public Service District notify the Public Service Commission and file for Commission approval of the revised project or financing prior to commencing construction.

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.

Susan A. Murensky

Susan A. Murensky
Administrative Law Judge

SAM:jas
021678aa.wpd

021678comc082004.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 20th day of August, 2004.

CASE NO. 02-1678-PWD-CN

HUTTONSVILLE PUBLIC SERVICE DISTRICT
Application for certificate of convenience and necessity to construct approximately 178,000 LF of 12", 10", 8", 6", 4" and 2" waterlines, two water storage tanks, and three water booster pump stations to serve approximately 438 potential customers.

COMMISSION ORDER

By Recommended Decision issued July 9, 2003, which became a Final Order on July 29, 2003, the Commission granted the above referenced certificate application.

On July 27, 2004, Huttonsville Public Service District (District) filed a petition to reopen this case to obtain approval for changes in the funding for this project. According to the petition, the total project costs have changed due to bids coming in $325,390 higher than the original estimated construction costs. The funding previously approved for the project included a loan from the Infrastructure and Jobs Development Council in the amount of $952,000 (at 0% interest rate, for a period not to exceed 40 years); a grant from the Infrastructure and Jobs Development Council in the amount of $1,392,000; a loan from the USDA Rural Utilities Service in the amount of $400,000 (at an interest rate not to exceed 4.75%, for a period not to exceed 40 years); a grant from the USDA Rural Utilities Service in the amount of $2,000,000; and a Small Cities Block Grant in the amount of $1,500,000. The District states that it has obtained commitments from the Infrastructure and Jobs Development Council and the USDA Rural Utility Service for additional grants of $200,390 and $125,000, respectively.

On August 19, 2004, Commission Staff filed its "Initial and Final Joint Staff Memorandum" recommending that the Commission approve the revised funding. Staff further notes that the revised funding will have no impact on rates.

ORDER

IT IS THEREFORE ORDERED that Huttonsville Public Service District's petition to reopen this proceeding is hereby granted.

IT IS FURTHER ORDERED that the revised cost of this project of $6,569,390, is hereby approved.

IT IS FURTHER ORDERED that Huttonsville Public Service District's request to accept the additional grants from the Infrastructure and Jobs Development Council in the amount of $200,390; and from the USDA Rural Utility Service in the amount of $125,000, is hereby approved.

IT IS FURTHER ORDERED that the revised funding for this project consisting of the additional grants from the Infrastructure and Jobs Development Council and the USDA Rural Utility Service, approved above, in addition to funding previously approved in this case consisting of a loan from the Infrastructure and Jobs Development Council in the amount of $952,000 (at 0% interest rate, for a period not to exceed 40 years); a grant from the Infrastructure and Jobs Development Council in the amount of $1,392,000; a loan from the USDA Rural Utilities Service in the amount of $400,000 (at an interest rate not to exceed 4.75%, for a period not to exceed 40 years); a grant from the USDA Rural Utilities Service in the amount of $2,000,000; and a Small Cities Block Grant in the amount of $1,500,000, be, and hereby is, approved.

IT IS FURTHER ORDERED that should the plans, scope, or financing for the project approved herein change for any reason, Huttonsville Public Service District must obtain prior Commission approval before continuing construction of the project.

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

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

A True Copy, Teste:

Sandra Squire

Sandra Squire
Executive Secretary

ARC
LHG/s
021678cc.wpd

West Virginia Infrastructure & Jobs Development Council

Public Members:
James D. Williams, Chairman
St. Albans
William J. Harman, PE, Vice Chairman
Grafton
Dwight Calhoun
Petersburg
William P. Stafford, II, Esquire
Princeton

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

Katy Mallory, PE
Executive Secretary

KMallory@ezwv.com

June 6, 2001

Lynn Channell, Chairman
Huttonsville Public Service District
P.O. Box 277
Mill Creek, WV 26280-2035

Re: Huttonsville Public Service District
Phase I Water Extension Project 98W-436

Dear Ms. Channell:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") has reviewed the Huttonsville Public Service District's (the "District") request for revised funding for its preliminary application regarding its proposed project to extend water service to 438 potential new customers in the communities of Beaver Creek, Ward Flat portions of Becky Creek, areas around the Town of Mill Creek and the area adjacent to Huttonsville Correctional Center (the "Project").

Upon consideration of the preliminary application, the Infrastructure Council recommends that the District pursue USDA-RD assistance of $2,400,000, a Small Cities Block Grant of $1,500,000 and an ARC grant of $1,392,000 to finance this $6,244,000 project. Please contact the regional USDA-RD office at 636-2158 and the WV Development Office at 558-4010 for specific information on the steps the District needs to follow to apply for these funds. **Please note that this letter <u>does not</u> constitute funding approval from these agencies.**

The Infrastructure Council also determined the District may be eligible for an Infrastructure Fund loan of approximately $952,000; however, the Infrastructure Council's final decision regarding specific funding of the Project is deferred pending the District's readiness to proceed and availability of funds in the Infrastructure Fund. **This letter is not a commitment letter of Infrastructure Funds.** The Project will be placed on the Infrastructure Council's pending list of projects.

If you have any questions regarding this matter, please contact Katy Mallory at 558-4607.

Sincerely,

James D. Williams

JDW/km

8

IC-1
(06/06/02)

LOAN AGREEMENT

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

HUTTONSVILLE PUBLIC SERVICE DISTRICT
(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

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

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

2.4 The Governmental Agency agrees that the Authority and the Council and their duly authorized agents shall have the right at all reasonable times to enter upon the Project site and Project facilities and to examine and inspect the same. The Governmental Agency further agrees that the Authority and the Council and their duly authorized agents

and representatives shall, prior to, during and after completion of construction and commencement of operation of the Project, have such rights of access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and the Council with respect to the System pursuant to the pertinent provisions of the Act.

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

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

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

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Council and the Authority and shall verify or have verified such insurance prior to commencement of construction. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Governmental Agency on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds is

outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

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

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

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

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

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

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

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

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

(h) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsections 4.1(a) and 4.1(b)(ii) hereof, and the Authority and the Council shall have received a certificate of the accountant for the Governmental Agency,

or such other person or firm experienced in the finances of governmental agencies and satisfactory to the Authority and the Council, to such effect; and

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

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

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the Authority, which written notice shall be given not less than ten (10) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority, the Council and the Governmental Agency. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority or such later date as is agreed to in writing by the Council.

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

Fund to purchase all the Local Bonds and that, prior to execution of this Loan Agreement, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available.

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule X, to provide debt service on the Local Bonds by depositing in a sinking fund one-third (1/3) of the interest payment next coming due on the Local Bonds and one-third (1/3) of the principal payment next coming due on the Local Bonds and, beginning three (3) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit or surety) in an amount equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement"), by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds and with the prior written consent of the Authority and the Council;

provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

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

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

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

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority and the Council, which report shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Loan Agreement and that the Governmental Agency's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

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

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

(xiv) That the proceeds of the Local Bonds, advanced from time to time, must (a) be deposited in a construction fund, which, except as otherwise agreed to in writing by the Authority, shall be held separate and apart from all other funds of the

Governmental Agency and on which the owners of the Local Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing) and/or (b) be used to pay (or redeem) bond anticipation notes or other interim financing of such Governmental Agency, the proceeds of which were used to finance the construction of the Project; provided that, with the prior written consent of the Authority and the Council, the proceeds of the Local Bonds may be used to fund all or a portion of the Reserve Account, on which the owner of the Local Bonds shall have a lien as provided herein;

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

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

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

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

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

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

Project and all permits required by federal and State laws for construction of the Project have been obtained;

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

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

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

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

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

Council shall also certify that the Governmental Agency is monitoring compliance by its contractors and subcontractors and that the required information has been submitted.

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

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

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

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

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

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

ARTICLE V

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

5.1 The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Governmental Agency hereby further irrevocably covenants and agrees that,

as one of the conditions of the Authority to make the Loan, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System and will take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and in compliance with the provisions of Subsections 4.1(a) and 4.1(b)(ii) hereof.

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

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

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

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

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

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

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

ARTICLE VII

Miscellaneous

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

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

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

7.4 If any provision of this Loan Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this Loan Agreement, and this Loan Agreement

shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

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

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

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

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

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

7.10 This Loan Agreement shall terminate upon the earlier of:

(i) the end of ninety (90) days after the date of execution hereof by the Authority or such later date as is agreed to in writing by the Council if the Governmental Agency has failed to deliver the Local Bonds to the Authority;

(ii) termination by the Authority and the Council pursuant to Section 6.1 hereof; or

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

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

HUTTONSVILLE PUBLIC SERVICE DIST. ESTABLISHED JUNE 13, 1972

HUTTONSVILLE PUBLIC SERVICE DISTRICT

(SEAL)

By: _____
Its: Chairperson
Date: August 25, 2004

Attest:

_____
Its: Secretary

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Director
Date: August 25, 2004

Attest:

_____
Its: Secretary-Treasurer

000832/00466
08/03/04

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

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

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

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

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

set forth in the Schedule B attached hereto as Exhibit A and my firm[1] has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the [DEP/BPH/PSC] and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) as of the effective date thereof, [2]the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project set forth in the Schedule B attached hereto and approved by the Council; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Costs of Financing" for the Project.

WITNESS my signature and seal on this _____ day of _____, ___.

[SEAL]

_____

By: _____
West Virginia License No. _____

---

[1]If another responsible party, such as the Issuer's attorney, reviews the insurance and payment bonds, then insert the following: [and in reliance upon the opinion of _____, Esq.] and delete "my firm has ascertained that".

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

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

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

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

Ladies and Gentlemen:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT C

MONTHLY FINANCIAL REPORT

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

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

_____
Name of Person Completing Form

_____
Address

_____
Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

Item 1 — You will need a copy of the current fiscal year budget adopted by the Governmental Agency to complete Items 1 and 2. In Item 1, provide the amount of actual **Gross Revenues** for the current month and the total amount year-to-date in the respective columns. Divide the budgeted annual Gross Revenues by 12. For example, if Gross Revenues of $1,200 are anticipated to be received for the year, each month the base would be increased by $100 ($1,200/12). This is the incremental amount for the Budget Year-to-Date column.

Item 2 — Provide the amount of actual **Operating Expenses** for the current month and the total amount year-to-date in the respective columns. Any administrative fee should be included in the Operating Expenses. Divide the budgeted annual Operating Expenses by 12. For example, if Operating Expenses of $900 are anticipated to be incurred for the year, each month the base would be increased by $75 ($900/12). This is the incremental amount for the Budget Year-to-Date column.

Item 3 — Provide the **Bond Payments (principal, interest and reserve account)** for all the outstanding bonds of the Governmental Agency according to the source of funding. For example, Clean Water State Revolving Fund loan from Department of Environmental Protection, Drinking Water Treatment Revolving Fund loan from Bureau for Public Health, Infrastructure Fund loan from Infrastructure and Jobs Development Council, or a loan from the Water Development Authority, etc.

Item 4 — Provide the amount deposited into the **Renewal and Replacement Fund** each month. This amount is equal to 2.5% of Gross Revenues minus the total reserve account payments included in Item 3. If Gross Revenues are $1,200, then $30 (2.5% of $1,200), LESS the amount of all reserve account payments in Item 3 should be deposited into the Renewal and Replacement Fund. The money in the Renewal and Replacement Fund should be kept separate and apart from all other funds of the Governmental Agency.

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

EXHIBIT D

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

Interest	$_____
Principal	$_____
Total:	$_____
Reserve Account:	$_____

Witness my signature this ___ day of_____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Enclosure: copy of check(s)

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds $952,000
Purchase Price of Local Bonds $952,000

The Local Bonds shall bear no interest. Commencing June 1, 2006, principal of the Local Bonds is payable quarterly. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

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

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

1. Water Revenue Bonds, Series 1996, dated June 7, 1996, issued in the original aggregate principal amount of $1,000,000.

2. Water Revenue Bonds, Series 2000 A (United States Department of Agriculture), dated July 27, 2000, issued in the original aggregate principal amount of $731,000.

3. Water Revenue Bonds, Series 2004 B (United States Department of Agriculture), dated August 25, 2004, issued in the original aggregate principal amount of $400,000.

$952,000 2003A

Huttonsville Public Service District
0% Interest Rate, 40 Years from Closing Date
Closing Date: August 25, 2004

Debt Service Schedule

Part 1 of 4

Date	Principal	Coupon	Total P+I
09/01/2004	-	-	-
12/01/2004	-	-	-
03/01/2005	-	-	-
06/01/2005	-	-	-
09/01/2005	-	-	-
12/01/2005	-	-	-
03/01/2006	-	-	-
06/01/2006	6,222.23	-	6,222.23
09/01/2006	6,222.23	-	6,222.23
12/01/2006	6,222.23	-	6,222.23
03/01/2007	6,222.23	-	6,222.23
06/01/2007	6,222.23	-	6,222.23
09/01/2007	6,222.23	-	6,222.23
12/01/2007	6,222.23	-	6,222.23
03/01/2008	6,222.23	-	6,222.23
06/01/2008	6,222.23	-	6,222.23
09/01/2008	6,222.23	-	6,222.23
12/01/2008	6,222.23	-	6,222.23
03/01/2009	6,222.23	-	6,222.23
06/01/2009	6,222.23	-	6,222.23
09/01/2009	6,222.23	-	6,222.23
12/01/2009	6,222.23	-	6,222.23
03/01/2010	6,222.23	-	6,222.23
06/01/2010	6,222.23	-	6,222.23
09/01/2010	6,222.23	-	6,222.23
12/01/2010	6,222.23	-	6,222.23
03/01/2011	6,222.23	-	6,222.23
06/01/2011	6,222.23	-	6,222.23
09/01/2011	6,222.23	-	6,222.23
12/01/2011	6,222.23	-	6,222.23
03/01/2012	6,222.23	-	6,222.23
06/01/2012	6,222.23	-	6,222.23
09/01/2012	6,222.23	-	6,222.23
12/01/2012	6,222.23	-	6,222.23
03/01/2013	6,222.23	-	6,222.23
06/01/2013	6,222.23	-	6,222.23
09/01/2013	6,222.23	-	6,222.23
12/01/2013	6,222.23	-	6,222.23
03/01/2014	6,222.23	-	6,222.23
06/01/2014	6,222.23	-	6,222.23
09/01/2014	6,222.23	-	6,222.23
12/01/2014	6,222.22	-	6,222.22
03/01/2015	6,222.22	-	6,222.22
06/01/2015	6,222.22	-	6,222.22

$952,000

Huttonsville Public Service District
0% Interest Rate, 40 Years from Closing Date
Closing Date: August 25, 2004

Debt Service Schedule

Part 2 of 4

Date	Principal	Coupon	Total P+I
09/01/2015	6,222.22	-	6,222.22
12/01/2015	6,222.22	-	6,222.22
03/01/2016	6,222.22	-	6,222.22
06/01/2016	6,222.22	-	6,222.22
09/01/2016	6,222.22	-	6,222.22
12/01/2016	6,222.22	-	6,222.22
03/01/2017	6,222.22	-	6,222.22
06/01/2017	6,222.22	-	6,222.22
09/01/2017	6,222.22	-	6,222.22
12/01/2017	6,222.22	-	6,222.22
03/01/2018	6,222.22	-	6,222.22
06/01/2018	6,222.22	-	6,222.22
09/01/2018	6,222.22	-	6,222.22
12/01/2018	6,222.22	-	6,222.22
03/01/2019	6,222.22	-	6,222.22
06/01/2019	6,222.22	-	6,222.22
09/01/2019	6,222.22	-	6,222.22
12/01/2019	6,222.22	-	6,222.22
03/01/2020	6,222.22	-	6,222.22
06/01/2020	6,222.22	-	6,222.22
09/01/2020	6,222.22	-	6,222.22
12/01/2020	6,222.22	-	6,222.22
03/01/2021	6,222.22	-	6,222.22
06/01/2021	6,222.22	-	6,222.22
09/01/2021	6,222.22	-	6,222.22
12/01/2021	6,222.22	-	6,222.22
03/01/2022	6,222.22	-	6,222.22
06/01/2022	6,222.22	-	6,222.22
09/01/2022	6,222.22	-	6,222.22
12/01/2022	6,222.22	-	6,222.22
03/01/2023	6,222.22	-	6,222.22
06/01/2023	6,222.22	-	6,222.22
09/01/2023	6,222.22	-	6,222.22
12/01/2023	6,222.22	-	6,222.22
03/01/2024	6,222.22	-	6,222.22
06/01/2024	6,222.22	-	6,222.22
09/01/2024	6,222.22	-	6,222.22
12/01/2024	6,222.22	-	6,222.22
03/01/2025	6,222.22	-	6,222.22
06/01/2025	6,222.22	-	6,222.22
09/01/2025	6,222.22	-	6,222.22
12/01/2025	6,222.22	-	6,222.22
03/01/2026	6,222.22	-	6,222.22
06/01/2026	6,222.22	-	6,222.22

$952,000

Huttonsville Public Service District
0% Interest Rate, 40 Years from Closing Date
Closing Date: August 25, 2004

Debt Service Schedule

Part 3 of 4

Date	Principal	Coupon	Total P+I
09/01/2026	6,222.22	-	6,222.22
12/01/2026	6,222.22	-	6,222.22
03/01/2027	6,222.22	-	6,222.22
06/01/2027	6,222.22	-	6,222.22
09/01/2027	6,222.22	-	6,222.22
12/01/2027	6,222.22	-	6,222.22
03/01/2028	6,222.22	-	6,222.22
06/01/2028	6,222.22	-	6,222.22
09/01/2028	6,222.22	-	6,222.22
12/01/2028	6,222.22	-	6,222.22
03/01/2029	6,222.22	-	6,222.22
06/01/2029	6,222.22	-	6,222.22
09/01/2029	6,222.22	-	6,222.22
12/01/2029	6,222.22	-	6,222.22
03/01/2030	6,222.22	-	6,222.22
06/01/2030	6,222.22	-	6,222.22
09/01/2030	6,222.22	-	6,222.22
12/01/2030	6,222.22	-	6,222.22
03/01/2031	6,222.22	-	6,222.22
06/01/2031	6,222.22	-	6,222.22
09/01/2031	6,222.22	-	6,222.22
12/01/2031	6,222.22	-	6,222.22
03/01/2032	6,222.22	-	6,222.22
06/01/2032	6,222.22	-	6,222.22
09/01/2032	6,222.22	-	6,222.22
12/01/2032	6,222.22	-	6,222.22
03/01/2033	6,222.22	-	6,222.22
06/01/2033	6,222.22	-	6,222.22
09/01/2033	6,222.22	-	6,222.22
12/01/2033	6,222.22	-	6,222.22
03/01/2034	6,222.22	-	6,222.22
06/01/2034	6,222.22	-	6,222.22
09/01/2034	6,222.22	-	6,222.22
12/01/2034	6,222.22	-	6,222.22
03/01/2035	6,222.22	-	6,222.22
06/01/2035	6,222.22	-	6,222.22
09/01/2035	6,222.22	-	6,222.22
12/01/2035	6,222.22	-	6,222.22
03/01/2036	6,222.22	-	6,222.22
06/01/2036	6,222.22	-	6,222.22
09/01/2036	6,222.22	-	6,222.22
12/01/2036	6,222.22	-	6,222.22
03/01/2037	6,222.22	-	6,222.22
06/01/2037	6,222.22	-	6,222.22

$952,000

Huttonsville Public Service District
0% Interest Rate, 40 Years from Closing Date
Closing Date: August 25, 2004

Debt Service Schedule

Part 4 of 4

Date	Principal	Coupon	Total P+I
09/01/2037	6,222.22	-	6,222.22
12/01/2037	6,222.22	-	6,222.22
03/01/2038	6,222.22	-	6,222.22
06/01/2038	6,222.22	-	6,222.22
09/01/2038	6,222.22	-	6,222.22
12/01/2038	6,222.22	-	6,222.22
03/01/2039	6,222.22	-	6,222.22
06/01/2039	6,222.22	-	6,222.22
09/01/2039	6,222.22	-	6,222.22
12/01/2039	6,222.22	-	6,222.22
03/01/2040	6,222.22	-	6,222.22
06/01/2040	6,222.22	-	6,222.22
09/01/2040	6,222.22	-	6,222.22
12/01/2040	6,222.22	-	6,222.22
03/01/2041	6,222.22	-	6,222.22
06/01/2041	6,222.22	-	6,222.22
09/01/2041	6,222.22	-	6,222.22
12/01/2041	6,222.22	-	6,222.22
03/01/2042	6,222.22	-	6,222.22
06/01/2042	6,222.22	-	6,222.22
09/01/2042	6,222.22	-	6,222.22
12/01/2042	6,222.22	-	6,222.22
03/01/2043	6,222.22	-	6,222.22
06/01/2043	6,222.22	-	6,222.22
09/01/2043	6,222.22	-	6,222.22
12/01/2043	6,222.22	-	6,222.22
03/01/2044	6,222.22	-	6,222.22
06/01/2044	6,222.22	-	6,222.22
Total	**$952,000.00**	-	**$952,000.00**

Yield Statistics

Bond Year Dollars	$19,769.86
Average Life	20.767 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	7.69E-11
Bond Yield for Arbitrage Purposes	7.69E-11
All Inclusive Cost (AIC)	7.70E-11

IRS Form 8038

Net Interest Cost	-
Weighted Average Maturity	20.767 Years

SCHEDULE Z

None.

Bond Counsel

USDA United States Department of Agriculture

Rural Development

Federal Building
75 High Street, Room 320
Morgantown, WV 26505-7500
Phone (304) 284-4888
FAX (304) 284-4892
TTY/TDD (304) 284-4836

April 18, 2002

Lynn Channell, Chairman
Huttonsville Public Service District
PO Box 277
Mill Creek WV 26280

Dear Mr Channell:

This letter, with Attachments 1 through 14 and enclosures, establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan [and grant] will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an RUS loan in the amount of $ 400,000.00, an RUS grant in the amount of $ 2,000,000.00, and other funding in the amount of $ 3, 844,000.00, for a total project cost of $ 6,244,000.00. The other funding is planned in the form of a HUD Small Cities Block Grant, WV Infrastructure Loan and WV Infrastructure Grant(Note Attachment No.1).

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

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

Attachment No. 1 - Project Construction Budget (All Copies)
Attachment No. 2 - Water and Waste Processing Checklist for Huttonsville PSD (All Copies)
Attachment No. 3 - RUS Instruction 1780, Subparts A and B (Applicant Copy)
Attachment No. 4 - RUS Instruction 1780, Subpart C (Engineer Copy)
Attachment No. 5 - RUS Instruction 1780, Subpart D (Attorney and Bond Counsel Copies)

USDA Rural Development is an Equal Opportunity Lender, Provider and Employer. Complaints of discrimination should be sent to: USDA, Director, Office of Civil Rights, Washington, DC 20250-9410.

Attachment No. 6 - Agreement (RUS Bulletin 1780-13)(Engineer Copy)
Attachment No. 7 - Supplemental General Conditions (RUS Bulletin 1780-14) (Engineer Copy)
Attachment No. 8 - Government Auditing Standards (Revision 1994) (Accountant Copy)
Attachment No. 9 - RUS Bulletin 1780-30, "Water Programs Audit Guide and Compliance Supplement "
Attachment No. 10 - RUS Bulletin 1780-31, "Water Programs Compliance Supplement for OMB Circular A-133 Audits"
Attachment No. 11 - Huttonsville PSD Water Users Agreement(Applicant and Attorney Copies)
Attachment No. 12 - Declination Statement (Applicant and Attorney Copies)
Attachment No. 13 - Sample Credit Agreement (Applicant Copy)
Attachment No. 14 - Various other RD Forms as identified on Attachment No. 2

Your documents concerning the creation of your authority are administratively acceptable; however, they will be further reviewed by our Office of the General Counsel at the time your file is forwarded for closing instructions. Any changes required by our Office of the General Counsel will be included in the closing instructions.

The conditions referred to above are as follows:

1. Loan Repayment - The loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. Payments for the remaining 456 months will be equal amortized monthly installments. For planning purposes use a 4.75% interest rate and a monthly amortization factor of .00475, which provides for a monthly payment of $ 1,900.00. You have the option of participating in the PREAUTHORIZED DEBIT (PAD) payment process. It will allow for your payment to be electronically debited from your account on the day your payment is due. Your authority must establish and fund monthly a debt service reserve account, which equals 10% of your monthly payment each month until you accumulate the equivalent of one annual installment on your loan.

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

2. Security - The loan must be secured by a statutory lien of Shared first priority with the bond held by the West Virginia Infrastructure and Job development Council, a pledge of the system's revenues and other agreements between you and RUS as set forth in the bond resolution which must be properly adopted and executed by the appropriate officials of your organization. Additional security

requirements are contained in RUS Bulletin 1780-12 and RUS Bulletin 1780-27 which are mentioned later.

3. Users - This conditional commitment is based upon you providing evidence that you will have at least 1070 bona fide users on the proposed system when it has been completed and is placed in operation. This evidence will consist of 350 signed user agreements and a certification from you that identifies and attests to the number of users actually connected to and using the PSD's existing water system, which is to be partially replaced by the new system, at the time you request authorization to advertise the proposed project for construction bids.

   The enclosed Water Users Agreement (RUS Bulletin 1780-9) will be used. Each user signing an agreement must make a user contribution of $ 100.00. Each potential user who is located along planned lines and declines the offered service will be provided an opportunity to sign a "Service Declination Statement." A guide "Service Declination Statement" is attached for your use. If a potential user refuses to sign either a user agreement or a declination statement, the individual making the contact for the PSD should complete the declination statement for that potential user and note thereon his/her visit with the potential user, the potential user's refusal to sign, and the reason therefore. The declination statement should also be dated and signed by the individual making the contact.

   Before RUS can agree to the project being advertised for construction bids, you must provide evidence that the total required number of bona fide users has been acquired and that all potential users have been offered the proposed service. Information and material evidencing compliance with this requirement must consist of (1) your certification (written) as to the number of users connected to and using the water service of the existing system (paying monthly bills), (2) signed user agreements, (3) signed service declination statements, (4) records evidencing user contributions having been paid, (5) a map locating each potential user's property in the new service area identifying it by number, (6) a list of all signed bona fide users numbered so as to be a cross-reference with the map, and (7) a list of all declination statements numbered so as to be a cross-reference with the map.

4. Bond Counsel - The services of a recognized bond counsel are required. The bond counsel will prepare the form of resolution to be used, in accordance with Subpart D of RUS Instruction 1780. You should immediately provide your bond counsel with a copy of this letter of conditions, its attachments and enclosures.

5. Engineering Services - The Engineering Agreement, Form RD 1942-19, submitted for RUS consideration has been reviewed and approved.

6. Legal Services – It will be necessary for you to obtain the services of a local attorney. For your convenience RUS Bulletin 1780-7, "Legal Services Agreement" is enclosed for your use.

7. Accounting Services – It will be necessary for you to obtain the services of a qualified accountant. The accountant must agree to develop and provide the following:

   a. All necessary accounting material required by the Public Service Commission of West Virginia (Rule 42 Exhibit).

   b. Prior to the advertisement of bids, your accountant must certify that the accounts and records as required by your bond [resolution] [ordinance] have been established and are operational.

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

   RUS regulations (Attachment No. 3) outline requirements for the submission of management reports and audits. Appropriate state statutes place certain audit requirements on your PSD. The attached booklets, "Government Auditing Standards (Revised 1994)" (Attachment No. 8), and RUS Bulletins 1780-30 1780-31 (Attachment Nos. 9) outline audit requirements.

   You are reminded that certain provisions of the Office of Management and Budget Circular A-133 are applicable to any public body or nonprofit association that expends $300,000 or more in federal funds in any one fiscal year. You must enter into an agreement annually with an accountant (or the State Tax Department) to perform the audit. The agreement must be in accordance with the requirements of the State Tax Commissioner of West Virginia. Compensation for preparation of the A-133 audit or your annual audit are not included in project funds and should be paid from the operational revenues generated from your system operation.

8. Facility Control - Prior to advertisement for construction bids, you must furnish satisfactory evidence that you have or can obtain adequate continuous and valid control over the lands and rights needed for the project. Such evidence must be in the following form:

   a. A right-of-way map showing clearly the location of all lands and rights needed

   for the project. The map must designate public and private lands and rights and the appropriate legal ownership thereof.

   b. A copy of deeds, contracts or options for any lands needed other than rights-of-way, along with a preliminary title opinion covering such lands. Form

RD 1927-9, "Preliminary Title Opinion" may be used. In the case of your existing system or where the PSD already acquired real property (land or facilities), a preliminary title opinion(s) concerning all such property(s) will be provided.

c. A narrative opinion from your attorney concerning all permits, certifications and other items necessary to show that all legal requirements can be met and stating how they will be met. This narrative should also identify any condemnation proceedings that are anticipated and state how they will be handled.

d. A certification and legal opinion relative to title to rights-of-way and easements. Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way," may be used. This form may contain a few exceptions such as properties that must be condemned; however, prior to the start of construction or loan closing, whichever occurs first, a new Form RD 442-22, must be provided which does not provide for any exceptions.

e. On the day of loan closing, the PSD's attorney must furnish final title opinions on all land(s) being acquired. Form RD 1927-10, "Final Title Opinion" may be used. In the case of your existing system or where the PSD has already acquired real property(s) (land or facilities), the PSD's attorney will provide a separate final title opinion(s) covering such property(s) on the day of loan closing.

9. Permits - Copies of all permits needed for the project must be provided for review prior to advertisement for construction bids. Such permits will include but are not limited to the following:

- West Virginia Department of Highways
- Railroads
- State Department of Health
- Department of Environmental Protection
- Public Land Corporation

10. Public Service Commission Approvals - You must obtain the following from the Public Service Commission of West Virginia:

a. A Certificate of Convenience and Necessity.

b. Approval of user charges that are acceptable to you and the Rural Utilities Service.

c. Approval of financing for the project's proposed financing arrangements.

The "Rule 42" Exhibit to be attached to the Public Service Commission

application must contain at least the information shown in Attachment No. 1. A copy of the Public Service Commission application and its "Rule 42" Exhibit must be provided for review.

11. Insurance and Bonding Requirements - Prior to preliminary loan closing, you must acquire the following insurance and bond coverage:

    a. Liability Insurance - Personal Liability - $500,000; Property Damage - $200,000 - $200,000. The limits of liability coverage noted herein should be considered as suggested amounts only. RUS recommends that you consider analyzing your actual needs in detail before you obtain coverage in a specific amount.

    b. Workers' Compensation - In accordance with appropriate State laws.

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

    d. National Flood Insurance - In addition to meeting the requirements for the type of assistance requested, the following requirements must be met for financial assistance for acquisition and/or construction in designated special flood or mudslide prone areas:

        (1) If flood insurance is available, you must purchase a flood insurance policy at the time of loan closing.

        (2) Applicants whose buildings, machinery or equipment are to be located in a community which has been notified as having special flood or mudslide prone areas will not receive financial assistance where flood insurance is not available.

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

12. Contract Documents, Final Plans and Specifications -

a. The contract documents should consist of the following:

(1) "Agreement" (RUS Bulletin 1780-13). And Attachments 1 through 9, or other agreement approved by RUS. One Copy of this Item is attached hereto (Attachment No. 6) .

(2) "Supplemental General Conditions" (RUS Bulletin 1780-14). One copy of this item is attached hereto (Attachment No. 7). Additional copies must be reproduced by the engineer.

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

(1) Liability Insurance - Personal Liability - $500,000; Property Damage - $200,000 - $200,000. This coverage must include indemnification of the PSD and its engineer. RUS Bulletin 1780-13, Attachment 9, suggests certain limits of liability for insurance coverage. Those limits should be considered as minimum requirements only. It is recommended you consider increasing the given limits of liability after analyzing your specific needs.

(2) Builder's Risk Insurance - On all structures and mechanical and electrical equipment in place or stored on the site to the full insurable value thereof.

(3) Workers' Compensation - In accordance with applicable State laws.

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

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

13. Interim Financing - Interim financing will be used for the RUS loan if it is available at reasonable rates and terms. You must provide RUS with a copy of the tentative agreement reached in connection with interim financing. A copy of the proposed agreement should be provided for RUS review. A Sample Credit Agreement is attached for your use in meeting this requirement. (Attachment No.13)

14. Disbursement of Funds - The RUS funds will be advanced as they are needed in the amount(s) necessary to cover the RUS proportionate share of any disbursements required of your PSD, over 30 day periods. Any grant funds not disbursed immediately upon receipt must be deposited in an interest bearing account.

Public Bodies – Interest earned on grant funds in excess of $100 per year will be submitted to RUS at least quarterly as required in 7 CFR 3016.

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

15. Water Purchase Contract - You propose to purchase treated water from the City of Elkins; therefore, you must enter into a Water Purchase Contract. Form RD 442-30 must be used unless you receive an exception from RUS.

16. Other Grants - Prior to advertisement for construction bids, you must provide evidence showing the approval of the other grants. This evidence should include a copy of the grant award. Prior to award of the contract(s) to the contractor(s), you must provide evidence that the "other" grant funds are available for expenditure. This evidence should consist of at least a letter from the grantor stating the funds are available for expenditure.

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

    Form RD 442-7 - "Operating Budget"
    Form RD 1940-1 - "Request for Obligation of Funds"
    RUS Bulletin 1780-12 - "Water or Waste System Grant Agreement"
    RUS Bulletin 1780-27 - "Loan Resolution (Public Bodies)"
    Form RD 400-1 - "Equal Opportunity Agreement"
    Form RD 400-4 - "Assurance Agreement"
    Form AD 1047 - "Certification Regarding Debarment - Primary"
    Form AD 1049 - "Certification Regarding Drug-Free Workplace"
    Form RD 1910-11 - "Applicant Certification, Federal Collection Policies"
    FmHA Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans"
    Standard Form LLL - "Disclosure of Lobbying Activities" (If Applicable)
    Certification of Compliance
    Form RD 1942-46, "Letter of Intent to Meet Conditions"

18. The enclosed Water and Waste Processing Checklist (Attachment No. 2) outlines the items needed to complete the loan and grant docket. All the items listed must be included in the loan and grant docket when it is forwarded to the USDA - Rural Development State Office with a request for loan closing instructions to be issued.

19. Upon receipt of the loan and grant docket, which contains all the items required above, RUS may authorize you to advertise the project for construction bids. Such advertisement must be in accordance with appropriate State statutes. Immediately after bid opening you must provide RUS with (a) a bid tabulation, (b)

recommendations from you and your engineer as to the acceptability of the bids received, and (c) your recommendations for contract awards. If all parties then agree the construction bids received are acceptable, it is determined that adequate funds are available to cover the total facility costs, and that all the administrative conditions of loan approval have been satisfied, loan closing instructions will be issued. The closing instructions, a copy of which will be forwarded to you, will set forth any further requirements that must be met before the loan can be closed.

When all parties agree that the closing requirements can be met, a mutually acceptable date for the loan closing will be scheduled.

Any applicant contribution shall be considered as the first funds expended. After providing for all authorized costs, any remaining RUS project funds will be considered to be RUS grant funds and refunded to RUS. If the amount of unused RUS project funds exceeds the RUS grant, that part would be RUS loan funds.

If the conditions set forth in this letter are not met within six (6) months from the date hereof, RUS reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the six-month period and it is determined the authority still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If during that review, it is determined the budget is no longer current and/or adequate, RUS reserves the right to require that it be revised or replaced.

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

Sincerely yours,

Jenny N. Phillips

JENNY N. PHILLIPS
State Director

Enclosures

cc: Rural Development Specialist
Elkins, WV

Gary Bennett
317 Cleveland Ave
Fairmont WV 26554

T. R. Ross
Attorney at Law
209A Randolph Ave
Elkins, WV 26241

Horner Brothers Engineers
PO Box 386
Clarksburg WV 26302-0386

Samme Gee
Jackson & Kelly
1600 Laidley Tower
Charleston, WV 25322

Project Construction Budget

HUTTONSVILLE PUBLIC SERVICE DISTRICT (W)
PROJECT CONSTRUCTION BUDGET
WATER SYSTEM IMPROVEMENT PROJECT

PROJECT COST	WVIJDC LOAN	WVIJDC GRANT	SCB GRANT	RUS GRANT	RUS LOAN	TOTAL
CONSTRUCTION	$ 752,691	$1,100,700	$1,134,000	$1,581,400	$ 217,300	$4,786,082
CONST. CONTINGENCY	$ 74,000	$ 108,200		$ 155,400	$ 21,400	$ 359,000
LAND & RIGHTS	$ 7,200	$ 10,500		$ 15,200	$ 2,100	$ 35,000
LEGAL FEES	$ 6,200	$ 9,000		$ 13,000	$ 1,800	$ 30,000
ACCOUNTING	$ 1,000	$ 1,500		$ 2,200	$ 300	$ 5,000
BOND COUNSEL	$ 4,400	$ 6,500		$ 9,300	$ 1,300	$ 21,500
ENGINEERING FEES	$ 77,809	$ 113,700	$ 266,000	$ 163,400	$ 22,500	$ 643,409
Basic - $380,736						
Inspection - $236,673						
Special Services - $26,000						
EQUIPMENT	$ 5,200	$ 7,500		$ 10,800	$ 1,500	25,000
ADMINISTRATION			$ 100,000			100,000
INTEREST					$ 38,000	38,000
INTERIM FINANCING					$ 87,000	87,000
PROJECT CONTINGENCY	$ 23,500	$ 34,400		$ 49,300	$ 6,800	114,009
TOTAL	**$ 952,000**	**$1,392,000**	**$1,500,000**	**$2,000,000**	**$ 400,000**	**$6,244,000**

Rates

Available for general domestic, commercial and industrial service.

First 3000 gals. @ $ 7.13 per M gals.
Next 7000 gals. @ $ 5.71 per M gals.
Over 10,000 gals. @ $ 3.84 per M gals.

Minimum Charge

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

5/8" x 3/4"meter	$	21.39 per month
3/4" meter	$	32.08 per month
1" meter	$	53.47 per month
1 1/2" meter	$	106.95 per month
2" meter	$	171.12 per month
3" meter	$	320.85 per month
4" meter	$	534.75 per month
6" meter	$	1,069.50 per month

Minimum Monthly Bill - $21.39 for 3

The above tariff is net. On all accounts not paid in full within twenty (20) days of date of bill, ten percent (10%) will be added to net amount shown.

If any bill is not paid within sixty (60) days after date, water service to the customer will be discontinued. Water service will not be restored until all past due water bills have been paid in full and all accrued penalties plus a reconnection charge have been paid.

Connection Charge

Prior to Construction - $ 100.00

After the start of construction, there shall be a charge of $ 300.00 for connection to the system.

Reconnection Charge

$20.00

Use and Income Analysis -

HUTTONSVILLE PUBLIC SERVICE DISTRICT
BILL ANALYSIS
WATER

EXISTING SYSTEM

BLOCKING	USERS	M/GALS.	3,000 GAL. MIN/BILL	FIRST 3000	NEXT 7000	OVER 10,000	REVENUE
0-3000	319	508.7	319				
3000-10000	376	1,932.7		1128	804.7		
>10000	25	887.1		75	175	637.1	
ANNUAL TOTAL	720	3,329	319	1203	979.7	637.1	
CURRENT RATES			$ 20.94	$ 6.98	$ 5.59	$ 3.77	
MONTHLY REVENUE			$ 6,679.86	$ 8,396.94	$ 5,476.52	$ 2,401.87	$ 22,955.19
ANNUAL REVENUE							$ 275,462.28

HUTTONSVILLE PUBLIC SERVICE DISTRICT
BILL ANALYSIS
WATER

EXISTING AND PROPOSED EXTENSION

BLOCKING	USERS	M/GALS.	3,000 GAL. MIN/BILL	FIRST 3000	NEXT 7000	OVER 10,000	REVENUE
0-3000	560	1,231.7	560				
3000-10000	480	2,457		1440	1016.7		
>10000	30	957.1		90	210	657.1	
ANNUAL TOTAL	1,070	4,645.5	560	1530	1226.7	657.1	
CURRENT RATES			$ 21.39	$ 7.13	$ 5.71	$ 3.84	
MONTHLY REVENUE			$ 11,978.40	$ 10,908.90	$ 7,004.46	$ 2,523.26	$ 32,415.02
ANNUAL REVENUE							$ 388,980.25

Cash Flow Analysis

HUTTONSVILLE PUBLIC SERVICE DISTRICT (W)
CASH FLOW ANALYSIS

OPERATING INCOME	$	**388,980**
NONOPERATING INCOME	$	971
TOTAL INCOME	$	389,951
EXPENSES		
O & M	$	215,939
TAXES	$	11,300
TOTAL EXPENSE	$	**227,239**
INCOME AVAILABLE FOR D/S (A)	$	**162,712**
DEBT SERVICE		
Existing Bonds P & I (B)	$	95,352
Proposed Bond P & I (WVIJDC) (B)	$	23,800
Proposed Bond P & I (RUS) (B)	$	22,800
TOTAL DEBT SERVICE	$	141,952
DEBT SERVICE RESERVE		
WVIJDC Reserve	$	3,570
RUS Reserve	$	11,816
TOTAL DEBT SERVICE RESERVE	$	15,386
SURPLUS (DEFICIT)	$	5,374
DEBT COVERAGE (A/B)	$	1.15

Attachment No. 2 to Letter of Conditions
Huttonsville Public Service District
Date:_____

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

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
SF 424.2	Application for Federal Assistance	3	1780.31(b)	Applicant		Have	3
	Public Notice of Intent to File App./ Env. Notice	3	1780.19(a) 1794	Applicant		Have	3
Bulletin 1780-22	Applicant Eligibility Certification/ Other Credit Certification	1	1780.33(d)	Applicant			3
	Bond Ordn. or Resol. On Outstanding Debts	1	1780.33(e)	Applicant/ Attorney		Have	5
	Bonds or Notes Outstanding Debt	1	1780.33(e)	Applicant/ Attorney		Have	5
	Audit for last year of operation	1	1780.33(e)	Applicant/ Accountant		Have	3
	Staff Review Financial Statements	1	S.I. 1780.2	RUS		Have	1
RD 1942-19 or other approved	Agreement between Owner & Engineer	3	1780.39(b)	Applicant/ Engineer		Have	6
Bulletin 1780-7 or other approved	Legal Services Agreement with Local Attorney	3	1780.39 (b)(2)	Applicant/ Attorney			5

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
(NPA's Only)	Organizational Documents	1	1780.33(e)	Applicant/ Attorney		Have	5
	Site Visit		S.I. 1780-2	RUS			3
	Processing Conference	1	1780.39(a)	RUS			3
	Environmental Report	2	1794	Applicant			3
	Environmental Assessment	2	1794	RUS/ Engineer			3
	FONSI/ Evidence of Publication	1	Exhibit 1 RUS 1794 News Ad	RUS/ Applicant			3
Bulletins 1780-2 1780-3	Preliminary Engineering Report	2	1780.33(c)	Engineer		Have	6
	Staff Engineer PER Review	1	1780.33(c)	RUS			3
	Bill Analysis for existing system(s)	2	1780.33(c)	Applicant/ Engineer		Have	8
	Projected Bill Analysis for New Users	2	1780.33(c)	Applicant/ Engineer		Have	8
	Statement reporting the total number of potential users		1780.33(c)	Applicant/ Engineer		Have	8

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	Copy of Existing Rate Tariff	2	1780.33	Applicant		Have	8
	Applicant's IRS Tax Number(TIN)	1	1780.33(g)	Applicant		Have	3
	Agency Determination on the Availability of "Other Credit" with Documentation	1	1780.7(d)	RUS		Have	3
	Documentation on Service Area	1	1780.11	RUS			3
Bulletin 1780-1	Project Selection Criteria	2	1780.17	RUS		Have	3
Automated Form	Grant Determination	3	1780.35(b)	RUS		Have	2
	Letter of Conditions	7	1780.41 (a)(5)	RUS		Have	3
AD 1049	Certification Regarding Drug-Free Workplace	1	1780.33(h)	Applicant			5
	Minutes Adopting Drug-Free Workplace Program	1	LOC	Applicant			5
Exhibit A / A-1	Certifications Regarding Lobbying	2	1780.33(h)	Applicant			2
RD 1942-45	Project Summary	3	1780.41(a)	RUS		Have	1
RD 442-7	Operating Budget	3	1780.33(h)	Applicant			3
RD 1942-14	Project Fund Analysis	3	1780.41(a)	RUS		Have	2

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	Funds	4	1780.41(a)	Applicant			2
Bulletin 1780-12	Association Water or Sewer System Grant Agreement	2	1780.45(c)	RUS/ Applicant			2
RD 1942-46	Letter of Intent to Meet Conditions	2	1780.41 (a)(6)	Applicant			3
AD 1047	Certification Regarding Debarment (Primary)	1	1780.33(h)	Applicant			5
	Relationships/ Associations with Agency Employees	1	1780.1(f)	RUS			3
RD 1910-11	Applicant Certification, Federal Collect-ion Policies	1	1780.33(h)	Applicant			3
Bulletin 1780-27	Loan Resolution	1	1780.45 (a)(2)	Applicant			5
RD 400-1	Equal Opportunity Agreement	1	1901-E	Applicant			6
RD 400-4	Assurance Agreement	1	1901-E	Applicant			3
	Legal Services Agreement with Bond Counsel	1	1780.39 (b)(3)	Applicant/ Bond Counsel			5
	Agreement for Accounting Services	1	1780.39 (b)(2)	Applicant/ Accountant			5
	Water Users Agreement (Copy)	1	1780.39 (c)(3)	Applicant			5

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	Evidence of Users: identified by number	1	LOC	Applicant			Separate File
	1. List of Signed Users Numbered to Map	1	LOC	Applicant			5
	2. List of Declination Statements Numbered to Map	1	LOC	Applicant			5
	3. Evidence of Tap Fees Being Paid	1	LOC	Applicant			5
	4. Having Users Agreements and Declination Statements Available		LOC	Applicant			
	5. Certification Relative to Existing Users	1	LOC	Applicant			5
	Verification of Users	1	1780.44(b)	RUS			3
RD 442-30	Water Purchase Contract	1	1780.62/ 1780.63	Applicant/ Attorney/ RUS			5
	Accountant's Certification	1	LOC	Applicant/ Accountant			6
	RUS Review of Accounting Records	1	S.I. 1780-4 (1)(ii)	RUS			3
	Copy of PSC Rule 42 Exhibit	1	State	Attorney/ Accountant			3
Lender Agreement/ Bulletin 1780-10/ 1780-10a	Interim Financing Documentation	-	1780.39(d)	Applicant/ RUS			1

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	DOH Permit	1	1780.15(d)	Applicant			6
	Railroad Permit	1	1780.15(d)	Applicant			6
	Public Land Corp. Permit	1	1780.15(d)	Applicant			6
	Corps of Engineers Permit	1	1780.15(d)	Applicant			6
	Dept. of Health Approval	1	1780.15(d)	Engineer			6
	Dept. of Environmental Protection Permit	1	1780.15(d)	Engineer			6
	Contract Documents, Plans & Specifications	2	1780.61(a)	Engineer			Separate File
	Agency Determination on Procurement	1	1780.70(d)	RUS			6
	Preliminary Bond Transcript Documents w/o Defeasance Provisions	2	1780.83	Bond Counsel			5
	Right-of-Way Map	1	1780.44(g)	Engineer			Separate File
	Deeds and/or Options		1780.44.(g)	Applicant/ Attorney			5
RD 1927-9	Preliminary Title Opinion	1	1780.44 (g)(2)	Applicant/ Attorney			5
	Narrative Opinion from Attorney	1	1780.44(g)	Attorney			5

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	Waiver of Title Defects Letter	1	1780.44(g)	RUS			5
RD 442-22	Opinion of Counsel Relative to R/Ways		1780.44 (g)(1)	Attorney			5
	Review of Outstanding Judgment	1	1780.7(g)	RUS/ Attorney			3
	Evidence of "Other Funds"	1	1780.44(f)	Applicant			2
SF 3881	Electronic Funds Transfer Payment Enrollment Form	1	31 CFR 208	Applicant/ Financial Institution			2
	Positive Program to Encourage Connections when Completed	1	1780.39 (c)(5)	Applicant			5
	PSC Approval	1	1780.15(b)	Applicant/ Attorney			5
	Bid Tabulation	1	1780.61(b)	Engineer			6
	OGC Closing Instructions	1	1780.44(h)	RUS			5
	S/O Closing Instructions	1	1780.44(h)	RUS			5
RD 1927-10	Final Title Opinion	1	1780.44 (g)(2)	Applicant/ Attorney			5

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	script Documents w/o Defeasance Provisions	3	1780.83	Bond Counsel			Separate File
RD 400-8	Compliance Review	1	1780.44(c)	RUS			5
	Liability Insurance	1	1780.39(g)	Applicant			7
	Workers' Compensation Certificate	1	1780.39(g)	Applicant			7
	Flood Insurance Policy	1	1780.39(g)	Applicant			7
440-24	Fidelity Bond	1	1780.39(g)	Applicant			7
1924-16	Record of Pre-Construction Conference	1	1780.76(a)	RUS/ Engineer			6
AD 1048	Certification Regarding Debarment (Contractor)	1 each	1780.33(h)	All Appropriate Vendors			5
	OGC Final Opinion	1	1780.45(g)	RUS			5

1780.74 Contracts awarded prior to applications 50
1780.75 Contract provisions 51
1780.76 Contract administration 52
1780.77 - 1780.79 [Reserved] 54
Subpart D - Information Pertaining to Preparation of Notes or Bonds and Bond Transcript Documents for Public Body Applicants 55
1780.80 General 55
1780.81 Policies related to use of bond counsel 55
1780.82 [Reserved] 55
1780.83 Bond transcript documents 56
1780.84 and 1780.86 [Reserved] 57
1780.87 Permanent instruments for Agency loans 57
1780.88 [Reserved] 58
1780.89 Multiple advances of Agency funds using permanent instruments 58
1780.90 Multiple advances of Agency funds using temporary debt instruments 59
1780.91 - 1780.93 [Reserved] 59
1780.94 Minimum bond specifications 59
1780.95 Public bidding on bonds 62
1780.96 - 1780.100 [Reserved] 62

Authority: 5 U.S.C. 301; 7 U.S.C. 1989; 16 U.S.C. 1005.

Subpart D - Information Pertaining to Preparation of Notes or Bonds and Bond Transcript Documents for Public Body Applicants Subpart D - Information Pertaining to Preparation of Notes or Bonds and Bond Transcript Documents for Public Body Applicants"

§1780.80 General.

This subpart includes information for use by public body applicants in the preparation and issuance of evidence of debt (bonds, notes, or debt instruments, referred to as bonds in this subpart) and other necessary loan documents.

§1780.81 Policies related to use of bond counsel.

The applicant is responsible for preparation of bonds and bond transcript documents. The applicant will obtain the services and opinion of recognized bond counsel experienced in municipal financing with respect to the validity of a bond issue, except for issues of $100,000 or less. With prior approval of the approval official, the applicant may elect not to use bond counsel. Such issues will be closed in accordance with the following:

(a) The applicant must recognize and accept the fact that application processing may require additional legal and administrative time;

(b) It must be established that not using bond counsel will produce significant savings in total legal costs;

(c) The local attorney must be able and experienced in handling this type of legal work;

(d) The applicant must understand that it will likely have to obtain an opinion from bond counsel at its expense should the Agency require refinancing of the debt;

(e) Bonds will be prepared in accordance with this regulation and conform as closely as possible to the preferred methods of preparation stated in §1780.94; and

(f) Closing instructions must be issued by OGC.

§1780.82 [Reserved]

§1780.83 Bond transcript documents

Any questions relating to Agency requirements should be discussed with Agency representatives. Bond counsel or local counsel, as appropriate, must furnish at least two complete sets of the following to the applicant, who will furnish one complete set to the Agency:

(a) Copies of all organizational documents;

(b) Copies of general incumbency certificate;

(c) Certified copies of minutes or excerpts from all meetings of the governing body at which action was taken in connection with the authorizing and issuing of the bonds;

(d) Certified copies of documents evidencing that the applicant has complied fully with all statutory requirements incident to calling and holding a favorable bond election, if one is necessary;

(e) Certified copies of the resolutions, ordinances, or other documents such as the bond authorizing resolutions or ordinances and any resolution establishing rates and regulating use of facility, if such documents are not included in the minutes furnished;

(f) Copies of the official Notice of Sale and the affidavit of publication of the Notice of Sale when State statute requires a public sale;

(g) Specimen bond, with any attached coupons;

(h) Attorney's no-litigation certificate;

(i) Certified copies of resolutions or other documents pertaining to the bond award;

(j) Any additional or supporting documents required by bond counsel;

(k) For loans involving multiple advances of Agency loan funds, a preliminary approving opinion of bond counsel (or local counsel if no bond counsel is involved) if a final unqualified opinion cannot be obtained until all funds are advanced. The preliminary opinion for the entire issue shall be delivered at or before the time of the first advance of funds. It will state that the applicant has the legal authority to issue the bonds, construct, operate and maintain the facility, and repay the loan, subject only to changes occurring during the advance of funds, such as litigation resulting from the failure to advance loan funds, and receipt of closing certificates;

(l) Final unqualified approving opinion of bond counsel, (and preliminary approving opinion, if required) or local counsel if no bond counsel is involved, including an opinion as to whether interest on bonds will be exempt from Federal and State income taxes. With approval of the State program official, a final opinion may be qualified to the extent that litigation is pending relating to Indian claims that may affect title to land or validity of the obligation. It is permissible for such opinion to contain language referring to the last sentence of Section 306 (a)(1) or to Section 309A (h) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926 (a)(1) or 1929a (h)).

§§1780.84 and 1780.86 [Reserved]

§1780.87 Permanent instruments for Agency loans.

Agency loans will be evidenced by an instrument determined legally sufficient and in accordance with the following order of preference:

(a) First preference - Form RD 440-22, "Promissory Note". Refer to paragraph (b) of this section for methods of various frequency payment calculations.

(b) Second preference - single instruments with amortized installments. A single instrument providing for amortized installments which follows Form RD 440-22 as closely as possible. The full amount of the loan must show on the face of the instrument, and there must be provisions for entering the date and amount of each advance on the reverse or an attachment. When principal payments are deferred, the instrument will show that "interest only" is due on interest-only installment dates, rather than specific dollar amounts. The payment period including the "interest only" installment cannot exceed 40 years, the useful life of the facility, or State statute limitations, whichever occurs first. The amortized installment, computed as follows, will be shown as due on installment dates thereafter.

(1) Monthly payments. Multiply by twelve the number of years between the due date of the last interest-only installment and the final installment to determine the number of monthly payments. When there are no interest-only installments, multiply by twelve the number of years over which the loan is amortized. Then multiply the loan amount by the amortization factor and round to the next higher dollar.

(2) Semiannual payments. Multiply by two the number of years between the due date of the last interest-only installment and the due date of the final installment to determine the correct number of semiannual periods. When there are no interest-only installments, multiply by two the number of years over which the loan is amortized. Then multiply the loan amount by the applicable amortization factor.

(3) Annual payments. Subtract the due date of the last interest-only installment from the due date of the final installment to determine the number of annual payments. When there are no interest-only installments, the number of annual payments will equal the number of years over which the loan is amortized. Then multiply the loan amount by the applicable amortization factor and round to the next higher dollar

(c) Third preference - single instruments with installments of principal plus interest. If a single instrument with amortized installments is not legally permissible, use a single instrument providing for installments of principal plus interest accrued on the principal balance. For bonds with semiannual interest and annual principal, the interest is calculated by multiplying the principal balance times the interest rate and dividing this figure by two. Principal installments are to be scheduled so that total combined interest and principal payments closely approximate amortized payments.

(1) The repayment terms concerning interest only installments described in paragraph (b) of this section apply.

(2) The instrument shall contain in substance provisions indicating:

(i) Principal maturities and due dates;

(ii) Regular payments shall be applied first to interest due through the next principal and interest installment due date and then to principal due in chronological order stipulated in the bond; and

(iii) Payments on delinquent accounts will be applied in the following sequence:

(A) billed delinquent interest;

(B) past due interest installments;

(C) past due principal installments;

(D) interest installment due; and

(E) principal installment due.

(d) Fourth preference - serial bonds with installments of principal plus interest. If instruments described under the first, second, and third preferences are not legally permissible, use serial bonds with a bond or bonds delivered in the amount of each advance. Bonds will be numbered consecutively and delivered in chronological order. Such bonds will conform to the minimum requirements of §1780.94. Provisions for application of payments will be the same as those set forth in paragraph (c)(2)(ii) of this section.

(e) Coupon bonds. Coupon bonds will not be used unless required by State statute. Such bonds will conform to the minimum requirements of §1780.94.

§1780.88 [Reserved]

§1780.89 Multiple advances of Agency funds using permanent instruments.

Where interim financing from commercial sources is not used, Agency loan proceeds will be disbursed on an "as needed by borrower" basis in amounts not to exceed the amount needed during 30-day periods.

§1780.90 Multiple advances of Agency funds using temporary debt instruments.

When none of the instruments described in §1780.87 are legally permissible or practical, a bond anticipation note or similar temporary debt instrument may be used. The debt instrument will provide for multiple advances of Agency funds and will be for the full amount of the Agency loan. The instrument will be prepared by bond counsel, or local counsel if bond counsel is not involved, and approved by the State program official and OGC. At the same time the Agency delivers the last advance, the borrower will deliver the permanent bond instrument and the canceled temporary instrument will be returned to the borrower. The approved debt instrument will show at least the following:

(a) The date from which each advance will bear interest;

(b) The interest rate as determined by §1780.13;

(c) A payment schedule providing for interest on outstanding principal at least annually; and

(d) A maturity date which shall be no earlier than the anticipated issuance date of the permanent instruments and no longer than the 40-year statutory limit.

§§1780.91 - 1780.93 [Reserved]

§1780.94 Minimum bond specifications.

The provisions of this section are minimum specifications only and must be followed to the extent legally permissible.

(a) Type and denominations. Bond resolutions or ordinances will provide that the instruments be either a bond representing the total amount of the indebtedness or serial bonds in denominations customarily accepted in municipal financing (ordinarily in multiples of not less than $1,000). Single bonds may provide for repayment of principal plus interest or amortized installments. Amortized installments are preferred by the Agency.

(b) Bond registration. Bonds will contain provisions permitting registration for both principal and interest. Bonds purchased by the Agency will be registered in the name of "United States of America" and will remain so registered at all times while the bonds are held or insured by the Government. The Agency address for registration purposes will be that of the Finance Office.

(c) Size and quality. Size of bonds and coupons should conform to standard practice. Paper must be of sufficient quality to prevent deterioration through ordinary handling over the life of the loan.

(d) Date of bond. Bonds will normally be dated as of the day of delivery. However, the borrower may use another date if approved by the Agency. Loan closing is the date of delivery of the bonds or the date of delivery of the first bond when utilizing serial bonds, regardless of the date of delivery of the funds. The date of delivery will be stated in the bond if different from the date of the bond. In all cases, interest will accrue from the date of delivery of the funds.

(e) Payment date. Loan payments will be scheduled to coincide with income availability and be in accordance with State law.

(1) If income is available monthly, monthly payments are recommended unless precluded by State law. If income is available quarterly or otherwise more frequently than annually, payments must be scheduled on such basis. However, if State law only permits principal plus interest (P&I) type bonds, annual or semiannual payments will be used.

(2) The payment schedule will be enumerated in the evidence of debt, or if that is not feasible, in a supplemental agreement.

(3) If feasible, the first payment will be scheduled one full month, or other period, as appropriate, from the date of loan closing or any deferment period. Due dates falling on the 29th, 30th, and 31st day of the month will be avoided. When principal payments are deferred, interest-only payments will be scheduled at least annually.

(f) Extra payments. Extra payments are derived from the sale of basic chattel or real estate security, refund of unused loan funds, cash proceeds of property insurance and similar actions which reduce the value of basic security. At the option of the borrower, regular facility revenue may also be used as extra payments when regular payments are current. Unless otherwise established in the note or bond, extra payments will be applied as follows:

(1) For loans with amortized debt instruments, extra payments will be applied first to interest accrued to the date of receipt of the payment and second to principal.

(2) For loans with debt instruments with P&I installments, the extra payment will be applied to the final unpaid principal installment.

(3) For borrowers with more than one loan, the extra payment will be applied to the account secured by the lowest priority of lien on the property from which the extra payments was obtained. Any balance will be applied to other Agency loans secured by the property from which the extra payment was obtained.

(4) For assessment bonds, see paragraph (k) of this section.

(g) The place of payments on bonds purchased by the Agency will be determined by the Agency.

(h) Redemptions. Bonds will normally contain customary redemption provisions. However, no premium will be charged for early redemption on any bonds held by the Government.

(i) Additional revenue bonds. Parity bonds may be issued to complete the project. Otherwise, parity bonds may not be issued unless acceptable documentation is provided establishing that net revenues for the fiscal year following the year in which such bonds are to be issued will be at least 120 percent of the average annual debt serviced requirements on all bonds outstanding, including the newly-issued bonds. For purposes of this section, net revenues are, unless otherwise defined by State statute, gross revenues less essential operation and maintenance expenses. This limitation may be waived or modified by the written consent of bondholders representing 75 percent of the then-outstanding principal indebtedness. Junior and subordinate bonds may be issued in accordance with the loan resolution.

(j) Precautions. The following types of provisions in debt instruments should be avoided:

(1) Provisions for the holder to manually post each payment to the instrument.

(2) Provisions for returning the permanent or temporary debt instrument to the borrower in order that it, rather than the Agency, may post the date and amount of each advance or repayment on the instrument.

(3) Provisions that amend covenants contained in Forms RD 1942-47 or RD 1942-9.

(4) Defeasance provisions in loan or bond resolutions. When a bond issue is defeased, a new issue is sold which supersedes the contractual provisions of the prior issue, including the refinancing requirement and any lien on revenues. Since defeasance in effect precludes the Agency from requiring refinancing before the final maturity date, it represents a violation of the statutory refinancing requirement; therefore, it is disallowed. No loan documents shall include a provision of defeasance.

(k) Assessment bonds. When security includes special assessment to be collected over the life of the loan, the instrument should address the method of applying any payments made before they are due. It may be desirable for such payments to be distributed over remaining payments due, rather than to be applied in accordance with normal procedures governing extra payments, so that the account does not become delinquent.

(l) Multiple debt instruments. The following will be adhered to when preparing debt instruments:

(1) When more than one loan type is used in financing a project, each type of loan will be evidenced by a separate debt instrument or series of debt instruments;

(2) Loans obligated in different fiscal years and those obligated with different terms in the same fiscal year will be evidenced by separate debt instruments;

(3) Loans obligated for the same loan type in the same fiscal year with the same term may be combined in the same debt instrument;

(4) Loans obligated in the same fiscal year with different interest rates that will be closed at the same interest rate may be combined in the same debt instrument.

§1780.95 Public bidding on bonds.

Bonds offered for public sale shall be offered in accordance with State law and in such a manner to encourage public bidding. The Agency will not submit a bid at the advertised sale unless required by State law, nor will reference to Agency's rates and terms be included. If no acceptable bid is received, the Agency will negotiate the purchase of the bonds.

§§1780.96 - 1780.100 [Reserved]

USDA UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT

Randolph Center Building, 1200 Harrison Avenue, Suite 150, Elkins, West Virginia 26241
304-636-2158 • FAX 304-636-5902 • TTY/TDD 304-284-4836

August 6, 2004

COPY

Mr. Lynn Channell, Chairman
Huttonsville Public Service District
P.O. 277
Mill Creek, WV 26280

Dear Mr. Channell:

This letter is to confirm that the pre-closing meeting for the USDA Rural Utilities Service (RUS) loan and grant on the upcoming Huttonsville PSD Phase I Water Project will be held on August 23, 2004 at 10:00 a.m. in the Mill Creek / Huttonsville Fire Hall which is across the road from the Huttonsville PSD office in Mill Creek, WV. A pre-construction conference will follow at 11:00 a.m. The official loan closing date for the PSD's project will be August 25, 2004. Please have your accountant and your attorney available at 10:00 a.m. for pre-closing decisions.

Reference is made to the RUS letter of conditions dated April 18, 2002. All of the requirements of that letter must be met and the loan must be closed in accordance with RUS Instruction 1780.

Many of the aforementioned items have already been addressed. Those items remaining to be satisfied prior to loan closing include:

1. The Certification on the Loan Resolution will be completed at pre-closing.

2. The Gant Agreement(s) will be properly executed at the Pre-closing.

3. The PSD's attorney will need to provide Form RD 442-22, Opinion of Counsel Relative to Rights-of-Way, showing no exceptions. This form should be dated August 25, 2004.

Rural Development
USDA Rural Development is an Equal Opportunity Lender, Provider and Employer.
Complaints of discrimination should be sent to: USDA, Director, Office of Civil Rights, Washington, DC 20250-9410
COMMITTED TO THE FUTURE OF RURAL COMMUNITIES

4. The PSD's attorney must furnish a Form RD 1927-10, Final Title Opinion, on all land(s) being acquired. In addition, the attorney must provide a separate final title opinion(s) covering all existing property owned by the PSD. The opinion(s) should be dated August 24, 2004.

5. In accordance with Item 8(c) of the letter of conditions, the PSD's attorney must furnish a narrative opinion addressing all permits, certifications, and other items necessary to show that all legal requirements can be met and stating how they will be met. The narrative should also identify any condemnation proceedings that are anticipated and state how they will be handled. At minimum, a "right of entry" must be obtained for all properties before the pre-closing.

6. In accordance with the Legal Services Agreement, your project attorney should be on hand during the pre-construction conference to review construction contracts, and contracting procedure, as well as surety and contractual bonds in connection with the project.

7. On or before the pre-closing, the PSD must provide to RUS evidence that all insurance and position fidelity bond coverage has been obtained as required by Item 11 of the letter of conditions. USDA RUS is requesting the PSD carry at least $300,000 in fidelity bond coverage during the construction phase of the project. The fidelity bond should cover all individuals who will have access to project funds.

8. The PSD's engineer must provide a resume of the proposed project inspector(s).

9. The PSD must provide a letter accepting the proposed project inspector(s).

10. The PSD must provide a copy of the commitment letter from WVIJDC pertaining to the recent subsequent grant of $200,390.

11. The permit from the West Virginia Department of Highways must be on hand at the closing. The PSD should proceed to obtain the necessary bond and forward it to the WVDOH with a request that the permit be issued.

12. All applicable Public Service Commission certificates and/or approvals must be obtained prior to closing.

13. The PSD's accountant must certify that all accounts and records are properly established and are operational in accordance with item 7(b) of the letter of conditions.

14. The PSD must provide RUS with a current copy of their Workers' Compensation Certificate.

15. The Contractors involved in the construction of the project will need to complete Form AD 1048, "Certification Regarding Debarment – Lower Tier Covered Transactions".

16. Please be prepared to have a properly called meeting of the PSD's Board of Directors during the pre-closing process in case it becomes necessary for the Board to make decisions in connection with your project. Also please bring any official seal that the PSD uses for authenticating documents.

17. Nancy Taylor, our Rural Development Technician, is planning to complete a Civil Rights Compliance Review with the PSD at the pre-closing. This is normally in the format of an informal interview to help her gather the information for the review.

Thank you for doing business with USDA Rural Development. If you have any questions regarding these or any other matters pertaining to your loan, please contact our office at your earliest convenience.

Sincerely,

Joseph D. Crickenberger
Rural Development Specialist

CC: State Director
USDA- Rural Development

Francesca Tan
Jackson & Kelly
Bond Counsel

T.R. Ross II
Attorney at Law

Paul and Trey Hornor
Hornor Brothers Engineers.
Consulting Engineers

Gary K. Bennett
Certified Public Accountant

Katie Mallory
WV Infrastructure & Jobs Development Council

Rosemary Wagner
Region VII Planning & Development Council

PROJECT CONSTRUCTION BUDGET

Huttonsville PSD - Phase I Water Project (Hornor Brothers)

July 8, 2004

PROJECT COST	WVIJDC Loan	WVIJDC Grants	SCBG	RUS Loan	RUS Grants	TOTAL
CONSTRUCTION	$ 655,891.00	$ 1,496,889.73	$ 1,134,000.00	$ 202,000.00	$ 1,721,700.00	$ 5,210,480.73
CONST. CONTINGENCY	$ 52,600.00	$ 88,000.27		$ 27,500	$ 92,424	$ 260,524.27
LAND & RIGHTS	$ 17,700			$ 7,300		$ 25,000.00
LEGAL FEES	$ 15,200			$ 20,800	$ 9,000	$ 45,000.00
LANDMAN				$ 19,000		$ 19,000.00
BOND COUNSEL	$ 10,900			$ 11,600		$ 22,500.00
REGISTRAR FEE	$ 500					$ 500.00
ACCOUNTING	$ 2,500			$ 3,500		$ 6,000.00
ENGINEERING FEES						
Basic Design Fee	$ 114,736		$ 266,000			$ 380,736.00
Construction Inspection	$ 76,773			$ 22,500	$ 137,400	$ 236,673.00
Special Services					$ 26,000	$ 26,000.00
INTERIM FINANCING				$ 22,500		$ 22,500.00
INTEREST (2 yrs. @ 4.50%)				$ 36,000		$ 36,000.00
ADMINISTRATION			$ 100,000			$ 100,000.00
WVDOH FEES				$ 21,300	$ 42,700	$ 64,000.00
EQUIPMENT	$ 5,200	$ 7,500			$ 12,300	$ 25,000.00
PROJECT CONTINGENCY				$ 6,000	$ 83,476	$ 89,476.00
TOTAL	**$ 952,000**	**$ 1,592,390**	**$ 1,500,000**	**$ 400,000**	**$ 2,125,000**	**$ 6,569,390.00**

FORM APPROVED
OMB. No. 0575-0015

LOAN RESOLUTION
(Public Bodies)

A RESOLUTION OF THE **Board of Directors**

OF THE **Huttonsville Public Service District**

AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS **Water System Improvement**

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the **Huttonsville Public Service District**
(Public Body)

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of **FOUR HUNDRED THOUSAND AND XX / 100**

pursuant to the provisions of **Chapter 16, Article 13A, West Virginia Code** ; and

WHEREAS, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

NOW THEREFORE, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of $10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legally permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to Department of Agriculture, Clearance Officer, OIRM, Room 404-W, Washington, DC 20250; and to the Office of Management and Budget, Paperwork Reduction Project (OMB No. 0575-0015), Washington, DC 20503.

11. To acquire and maintain such i ıce and fidelity bond coverage as may be required b Government.
12. To establish and maintain such books and records relating to the operation of the facility a ıts financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities, and replacement of short lived assets.
15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
17. To accept a grant in an amount not to exceed $ **$ 2,000,000.00**

under the terms offered by the Government; that the **President**

and **Secretary** of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

The vote was: Yeas 3 Nays 0 Absent 0

IN WITNESS WHEREOF, the **Board of Directors** of the

Huttonsville Public Service District has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this 24th day of April 2002

HUTTONSVILLE ESTABLISHED JUNE 13, 1972 WEST VIRGINIA

Huttonsville Public Service District

(SEAL)

By Lynn R. Chanell
Lynn Chanell, Chairman

Attest: Brenda Durst

Title Executive Secretary

Title

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as Chairman of the **Huttonsville Public Service District**

hereby certify that the **Board of Directors** of such Association is composed of

3 members, of whom 3 constituting a quorum, were present at a meeting thereof duly called and

held on the 24th day of April 2002; and that the foregoing resolution was adopted at such meeting

by the vote shown above, I further certify that as of August 25, 2004.

the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been rescinded or amended in any way.

Dated, this 25th day of August 2004

Lynn R Adkins

Title Member

HUTTONSVILLE PSD MEETING
April 24, 2002

The Huttonsville PSD Board of Directors met on April 24, 2002 at the District Office at 1:00 p.m. Those present were Lynn Channell, Loy McAtee, Bill Daft, Ron Wamsley, Mary Folks, Glenna Shurtleff, Paul Hornor, Lucy Hornor, Nancy Taylor (RUS), Joe Crickenberger (RUS), Craig Burns (RUS), Bonnie Serrett and Louise McAtee.

Lynn Channell called the meeting to order.

At this time the Board turned the meeting over to Joe Crickenberger from RUS.

A copy of letter of conditions (*copy attached*) was given to the Board members for the Phase I water project.

Joe Crickenberger reported to the Board the District needs at least 350 signed User Agreements, user fee will be $100.00 prior to construction and will be current rate set by tariff after construction.

Paul Hornor reported he is in the process of obtaining information for the right-of-ways needed for tank sites.

Joe Crickenberger reported any items the Board would like to purchase with any left over money needs to be lined out before the start of construction. Money would need to be expended within (45) days of completion of project.

Loy McAtee made a motion to authorize Board Chairman to sign the following documents... Bill Daft seconded the motion and the motion passed.

(See Attached)

1.) Form USDA-442-7- Operating Budget
2.) Form RD 1940-1 request for Obligation of Funds
3.) RUS Bulletin 170-12- Water or Waste System Grant Agreement
4.) RUS Bulletin 1780-27 Loan Resolution (Public Bodies)
5.) Form RD 400-1 Authorized Chairman Lynn Channell to sign this document but did not have present at the meeting.
6.) Form RD 400-4- Assurance Agreement
7.) Form AD 1049- Certification regarding Drug Free Workplace
8.) Form AD 1910-11 Applicant Certification, Federal Collection Policies
9.) FmHA Instruction 1940-Q Exhibit A-1 Certification for Contracts, Grants and Loans
10.)Standard Form LLL- Disclosure of Lobbying Activities, Certificate of Compliance
11.)Form RD 1942-46- Letter of Intent to meet Conditions

After Joe Crickenberger went over each document to be signed the Chairman and Executive Secretary signed the necessary forms.

Old Business:

1. **Attorney Agreement Water Project-** agreement has been signed.

2. **New Truck Purchase-** awaiting delivery date.

3. **Bulk Water Purchase Agreement City of Elkins-** Attorney is working on completion.

4. **Reappoint Bill Daft-**

Bonnie Serrett reported a letter had been sent to the Randolph County Commission, Still awaiting reply.

5. **Ron Smith Hearing Loss-**
Bonnie Serrett reported David Thompson has agreed to work on the case as the attorney for the claim. Bill Daft made a motion to hire David Thompson seconded by Lynn Channell seconded and the motion passed. Bonnie Serrett reported that he has already sent a response to the Workers Compensation notifying them of the protest.

6. **Certificate of Necessity & Convenience (Sewer)-**
Necessary paperwork was filed April 4, 2002 and we are under the 30 day hearing period. Bonnie reported a notice informing all customers of pending rate increase would be included on the May billing for all sewer customers served by the Huttonsville PSD.

New Business

1. **License Agreement HPSD & WVDNR-** Tabled.

2. **Jackson & Kelley Sewer Project-**
Bonnie Serrett reported the District's Attorney will to draft an agreement for the Huttonsville PSD and Thrasher Engineering to sign for reimbursement of the fees for the advanced design money being requested by Thrasher Engineering. Bill Daft made a motion to have T R Ross the District's Attorney draft the agreement second by Lynn Channell and the motion passed.

3. **Hornor Brother's Requisition #1-**
Bonnie Serrett reported requisition #1 in the amount of $106,606.00 is for Phase I Water project for surveying and base map preparation, which was approved by the County Commission and Region VII. Bill Daft made a motion to authorize payment to Hornor Brother Engineering for Requisition #1 second by Bill Daft and the motion passed.

4. **Water User's Agreement-**
Bonnie Serrett reported modification to the User's Agreement were made to include the following changes: new customers are required to put between the house and the meter a shut off valve and use 200 psi pipe. Bill Daft made a motion to accept the modifications to the User's Agreement second Lynn Channell and the motion passed.

5. **Permit Department of Highways-**
Bonnie Serrett reported the Department of Highways has reviewed and approved the permit, will require a $50,000.00 Bond before construction begins.

Sewer Report-

Ron Wamsley reported he had a complaint from Mrs. Skidmore in Valley Bend on April 9, 2002 had to use a snake to clean-out under the road, April 12, 202 used the snake again.
April 12, 2002 Sewer blocked behind Eddie Cottle's called Blast Tec.
On April 16, 2002 during routine monitoring found manhole behind Dailey Fire Hall checked and was blocked, called Blast tec.

Water Report-

Ron Wamsley reported on April 8, 2002 the Booster Station was not working properly. The low warning alarm went off.
Ron Wamsley reported on April 15, 2002 the telemetry system at the Dailey tank site was not working properly called Bob Starkey he said to check he surge protector wired direct and ordered a new surge protector.
Ron Wamsley reported found damage to meter well from an Alcon block truck at the Cupp farm, have a cracked ring and the well is sunk in, after discussion the Board decided to invoice Alcon for the cost of the ring and labor.

Ron Wamsley reported water used for two fires approximately 9,000 gallons and Blast tec used 4500 gallons.
Chlorine 1.4% Bact T okay
Have one water tap pending for Bonnie White. Lynn Channell requested a letter with requirements be given on pipe size and weight to water and sewer applicants at the time the fee is paid.

Bill Daft mentioned the driveway at Grimes is starting to settle and needs to have gravel put on.

Bill Daft made a motion to pay routine bills second Lynn Channell and the motion carried.
Bill Daft made a motion to adjourn seconded Lynn Channell and the motion carried.
Meeting adjourned: 3:43 p.m.

Attendance
Huttonsville PSD Meeting
April 24, 2002

Louise McAtee
Milford G. Jones
Ron Wamsley
Nancy M. Taylor USDA RD 636-2158
L. Craig Burns USDA RD
Joe Crickenberger USDA RD 636-2158
Mary F. Folks Georgetown Rd
Glenna Shurtleff " "
Paul O. Horner Jr HBE 624-6445
Lucy R. Harnar
Bob Doft H.P.S.D. Member 338-2327
Lynn R. Chamsell HPSD Bd Chrmn 335-2504
Bonnie Serrett HPSD Executive Secretary 335-203
Loy McAtee HPSD Bd. Member 335.2035

HUTTONSVILLE PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS,
SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND
SERIES 2004 B (UNITED STATES DEPARTMENT OF AGRICULTURE)

BOND RESOLUTION

Table of Contents

Subject		Page
	ARTICLE I	
	STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS	
Section 1.01	Authority for this Resolution	1
Section 1.02	Findings	1
Section 1.03	Bond Legislation Constitutes Contract	4
Section 1.04	Definitions	4
	ARTICLE II	
	AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT	
Section 2.01	Authorization of Acquisition and Construction of the Project	13
	ARTICLE III	
	AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT	
Section 3.01	Authorization of Bonds	14
Section 3.02	Terms of Bonds	14
Section 3.03	Execution of Bonds	15
Section 3.04	Bond Registrar; Authentication and Registration	15
Section 3.05	Negotiability, Transfer and Registration	16
Section 3.06	Bonds Mutilated, Destroyed, Stolen or Lost	17
Section 3.07	Bonds not to be Indebtedness of the Issuer	17
Section 3.08	Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds	17
Section 3.09	Delivery of Bonds	18
Section 3.10	Form of Bonds	18
	FORM OF SERIES 2004 A BOND	19

	FORM OF SERIES 2004 B BOND	28
Section 3.11	Sale of Bonds; Approval and Ratification of Execution of Loan Agreement	35
Section 3.12	Filing of Amended Schedule	35

ARTICLE IV
[RESERVED] 36

ARTICLE V
FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01	Establishment of Funds and Accounts with Depository Bank	37
Section 5.02	Establishment of Funds and Accounts with Commission	37
Section 5.03	System Revenues; Flow of Funds	37

ARTICLE VI
APPLICATION OF BOND PROCEEDS

Section 6.01	Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds	42
Section 6.02	Disbursements From the Bond Construction Trust Fund	43

ARTICLE VII
ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01	General Covenants of the Issuer	45
Section 7.02	Bonds not to be Indebtedness of the Issuer	45
Section 7.03	Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds	45
Section 7.04	Initial Schedule of Rates and Charges	45
Section 7.05	Sale of the System	46
Section 7.06	Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances	47
Section 7.07	Parity Bonds	47
Section 7.08	Books; Records and Audit	50
Section 7.09	Rates	52
Section 7.10	Operating Budget and Monthly Financial Report	52
Section 7.11	Engineering Services and Operating Personnel	53
Section 7.12	No Competing Franchise	53
Section 7.13	Enforcement of Collections	54
Section 7.14	No Free Services	54

Section 7.15	Insurance and Construction Bonds	54
Section 7.16	Connections	56
Section 7.17	Completion and Operation of Project; Permits and Orders	56
Section 7.18	[Reserved]	56
Section 7.19	Statutory Mortgage Lien	56
Section 7.20	Compliance with Letter of Conditions, Loan Agreement and Law	56
Section 7.21	Securities Laws Compliance	57
Section 7.22	Contracts; Public Releases	57

ARTICLE VIII
INVESTMENT OF FUNDS

Section 8.01	Investment of Funds	58
Section 8.02	Certificate as to Use of Proceeds	58

ARTICLE IX
DEFAULT AND REMEDIES

Section 9.01	Events of Default	60
Section 9.02	Remedies	60
Section 9.03	Appointment of Receiver	60

ARTICLE X
PAYMENT OF BONDS

Section 10.01	Payment of Series 2004 A Bonds	63
Section 10.02	Payment of Series 2004 B Bonds	63

ARTICLE XI
MISCELLANEOUS

Section 11.01	Amendment or Modification of Bond Legislation	64
Section 11.02	Bond Legislation Constitutes Contract	64
Section 11.03	Severability of Invalid Provisions	64
Section 11.04	Headings, Etc.	64
Section 11.05	Conflicting Provisions Repealed; Prior Resolutions	64
Section 11.06	Covenant of Due Procedure, Etc.	65
Section 11.07	Public Notice of Proposed Financing	65
Section 11.08	Effective Date	66
	SIGNATURES	66
	CERTIFICATION	67

HUTTONSVILLE PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATER FACILITIES OF HUTTONSVILLE PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $952,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND), AND NOT MORE THAN $400,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2004 B (UNITED STATES DEPARTMENT OF AGRICULTURE); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF HUTTONSVILLE PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution (together with any order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is adopted pursuant to the provisions of Chapter 16, Article 13A and Chapter 31, Article 15A of the Code of West Virginia, 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. Huttonsville Public Service District (the "Issuer") is a public service district, public corporation and political subdivision of the State of West Virginia in Randolph County of said State.

B. The Issuer presently owns and operates a public water system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain improvements and extensions to the existing public water facilities of the Issuer, consisting of approximately 178,000 linear feet of 12-inch, 10-inch, 8-inch, 6-inch, 4-inch and 2-inch waterlines, 2 water storage tanks and 3 water booster pump stations to serve approximately 438 potential customers, together with all appurtenant facilities (collectively, the "Project"), which constitute public service properties for the diversion, development, pumping, impounding, treatment, storage, distribution or furnishing of water to or for the public for industrial, public, private or other uses (the existing public water facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The Issuer intends to permanently finance a portion of the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the United States of America, United States Department of Agriculture, Rural Utilities Service (the "Government") and the West Virginia Water Development Authority (the "Authority"), in connection with the West Virginia Infrastructure Fund administered by the Authority pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Water Revenue Bonds in the total aggregate principal amount of not more than $1,352,000, in two series (collectively, the "Series 2004 Bonds"), being the Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than $952,000 (the "Series 2004 A Bonds"), and the Water Revenue Bonds, Series 2004 B (United States Department of Agriculture), in the aggregate principal amount of not more than $400,000 (the "Series 2004 B Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Such costs shall be deemed to include the cost of acquisition and construction of any public service properties and any improvements and extensions thereto, the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, on the Series 2004 Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the respective Reserve Account for the Series 2004 Bonds (as hereinafter defined);

engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2004 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2004 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that (i) the Series 2004 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), in form satisfactory to the respective parties (the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer, and (ii) the Series 2004 B Bonds be sold to the Government pursuant to the terms and provisions of the Letter of Conditions (as hereinafter defined).

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2004 Bonds as to liens, pledge, source of and security for payment, being the Water Revenue Bonds, Series 1996, dated June 7, 1996, issued in the original principal amount of $1,000,000, and the Water Revenue Bonds, Series 2000 A (United States Department of Agriculture), dated July 27, 2000, issued in the original principal amount of $731,000 (collectively, the "Prior Bonds").

The Series 2004 Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 2004 Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Registered Owner of the Prior Bonds to the issuance of the Series 2004 Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

H. The estimated revenues to be derived in each year following completion of the Project from the operation of the System will be sufficient to pay all Operating Expenses of the System, the principal of and interest, if any, on the Series 2004 Bonds and the Prior Bonds and all funds and accounts and other payments provided for herein.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System, and the issuance of the Series 2004 Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the approval of the Project and the financing thereof by the Council and the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia (the "PSC") by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2004 Bonds or such final order will not be subject to appeal or rehearing.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2004 Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 2004 Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2004 A Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority.

"Authorized Officer" means the Chairperson of the Governing Body of the Issuer or any temporary Acting Chairperson duly elected by the Governing Body.

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

"Bond Registrar" means the Issuer, the bank or other entity to be designated as such in this Bond Resolution or the Supplemental Resolution and its successors and assigns.

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

"Bonds" means, collectively, the Series 2004 Bonds, the Prior Bonds and any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

"Chairperson" means the Chairperson of the Governing Body of the Issuer or any temporary Acting Chairperson duly elected by the Governing Body.

"Closing Date" means the date upon which there is an exchange of the Series 2004 Bonds for all or a portion of the proceeds of the Series 2004 Bonds.

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

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

"Consulting Engineers" means Horner Brothers Engineers, Clarksburg, West Virginia, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System or portion thereof in accordance with Chapter 5G, Article 1 of the Code of West Virginia, 1931, as amended.

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

"Council" means the West Virginia Infrastructure and Jobs Development Council or any other agency of the State of West Virginia that succeeds to the functions of the Council.

"Depository Bank" means the bank or banks designated as such in the Supplemental Resolution and any successors and assigns, which shall be a member of FDIC.

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

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

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

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

"Government" means the United States of America, United States Department of Agriculture, Rural Utilities Service, which is expected to be the original purchaser and Registered Owner of the Series 2004 B Bonds.

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

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

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

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

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

"Investment Property" means:

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

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

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

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

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

"Letter of Conditions" means, collectively, the Letter of Conditions of the Government dated April 18, 2002, and all amendments thereto.

"Loan Agreement" means the Loan Agreement heretofore entered, or to be entered, into by and between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 2004 A Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 2004 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Reserve Accounts. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2004 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

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

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed 1/6th of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital, provided that all monthly amortization payments upon the Bonds and into the Reserve Accounts and the Depreciation Fund have been made to the last monthly payment date prior to the date of such retention.

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

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

"Paying Agent" means the Commission or other entity designated as such for the Series 2004 A Bonds in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Issuer's Water Revenue Bonds, Series 1996, dated June 7, 1996, issued in the original principal amount of $1,000,000, and the Water Revenue Bonds, Series 2000 A (United States Department of Agriculture), dated July 27, 2000, issued in the original principal amount of $731,000.

"Prior Resolutions" means, collectively, the resolutions of the Issuer

adopted June 7, 1996 and July 25, 2000, authorizing the Prior Bonds.

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

"Project" means the Project as described in Section 1.02B hereof.

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

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

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

(a) Government Obligations;

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

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

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

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be

replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

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

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

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

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

"Registrar" means the Bond Registrar.

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

"Reserve Accounts" means, collectively, the respective reserve accounts of the Series 2004 Bonds and the Prior Bonds.

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

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

"Secretary" means the Secretary of the Governing Body of the Issuer.

"Series 2004 Bonds" means, collectively, the Series 2004 A Bonds and the Series 2004 B Bonds.

"Series 2004 Bonds Construction Trust Fund" means the Series 2004 Bonds Construction Trust Fund created by Section 5.01 hereof.

"Series 2004 A Bonds" means the Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution.

"Series 2004 A Bonds Reserve Account" means the Series 2004 A Bonds Reserve Account created by Section 5.02 hereof.

"Series 2004 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest, if any, which will become due on the Series 2004 A Bonds in the then current or any succeeding year.

"Series 2004 A Bonds Sinking Fund" means the Series 2004 A Bonds Sinking Fund created by Section 5.02 hereof.

"Series 2004 B Bonds" means the Water Revenue Bonds, Series 2004 B (United States Department of Agriculture), of the Issuer, authorized by the Resolution.

"Series 2004 B Bonds Reserve Account" means the Series 2004 B Bonds Reserve Account created by Section 5.02 hereof.

"Series 2004 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2004 B Bonds in the then current or any succeeding year.

"Series 2004 B Bonds Sinking Fund" means the Series 2004 B Bonds Sinking Fund created by Section 5.03A(2) hereof.

"Sinking Funds" means, collectively, the respective sinking funds of the Series 2004 Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution or resolutions authorizing the sale of the Series 2004 Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2004 Bonds, and not so included, may be included in another Supplemental Resolution.

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

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

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

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

Additional terms and phrases are defined in this Resolution as they are used. Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender; and any requirement for execution or attestation of the Bonds or any certificate or other document by the Chairperson or the Secretary shall mean that such Bonds, certificate or other document may be executed or attested by an Acting Chairperson or Acting Secretary.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of $6,569,390, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2004 Bonds shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the Government, the Authority, and the Council.

The cost of the Project is estimated to be $6,569,390, of which approximately $952,000 will be obtained from proceeds of the Series 2004 A Bonds, approximately $400,000 will be obtained from proceeds of the Series 2004 B Bonds, approximately $2,125,000will be obtained from a grant by the Government, approximately $1,500,000 will be obtained from a grant by the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia), and approximately $1,592,390 will be obtained from a grant by the Council.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2004 Bonds, funding the respective Reserve Account for the Series 2004 Bonds, paying Costs of the Project not otherwise provided for, and paying certain costs of issuance of the Series 2004 Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 2004 Bonds of the Issuer. The Series 2004 Bonds shall be issued in two series, each as a single bond, designated respectively as "Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund)," in the principal amount of not more than $952,000, and "Water Revenue Bonds, Series 2004 B (United States Department of Agriculture)," in the principal amount of not more than $400,000, and each shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2004 Bonds remaining after funding the Reserve Accounts (if funded from Bond proceeds) and capitalizing interest on the Series 2004 Bonds, if any, shall be deposited in or credited to the Series 2004 Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. A. The Series 2004 A Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the legal maximum rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2004 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2004 A Bonds, if any, shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2004 A Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2004 A Bonds. The Series 2004 A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding

to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

B. The Series 2004 B Bonds shall be issued in such principal amounts; shall bear interest at such rate or rates, not exceeding the legal maximum rate, payable monthly on such dates, shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in the Supplemental Resolution or as specifically provided in the Series 2004 B Bonds.

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

Section 3.03. Execution of Bonds. The Series 2004 Bonds shall be executed in the name of the Issuer by the Chairperson, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2004 Bonds shall cease to be such officer of the Issuer before the Series 2004 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2004 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Bond Registrar; Authentication and Registration. A. The Bond Registrar for the Series 2004 A Bonds shall be the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns. No such Bonds shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof, shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any such 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 such Bonds issued hereunder. The provisions of this paragraph relating to authentication and registration shall not apply to the Series 2004 B Bonds.

B. The Issuer shall be the Bond Registrar for the Series 2004 B Bonds and will keep, or cause to be kept by its agent, at its office, books for the registration and transfer of the Series 2004 B Bonds and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2004 B Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Series 2004 B Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2004 B Bonds for registration or transfer only if ownership thereof is to be registered in the name of the Government, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Series 2004 B Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Series 2004 B Bonds shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be National Finance Office, 1520 Market Street, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2004 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Registered Owner, in accepting the Series 2004 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 Registered Owner shall further be conclusively deemed to have agreed that such Bonds shall be incontestable in the hands of a bona fide registered owner for value.

So long as the Series 2004 Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Bonds.

The registered Series 2004 Bonds shall be transferable only upon the books of the Bond Registrar, by the Registered Owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto, together with a written instrument of transfer satisfactory to the Bond Registrar, duly executed by the Registered Owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2004 Bonds or transferring the registered Series 2004 Bonds is exercised, all such Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All such Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of such Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on such Bonds or, in the case of any proposed redemption of such Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2004 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 Registered Owner's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2004 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No Registered Owner of such Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay such Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of the Series 2004 A Bonds and the Series 2004 B Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues, on a parity with the lien on the Net Revenues in favor of the Registered Owners of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2004 Bonds and the Prior

Bonds and to make all other payments provided for in the Bond Legislation and the Prior Resolutions, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. A. The Issuer shall execute and deliver the Series 2004 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2004 A Bonds to the original purchasers upon receipt of a request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver such Bonds to the original purchasers.

B. The Issuer shall execute and deliver the Series 2004 B Bonds to the Government as soon as the Government will accept such delivery.

Section 3.10. Form of Bonds. The text of each series of the Series 2004 Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2004 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HUTTONSVILLE PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2004 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-____ $_____

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

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated _____, 200__.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public water facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. The existing public water facilities of the Issuer, the Project and any further

improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on _____, 200_, and a Supplemental Resolution duly adopted by the Issuer on _____, 200_ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 1996, DATED JUNE 7, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,000,000 (THE "SERIES 1996 BONDS"); (2) WATER REVENUE BONDS, SERIES 2000 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JULY 27, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $731,000 (THE "SERIES 2000 A BONDS"); AND (3) WATER REVENUE BONDS, SERIES 2004 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED _____, 200_, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ _ (THE "SERIES 2004 B BONDS"). THE SERIES 1996 BONDS AND THE SERIES 2000 A BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the System, on a parity with the pledge of Net Revenues in favor of the registered owners of the Prior Bonds and the Series 2004 B Bonds, and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2004 A Bonds Reserve Account") and unexpended proceeds of this Bond. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 2004 A Bonds Reserve Account and unexpended proceeds of this Bond. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount of principal of and interest, if any, on this Bond payable in any year and all other obligations secured by a lien on

or payable from such revenues on a parity with this Bond, including the Prior Bonds and the Series 2004 B Bonds; provided however, that so long as there exists in the Series 2004 A Bonds Reserve Account, an amount at least equal to the maximum amount of principal and interest, if any, which will become due on this Bond in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with this Bond, including the Prior Bonds and the Series 2004 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owner (as defined in the Bond Legislation) of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owner of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

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

IN WITNESS WHEREOF, HUTTONSVILLE PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairperson and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____,200__.

[SEAL]

_____
Chairperson

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2004 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below.

Date: _____, 200__.

_____

_____, as Registrar

_____

Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, ____.

_____

In the presence of:

_____

(FORM OF SERIES 2004 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HUTTONSVILLE PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2004 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. BR-1 $_____

FOR VALUE RECEIVED, HUTTONSVILLE PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Randolph County of said State (the "Issuer"), promises to pay to the order of the UNITED STATES OF AMERICA (the "Government"), at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, and in the manner provided below, the principal sum of _____ _____ DOLLARS ($_____), or such lesser amount as is set forth on the Record of Advances attached hereto and incorporated herein by reference, plus interest on the unpaid principal balance at the rate of _____% per annum.

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

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to the Issuer as requested by the Issuer and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Issuer. Extra payments, as defined in the regulations of the

Government, shall, after payment of interest, be applied to the installment last to come due under this Bond and shall not affect the obligation of the Issuer to pay the remaining installments as scheduled herein.

Any amount advanced or expended by the Government for the collection hereof, or to preserve or to protect any security therefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government, shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by the Issuer to the Government without demand. The Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Government. The Issuer has granted to the Government a lien on the proceeds of this Bond until such proceeds are expended for authorized purposes.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public water facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. The existing public water facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), a Bond Resolution duly adopted by the Issuer on _____, 200_, and a Supplemental Resolution duly adopted by the Issuer on _____, 200_(collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S (1)WATER REVENUE BONDS, SERIES 1996, DATED JUNE 7, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,000,000 (THE "SERIES 1996 BONDS"); (2)WATER REVENUE BONDS, SERIES 2000 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JULY 27, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $731,000 (THE "SERIES 2000 A BONDS"); AND (3) WATER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED _____, 200__, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ _(THE "SERIES 2004 A BONDS"). THE SERIES 1996 BONDS AND THE SERIES 2000 A BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the System, on a parity with the pledge of Net Revenues in favor of the registered owners of the Prior Bonds and the Series 2004 A Bonds, and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2004 B Bonds Reserve Account") and unexpended proceeds of this Bond. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2004 B Bonds Reserve Account and unexpended proceeds of this Bond. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates or charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount of principal of and interest on this Bond payable in any year and all other obligations secured by a lien or payable from such revenues on a parity with this Bond, including the Prior Bonds and the Series 2004 A Bonds; provided however, that so long as there exists in the Series 2004 B Bonds Reserve Account, an amount at least equal to the maximum amount of principal and interest which will become due on this Bond in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with this Bond, including the Prior Bonds and the Series 2004 A Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owner (as defined in the Bond Legislation) of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owner of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth in the Bond Legislation, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Secretary of the Issuer, as registrar (the "Registrar"), which shall be kept for that purpose at the office of the Registrar, by the Registered Owner or by its attorney or legal representative duly authorized in writing, upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the Registered Owner or its attorney or legal representative duly authorized in writing.

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

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

The Issuer hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for such purposes and periods of time.

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

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

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

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

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

IN WITNESS WHEREOF, HUTTONSVILLE PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairperson and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, 200__.

_____
Chairperson

[SEAL]

ATTEST:

_____
Secretary

(Form of)

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $_____

(Form of)

ASSIGNMENT

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

_____

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

Dated: _____, ___.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2004 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairperson is specifically authorized and directed to execute the Loan Agreement and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation. The Series 2004 B Bonds shall be sold to the Government, pursuant to the terms and conditions of the Letter of Conditions. The Letter of Conditions, including all attachments, are hereby approved and incorporated into this Bond Legislation.

Section 3.12. Filing of Amended Schedule. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority, the Council and the Government, a schedule, the forms of which will be provided by the Council and the Government, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

(1) Revenue Fund (established by the Prior Resolutions);

(2) Depreciation Fund (established by the Prior Resolutions); and

(3) Series 2004 Bonds Construction Trust Fund.

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

(1) Series 2004 A Bonds Sinking Fund;

(2) Series 2004 A Bonds Reserve Account; and

(3) Series 2004 B Bonds Reserve Account.

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

(1) The Issuer shall first, each month, pay from the Revenue Fund all current Operating Expenses of the System.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the National Finance Office, the amount required by the Prior Resolutions for payment of the interest on the Prior Bonds; and (ii) remit to the National Finance Office for deposit in the Series 2004 B Bonds Sinking Fund hereby established at the National Finance Office, the amount of interest due as set forth in the Series 2004 B Bonds.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the National Finance Office, the amount required by the Prior Resolutions for payment of the principal of the Prior Bonds; (ii) remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2004 A Bonds, for deposit in the Series 2004 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2004 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2004 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date; and (iii) remit to the National Finance Office, commencing 24 months following the date of delivery of the Series 2004 B Bonds, for deposit in the Series 2004 B Bonds Sinking Fund, the amount of principal due as set forth in the Series 2004 B Bonds.

The deposits into the Series 2004 B Bonds Sinking Fund provided in this paragraph and in Section 5.03A(2) above, constitute actual payments of principal of and interest on the Series 2004 B Bonds to the Government.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Depository Bank for deposit in the Reserve Accounts for the Prior Bonds, the amounts required by the Prior Resolutions to be deposited therein; (ii) remit to the Commission, commencing 3 months after the completion of construction of the Project, as certified by the Consulting Engineers, if not fully funded upon the issuance of the Series 2004 A Bonds, for deposit in the Series 2004 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2004 A Bonds Reserve Requirement, until the amount in the Series 2004 A Bonds Reserve Account equals the Series 2004 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2004 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2004 A Bonds Reserve Requirement; and (iii) remit to the Commission, commencing 3 months after the completion of construction of the Project, as certified by the Consulting Engineers, if not fully funded upon the issuance of the Series 2004 B Bonds, for deposit in the Series 2004 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2004 B Bonds Reserve Requirement, until the amount

in the Series 2004 B Bonds Reserve Account equals the Series 2004 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2004 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2004 B Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Depreciation Fund, (i) the amounts required by the Prior Resolutions to be deposited therein; and (ii) an amount equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account, so long as the Series 2004 Bonds are outstanding. All funds in the Depreciation Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Depreciation Fund for replacements, repairs, improvements or extensions to the System; provided that, any deficiencies in any Reserve Account, except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof, shall be promptly eliminated with moneys from the Depreciation Fund.

Moneys in the Series 2004 A Bonds Sinking Fund and the Series 2004 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2004 Bonds, respectively, as the same shall become due. Moneys in the Series 2004 A Bonds Reserve Account and the Series 2004 B Bonds Reserve Account shall be used only for the purposes of paying principal of and interest, if any, on the Series 2004 Bonds, respectively, as the same shall come due, when other moneys in the respective Sinking Funds are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2004 A Bonds Reserve Account and the Series 2004 B Bonds Reserve Account (if fully funded) shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2004 Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2004 Bonds, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 2004 A Bonds Reserve Account or the Series 2004 B Bonds Reserve Account which result in a reduction in the balance therein to below the respective Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2004 Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the respective Sinking Fund or the Reserve Account for the Series 2004 Bonds when the aggregate amount of funds therein are at least equal to the respective aggregate principal amount of the Series 2004 Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Interest, principal or reserve account payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2004 Bonds and the Prior Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2004 A Bonds Sinking Fund, the Series 2004 A Bonds Reserve Account and the Series 2004 B Bonds Reserve Account created hereunder, and all amounts required for such accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority or the Government at any time, the Issuer shall make the necessary arrangements whereby required payments into such accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 2004 A Bonds Sinking Fund, the Series 2004 A Bonds Reserve Account and the Series 2004 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The respective Sinking Fund and the Reserve Account for the Series 2004 Bonds shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2004 Bonds, respectively, under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required interest, principal and reserve account payments and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

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

D. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

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

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

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

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

ARTICLE VI

APPLICATION OF BOND PROCEEDS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 2004 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2004 A Bonds, there shall first be deposited in the Series 2004 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2004 A Bonds for the period commencing on the date of issuance of the Series 2004 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. From the proceeds of the Series 2004 B Bonds, there shall first be deposited in the Series 2004 B Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2004 B Bonds for the period commencing on the date of issuance of the Series 2004 B Bonds and ending 6 months after the estimated date of completion of construction of the Project.

C. Next, from the proceeds of the Series 2004 A Bonds, there shall be deposited in the Series 2004 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2004 A Bonds Reserve Account.

D. Next, from the proceeds of the Series 2004 B Bonds, there shall be deposited in the Series 2004 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2004 B Bonds Reserve Account.

E. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2004 A Bonds, such moneys shall be deposited with the Depository Bank in the Series 2004 Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 2004 A Bonds.

F. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2004 B Bonds, such moneys shall be deposited with the Depository Bank in the Series 2004 Bonds Construction Trust Fund and applied solely to payment of costs of

the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 2004 B Bonds.

G. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2004 A Bonds shall be expended as directed by the Council and any remaining proceeds of the Series 2004 B Bonds shall be expended as directed by the Government.

Section 6.02. Disbursements From the Bond Construction Trust Fund.

A. The Issuer shall each month provide the Council with a requisition for the costs incurred for the Project, together with such documentation as the Council shall require. Payments of all costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements of proceeds of the Series 2004 A Bonds from the Series 2004 Bonds Construction Trust Fund shall be made only after submission to and approval from the Council of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

(b) Each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a cost of the Project;

(c) Each of such costs has been otherwise properly incurred; and

(d) Payment for each of the items proposed is then due and owing.

The Issuer shall expend all proceeds of the Series 2004 A Bonds within 3 years of the date of issuance of the Council's bonds, the proceeds of which were used to make the loan to the Issuer.

B. The proceeds of the Series 2004 B Bonds in the Series 2004 Bonds Construction Trust Fund shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Government.

Until completion of acquisition and construction of the Project, the Issuer will transfer sufficient proceeds of the Series 2004 B Bonds from the Series 2004 Bonds Construction Trust Fund and pay to the Government on or before the due date, such sums as

shall be required to make the monthly payments on the Series 2004 B Bonds, if there are not sufficient revenues to make such monthly payments.

Pending such application, moneys in the Series 2004 Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Registered Owner of the Series 2004 Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Registered Owner of the Series 2004 Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as the Series 2004 Bonds or the interest, if any, thereon are Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2004 Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Registered Owner of the Series 2004 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2004 Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of the Series 2004 A Bonds and the Series 2004 B Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues, on a parity with the lien on the Net Revenues in favor of the Registered Owners of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2004 Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation and the Prior Resolutions are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

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

So long as the Series 2004 Bonds are Outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2004 Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are Outstanding, the System may not be sold, transferred, mortgaged, leased or otherwise disposed of, except in accordance with the terms of the Prior Resolutions. Additionally, so long as the Series 2004 Bonds are Outstanding and except as otherwise required by law or with the written consent of the Council, the Authority and the Government, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2004 Bonds, be remitted to the respective Sinking Funds and applied to the payment of principal of and interest, if any, on the Series 2004 Bonds. Any balance remaining after the payment of the Series 2004 Bonds and interest, if any, thereon shall be remitted to the Issuer unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Depreciation Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of

such property in accordance with the laws of the State. The proceeds of any such sale shall be deposited in the Depreciation Fund. The payment of such proceeds into the Depreciation Fund shall not reduce the amount required to be paid into said fund by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Registered Owners of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Registered Owners of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2004 Bonds. All obligations issued by the Issuer after the issuance of the Series 2004 Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2004 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2004 Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2004 Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are Outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2004 Bonds pursuant to this Bond Legislation, except

with the prior written consent of the Authority, the Council and the Government under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2004 Bonds.

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

So long as the Series 2004 B Bonds are Outstanding, no Parity Bonds shall be issued at any time, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

(1) The Bonds then Outstanding;

(2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Resolution then Outstanding; and

(3) The Parity Bonds then proposed to be issued.

The foregoing limitation may be waived or modified by the written consent of the Registered Owners of the Series 2004 B Bonds, representing 75% of the then-outstanding principal indebtedness. In the event the foregoing limitation is waived or when the Series 2004 B Bonds are no longer Outstanding, the following parity requirement shall be met:

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

(1) The Bonds then Outstanding;

(2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Resolution then Outstanding; and

(3) The Parity Bonds then proposed to be issued.

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

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the outstanding Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2004 Bonds.

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

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

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

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

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

The Issuer shall file with the Council, the Authority, the Government, or any other original purchaser of the Series 2004 Bonds, and shall mail in each year to any Registered Owner of the Series 2004 Bonds, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Registered Owner of the Series 2004 Bonds, and shall submit said report to the Council, the Authority and the Government, or any other original purchaser of the Series 2004 Bonds. Such audit report submitted to the Authority, the Council and the Government shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Operating Expenses and debt service and reserve requirements.

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

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

Section 7.09. Rates. Prior to the issuance of the Series 2004 Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2004 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2004 Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Reserve Accounts for the Series 2004 Bonds and the reserve accounts for obligations on a parity with the Series 2004 Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2004 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2004 Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority, the Council and the Government within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for

operation and maintenance to the Authority, the Council and the Government and to any Registered Owner of the Series 2004 Bonds, within 30 days of adoption thereof, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Authority, the Council and the Government and to any Registered Owner of the Series 2004 Bonds, or anyone acting for and on behalf of such Registered Owner.

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

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

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

The Issuer shall employ qualified operating personnel properly certified by the State to operate the System during the entire term of the Loan Agreement.

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

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

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

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

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

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

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

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

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

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

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

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

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

for the faithful performance of such contract. The Issuer shall verify such bonds prior to commencement of construction.

The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project; provided that the amounts and terms of such coverage are satisfactory to the Authority, the Council and the Government. 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. The Issuer shall verify such insurance prior to commencement of construction.

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

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

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project, all orders and approvals from the PSC and the Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Series 2004 Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. [Reserved]

Section 7.19. Statutory Mortgage Lien. For the further protection of the Registered Owner of the Series 2004 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2004 Bonds; provided however, that the statutory mortgage lien of the Series 2004 Bonds shall be on a parity with the statutory mortgage lien of the Prior Bonds.

Section 7.20. Compliance with Letter of Conditions, Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Letter of Conditions, the Loan Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer shall provide the Council with copies of all documents submitted to the Authority.

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

Section 7.21. Securities Laws Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.22. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2004 Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Council and the Government for written approval. The Issuer shall obtain the written approval of the Council and the Government before expending any proceeds of the Series 2004 Bonds held in "contingency" as set forth in the schedules attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Council and the Government before expending any proceeds of the Series 2004 Bonds made available due to bid or construction or project underruns.

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

ARTICLE VIII

INVESTMENT OF FUNDS

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2004 Bonds are Outstanding.

Section 8.02. Certificate as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2004 Bonds as a condition to issuance of the Series 2004 Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2004 Bonds as may be necessary in order to maintain the status of the Series 2004

Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2004 Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the Council, as the case may be, from which the proceeds of the Series 2004 Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the Council to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2004 Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2004 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on any series of the Series 2004 Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2004 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2004 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or a Registered Owner of a Bond; or

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

(4) If default occurs under the Prior Bonds or the Prior Resolutions.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of the Series 2004 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 Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Registered Owners of the Series 2004 Bonds shall be on a parity with those of the Registered Owners of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of the Series 2004 Bonds may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project, the making and collection of sufficient rates and charges for services rendered by the System and

segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

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

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

ownership of the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Series 2004 A Bonds. If the Issuer shall pay or there shall otherwise be paid to the Registered Owners of the Series 2004 A Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2004 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Section 10.02. Payment of Series 2004 B Bonds. If the Issuer shall pay or there shall otherwise be paid to the Registered Owners of the Series 2004 B Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2004 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2004 Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2004 Bonds, no material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2004 Bonds shall be made without the consent in writing of the Registered Owners of the Series 2004 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Registered Owner as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest, if any, on the Series 2004 Bonds from gross income of the Registered Owners thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2004 Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution, or the Series 2004 Bonds.

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

Section 11.05. Conflicting Provisions Repealed; Prior Resolutions. Except for the Prior Resolutions, all orders or resolutions, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed; provided that,

in the event of any conflict between this Resolution and the Prior Resolutions, the Prior Resolutions shall control (unless less restrictive), so long as the Prior Bonds are Outstanding.

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

Section 11.07. Public Notice of Proposed Financing. Prior to making formal application to the PSC for a certificate of public convenience and necessity and adoption of this Resolution, the Secretary shall have caused to be published in a newspaper of general circulation in each municipality in Huttonsville Public Service District and within the boundaries of the Issuer, a Class II legal advertisement stating:

(a) The maximum amount of the Series 2004 Bonds to be issued;

(b) The maximum interest rate and terms of the Series 2004 Bonds authorized hereby;

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

(d) The maximum anticipated rates which will be charged by the Issuer; and

(e) The date that the formal application for a certificate of public convenience and necessity is to be filed with the PSC.

Section 11.08. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 23rd day of August, 2004.

Chairperson

Member

Member

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of HUTTONSVILLE PUBLIC SERVICE DISTRICT on the 23rd day of August, 2004.

Dated this 25th day of August, 2004.

[SEAL]

Secretary

07/08/04
000630/00306

M0387427.1

HUTTONSVILLE PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS,
SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND
SERIES 2004 B (UNITED STATES DEPARTMENT OF AGRICULTURE)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE HUTTONSVILLE PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND SERIES 2004 B (UNITED STATES DEPARTMENT OF AGRICULTURE); AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF THE SERIES 2004 A BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AND THE SERIES 2004 B BONDS TO THE UNITED STATES DEPARTMENT OF AGRICULTURE; APPROVING AND RATIFYING THE LOAN AGREEMENT WITH RESPECT TO THE SERIES 2004 A BONDS; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Huttonsville Public Service District (the "Issuer") has duly and officially adopted a Bond Resolution on August 23, 2004 (the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATER FACILITIES OF HUTTONSVILLE PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $952,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND), AND NOT MORE THAN $400,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2004 B (UNITED STATES DEPARTMENT OF AGRICULTURE); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE

REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Resolution provides for the issuance of the Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund) and Series 2004 B (United States Department of Agriculture), of the Issuer, in the respective aggregate principal amounts not to exceed $952,000 and $400,000 (collectively, the "Bonds"and individually, the "Series 2004 A Bonds" and the "Series 2004 B Bonds"), and has authorized the execution and delivery of a loan agreement relating to the Series 2004 A Bonds, including all schedules and exhibits attached thereto (collectively, the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), all in accordance with Chapter 16, Article 13A and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (collectively, the "Act"); and in the Resolution it is provided that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds should be established by a supplemental resolution, and that other matters relating to the Bonds be therein provided for;

WHEREAS, the Loan Agreement has been presented to the Issuer at this meeting;

WHEREAS, the Series 2004 A Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement and the Series 2004 B Bonds are proposed to be purchased by the United States of America, United States Department of Agriculture, Rural Utilities Service (the "Government") pursuant to the Letter of Conditions; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and ratified, that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF HUTTONSVILLE PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the following bonds of the Issuer:

A. Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single bond, numbered AR-1, in the original principal amount of $952,000. The Series 2004 A Bonds shall be dated the date of delivery, shall finally mature June 1, 2044, and shall bear no interest. The principal of the Series 2004 A Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2006, in the amounts set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Series 2004 A Bonds. The Series 2004 A Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the Registered Owner of the Series 2004 A Bonds.

B. Water Revenue Bonds, Series 2004 B (United States Department of Agriculture), of the Issuer, originally represented by a single bond, numbered BR-1, in the original principal amount of $400,000. The Series 2004 B Bonds shall be dated the date of delivery, shall mature forty years from the date thereof, and the principal amount advanced under the Series 2004 B Bonds shall bear interest at the rate of 4.5% per annum. Monthly installments of interest only on the amounts advanced under the Series 2004 B Bonds are payable 30 days following the date of delivery of the Series 2004 B Bonds and on the corresponding day of each month thereafter for the first 24 months after the date of delivery of the Series 2004 B Bonds, and thereafter, monthly installments of principal of and interest on the Series 2004 B Bonds, in the aggregate amount of $1,836, are payable on the corresponding day of each month, except that the final installment on the Series 2004 B Bonds shall be paid at the end of 40 years from the date of the Series 2004 B Bonds in the sum of the unpaid principal and interest due on the date thereof. The Series 2004 B Bonds are subject to prepayment as set forth in the Resolution and the Series 2004 B Bonds. All principal and interest payments on the Series 2004 B Bonds will be paid by the Issuer directly to the order of the United States of America at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103.

Section 2. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the form provided in the Resolution.

Section 3. The Issuer hereby ratifies, approves and accepts the Loan Agreement, including all schedules and exhibits attached thereto, a copy of which is incorporated herein

by reference, and the execution and delivery of the Loan Agreement by the Chairperson and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the applications to the Council and the Authority. The Issuer hereby ratifies, approves and accepts the Letter of Conditions, and all amendments thereto, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed. The price of the Bonds shall be 100 % of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer hereby appoints and designates Mountain Valley Bank, National Association, Elkins, West Virginia, to serve as Registrar (the "Registrar") for the Series 2004 A Bonds under the Resolution and approves and accepts the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Chairperson, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed and approved.

Section 5. The Issuer hereby appoints and designates the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Commission"), to serve as Paying Agent for the Series 2004 A Bonds under the Resolution.

Section 6. The Issuer hereby appoints and designates Mountain Valley Bank, National Association, Elkins, West Virginia, to serve as Depository Bank for the Revenue Fund, the Depreciation Fund and the Series 2004 Bonds Construction Trust Fund.

Section 7. Series 2004 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2004 A Bonds Sinking Fund as capitalized interest.

Section 8. Series 2004 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2004 A Bonds Reserve Account.

Section 9. Series 2004 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2004 B Bonds Sinking Fund as capitalized interest.

Section 10. Series 2004 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2004 B Bonds Reserve Account.

Section 11. The remaining proceeds of the Bonds, as advanced from time to time, shall be deposited in or credited to the Series 2004 Bonds Construction Trust Fund, as received by the Issuer for payment of costs of the Project, including costs of issuance of the Bonds.

Section 12. The Chairperson and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Resolution approved and provided for, to the end that the Series 2004 A Bonds may be delivered to the Authority pursuant to the Loan Agreement on or about August 25, 2004, and the Series 2004 B Bonds may be delivered to the Government pursuant to the Letter of Conditions on or about August 25, 2004.

Section 13. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 14. The Issuer hereby determines to invest all moneys in the funds and accounts established by the Resolution held by the Depository Bank until expended, in money market accounts secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to invest all moneys in such money market accounts until further directed in writing by the Issuer. Moneys in the Sinking Funds and the Reserve Accounts for the Series 2004 Bonds shall be invested by the Commission in the West Virginia Consolidated Fund.

Section 15. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project and the Chairperson is hereby authorized and directed to execute and deliver all such contracts.

Section 16. The Issuer hereby approves the costs of issuance and authorizes the payment of the same.

Section 17. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 23rd day of August, 2004.

Chairperson

Member

Member

CERTIFICATION

Certified as a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Huttonsville Public Service District on the 23rd day of August, 2004.

Dated this 25th day of August, 2004.

[SEAL]

Secretary

08/05/04
000630/00306

HUTTONSVILLE PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS,
SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND
SERIES 2004 B (UNITED STATES DEPARTMENT OF AGRICULTURE)

MINUTES ON ADOPTION OF BOND
RESOLUTION AND SUPPLEMENTAL RESOLUTION

The undersigned duly appointed Secretary of the Public Service Board of Huttonsville Public Service District hereby certifies that the following is a true and correct excerpt of the minutes of a special meeting of said Public Service Board:

*** *** ***

The Public Service Board of Huttonsville Public Service District met in special session, pursuant to notice duly posted, on the 23rd day of August, 2004, in Mill Creek, West Virginia, at the hour of 10:00 a.m.

PRESENT:	Lynn R. Channell	-	Chairperson and Member
	Loy C. McAtee	-	Member
	Billy I. Daft	-	Member
	Bonnie Serrett	-	Secretary/Treasurer

ABSENT: None

Lynn R. Channell, Chairperson, presided, and Bonnie Serrett, acted as Secretary. The Chairperson announced that a quorum of members was present and that the meeting was open for any business properly before it.

*** *** ***

Thereupon, the Chairperson presented a proposed Bond Resolution in writing entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATER FACILITIES OF HUTTONSVILLE PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY

THE DISTRICT OF NOT MORE THAN $952,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND), AND NOT MORE THAN $400,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2004 B (UNITED STATES DEPARTMENT OF AGRICULTURE); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Upon motion duly made and seconded, it was unanimously ordered that said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

Next, the Chairperson presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE HUTTONSVILLE PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND SERIES 2004 B (UNITED STATES DEPARTMENT OF AGRICULTURE); AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF THE SERIES 2004 A BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AND THE SERIES 2004 B BONDS TO THE UNITED STATES DEPARTMENT OF AGRICULTURE; APPROVING AND RATIFYING THE LOAN AGREEMENT WITH RESPECT TO THE SERIES 2004 A BONDS; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Upon motion duly made and seconded, it was unanimously ordered that said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

*** *** ***

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

Chairperson

Secretary

CERTIFICATION

I hereby certify that the foregoing action of Huttonsville Public Service District remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 25th day of August, 2004.

HUTTONSVILLE PUBLIC SERVICE DIST.
ESTABLISHED
JUNE 13, 1972

Secretary

08/02/04
000630/00306

State of West Virginia, County

LEGAL ADVERTISEMENT

Form No. 13

NOTICE OF PRE-FILING

State of West Virginia
Public Service Commission
Charleston

NOTICE IS HEREBY GIVEN that Huttonsville Public Service District, a public utility, has given notice to the Public Service Commission of its intent to file an Application for a Certificate of Convenience and Necessity for the construction, operation and maintenance of a potable water distribution system extension to serve approximately 438 customers along the Georgetown Road, Beaver Creek, McCall's Run, Right Fork of Mill Creek, Buck Run, Dry Run east of Mill Creek, portions of Becky Creek, 2.25 miles of US Route 219 south of Huttonsville, Valley Chapel and areas east, and 0.4 mile of US Route 250 south of Huttonsville Correctional Center in Randolph County, West Virginia.

The project will consist of the construction and installation of a 158,000 gallon storage tank, an 88,000 gallon storage tank, two 200 GPM booster stations, a 60 GPM booster station, a booster chlorination system, telemetry facilities, and approximately 177,000 linear feet of water line ranging in size from 2 inches to 12 inches, with total cost of the project not to exceed $6,244,000.00.

The District intends to finane the project by the following means:

The issuing of revenue bonds through West Virginia Infrastructure & Jobs Development Council in the amount not to exceed $952,000.00 and through U.S. Department of Agriculture, Rural Development, Rural Utilities Service (RUS), in the amount not to exceed $400,000.00, with the remaining funding for the project to be provided as grants from RUS in the amountnot to exceed $2,000,000.00 from Small Cities Block Grant in an amount not to exceed $1,500,000.00, and from West Virginia Infrastructure & Jobs Development Council not to exceed $1,392,000.00. No interim financing is contemplated at this time.

The proposed project-related rates per month for the project are not to exceed the following:

Available for general domestic (residential), commercial and industrial service.

First 3000 gallons	-	$7.13 per 1000 gallons
Next 7000 gallons	-	$5.71 per 1000 gallons
Over 10,000 gallons	-	$3.84 per 1000 gallons

These rates represent the following increases:

	($) Increase	(%) Increase
First 3000 gallons	$ 0.15 per 1000 gallons	2.15 percent
Next 7000 gallons	$0.12 per 1000 gallons	2.15 percent
Over 10,000 gallons	$0.07 per 1000 gallons	1.86 percent

The District has no reslae customers

The proposed increased rates and charges will provide approximately $113,518.00 annually in additional revenue, an increase of 41 percent.

The increases shown are based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges are only a proposal and are subject to change (increases or decreases) by the Public Service Commission in its review of this filing.

Proposed Connection Charges are as follows:

Prior to start of constructon	-	$100.00
After start of construction	-	$300.00

This represents no increase over current connection charges.

Proposed Customer Security Deposit is $50.00, whicdh is a proposed new charge.

Any increase in rates and charges will not become effective until authorized and approved by the Public Service Commission in the Certificate of Convenience and Necessity Application. Following the filing of the formal Application there will be an additional public notice and opportunity for the submission of public protest. It is anticipated that the formal Application will be filed within 30 days of the publication of this notice.

Huttonsville Public Service District, a public utility in Randolph County.

17

Cut for Married Couple | of Randolph, ss.

I, James Hoffman, Publisher of THE INTER-MOUNTAIN, a newspaper published at Elkins, in said county, do hereby certify that the annexed advertisement was published on the following dates:

June 14 June 21 _____ _____

20 02 as required by law.

Given under my hand this 21 day of June 20, 02

James Hoffman
Publisher

Printer's Fee: $ 212.48

NOTARY PUBLIC
STATE OF WEST VIRGINIA
SHIRLEY A. MENEAR
P.O. BOX 1351
ELKINS, WV 26241
My commission expires April 15, 2012

Subscribed and sworn to before me this 21 day of June, 20, 02.

Shirley A Menear
Notary Public

My Commission Expires the 15th day of April, 20 12.

LEGAL ADVERTISEMENT

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered by the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 23rd day of October, 2002.

CASE NO. 02-1678-PWD-CN

HUTTONSVILLE PUBLIC SERVICE DISTRICT
PO Box 277
Mill Creek, WV 26280-0277
Application for a Certificate of Convenience and Necessity to construct approximately 178,000 LF of 12", 10", 8", 6", 4" and 2" waterlines, two water storage tanks, and three water booster pump stations to serve approximately 438 potential customers.

NOTICE OF FILING

WHEREAS, on October 23, 2002, Huttonsville Public Service District, a public utility, filed an application, duly verified, for a Certificate to construct certain additions and improvements to the District's system in Randolph County. The application is on file with and available for public inspection at the Public Service Commission, 201 Brooks Street, in Charleston, West Virginia.

WHEREAS, the District estimates that construction will cost approximately $6,244,000.00. It is proposed that the construction will be financed as follows: WV Infrastructure & Jobs Development Council Loan in the amount of $952,000.00; WV Infrastructure & Jobs Development Council Grant in the amount of $1,392,000.00; USDA Rural Utilities Service Loan in the amount of $400,000.00; USDA Rural Utilities Service Grant in the amount of $2,000,000.00; and, Small Cities Block Grant in the amount of $1,500,000.00.

WHEREAS, the utility anticipates charging the following water rates for its customers:

First 3000 gallons	@$7.13 per 1000 gallons
Next 7000 gallons	@$5.71 per 1000 gallons
Over 10,000 gallons	@$3.84 per 1000 gallons

MINIMUM MONTHLY BILL for 3,000 $21.39 per month

DELAYED PAYMENT PENALTY
The above tariff is net. On all accounts not paid in full within twenty (20) days of the latest pay date, ten percent (10%) will be added to 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.

CONNECTION CHARGE
Prior to construction — $100.00
After construction passes the premises to be served, charge for connection to system — $300.00

These rates represent the following project-related increases:

	($)INCREASE	(%)INCREASE
Residential	$0.15 per 1000 gallons	2.15 percent
Commercial	$0.12 per 1000 gallons	2.15 percent
Industrial	$0.07 per 1000 gallons	1.86 percent
Resale	N/A	
Other	N/A	

The District has no resale customers.

The proposed increased rates and charges will produce approximately $113,517.97 annually in additional revenue, an increase of 41.2 percent.

The increases shown are based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges are only a proposal and are subject to change (increases or decreases) by the Public Service Commission in its review of this filing.

Pursuant to §24-2-11, West Virginia Code, IT IS ORDERED that the Huttonsville Public Service District give notice of the filing of said application, by publishing a copy of this order once in a newspaper duly qualified by the Secretary of State, published and of general circulation in Randolph County, making due return to this Commission of proper certification of publication immediately after publication. Anyone desiring to protest or intervene should file a written protest or notice of intervention within 30 days following the date of this publication unless otherwise modified by Commission order. Failure to timely protest or intervene can affect your right to protest aspects of this certificate case, including any associated rate increases or to participate in future proceedings. All protests or requests to intervene should briefly state the reason for the protest or intervention. Requests to intervene must comply with the Commission's rules on intervention set forth in the Commission's Rules of Practice and Procedure. All protests and interventions should be addressed to Sandra Squire, Executive Secretary, P.O. Box 812, Charleston, West Virginia 25323.

IT IS FURTHER ORDERED that if no protests are received within said thirty (30) day period, the Commission may waive formal hearing and grant the application based on the evidence submitted with said application and its review thereof.

OR THE COMMISSION:

Sandra Squire
Executive Secretary

1-17

s Hoffman, Publisher of THE INTER-MOUNTAIN, a news-
ublished at Elkins, in said county, do hereby certify that
exed advertisement was published on the following dates:

17 _____ _____ _____

_____ as required by law.

nder my hand this 17 day of January 20, 03

Dawn Hoffman
Publisher

s Fee: $ 146.30

_____day of January, 20, 03

Shirley A Reneau
Notary Public

day of April, 20 12

Detainees Mis.

of Randolph, ss.

I, James Hoffman, Publisher of THE INTER-MOUNTAIN, a newspaper published at Elkins, in said county, do hereby certify that the annexed advertisement was published on the following dates:

Jan 17

20 03 as required by law.

Given under my hand this 17 day of January 20, 03

James Hoffman
Publisher

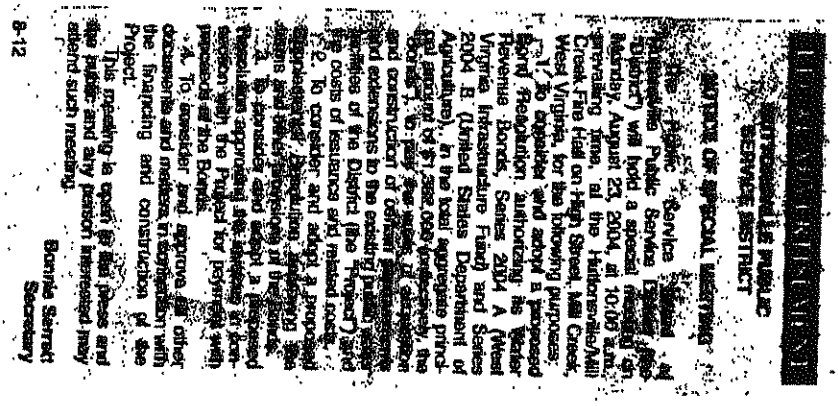
Printer's Fee: $ 146.30

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
SHIRLEY A. MENEAR
P.O. BOX 1351
ELKINS, WV 26241
My commission expires April 15, 2012

Subscribed and sworn to before me this 17 day of January, 20, 03

Shirley A Menear
Notary Public

My Commission Expires the 15th day of April, 20 12



State of West Virginia, County of Randolph, ss.

I, Donald W. Smith, General Manager of THE INTER-MOUNTAIN, a newspaper published at Elkins, in said county, do hereby certify that the annexed advertisement was published on the following dates:

Aug 12 _____ _____ _____

20 04 as required by law.

Given under my hand this 12th day of Aug 20 04

Donald Smith
General Manager

Printer's Fee: $ 38.96

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
SHIRLEY A. MENEAR
P.O. BOX 1351
ELKINS, WV 26241
My commission expires April 15, 2012

Subscribed and sworn to before me this 12th day of August, 20 04

Shirley A Menear
Notary Public

My Commission Expires the 15th day of April, 20 12

NUMBER

AR-1

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HUTTONSVILLE PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2004 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1

$952,000

KNOW ALL MEN BY THESE PRESENTS: That HUTTONSVILLE PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Randolph County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns, the sum of NINE HUNDRED FIFTY TWO THOUSAND DOLLARS ($952,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2006, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated August 25, 2004.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public water facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. The existing public water facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of

West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on August 23, 2004, and a Supplemental Resolution duly adopted by the Issuer on August 23, 2004 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 1996, DATED JUNE 7, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,000,000 (THE "SERIES 1996 BONDS"); (2) WATER REVENUE BONDS, SERIES 2000 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JULY 27, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $731,000 (THE "SERIES 2000 A BONDS"); AND (3) WATER REVENUE BONDS, SERIES 2004 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED AUGUST 25, 2004, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $400,000 (THE "SERIES 2004 B BONDS"). THE SERIES 1996 BONDS AND THE SERIES 2000 A BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the System, on a parity with the pledge of Net Revenues in favor of the registered owners of the Prior Bonds and the Series 2004 B Bonds, and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2004 A Bonds Reserve Account") and unexpended proceeds of this Bond. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 2004 A Bonds Reserve Account and unexpended proceeds of this Bond. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount of principal of and interest, if any, on this Bond payable in any year and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Prior Bonds and the Series 2004 B Bonds; provided however, that so long as there exists in the Series 2004 A Bonds Reserve Account, an amount at least equal to the maximum amount of principal and interest, if any, which will become due on this Bond in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a

parity with this Bond, including the Prior Bonds and the Series 2004 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owner (as defined in the Bond Legislation) of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owner of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

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

IN WITNESS WHEREOF, HUTTONSVILLE PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairperson and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated August 25, 2004.

[SEAL]

HUTTONSVILLE PUBLIC SERVICE DIST.
ESTABLISHED
JUNE 13, 1972

Chairperson

SPECIMEN

ATTEST:

Secretary

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2004 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below.

Date: August 25, 2004.

MOUNTAIN VALLEY BANK,
NATIONAL ASSOCIATION, as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$140,754	8/25/04	(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $_____

NUMBER

AR-1

EXHIBIT B
DEBT SERVICE SCHEDULE

$952,000

Huttonsville Public Service District (West Virginia)
0% Interest Rate, 40 Years from Closing Date
Closing Date: August 25, 2004

Debt Service Schedule

Part 1 of 4

Date	Principal	Coupon	Total P+I
09/01/2004	-	-	-
12/01/2004	-	-	-
03/01/2005	-	-	-
06/01/2005	-	-	-
09/01/2005	-	-	-
12/01/2005	-	-	-
03/01/2006	-	-	-
06/01/2006	6,222.23	-	6,222.23
09/01/2006	6,222.23	-	6,222.23
12/01/2006	6,222.23	-	6,222.23
03/01/2007	6,222.23	-	6,222.23
06/01/2007	6,222.23	-	6,222.23
09/01/2007	6,222.23	-	6,222.23
12/01/2007	6,222.23	-	6,222.23
03/01/2008	6,222.23	-	6,222.23
06/01/2008	6,222.23	-	6,222.23
09/01/2008	6,222.23	-	6,222.23
12/01/2008	6,222.23	-	6,222.23
03/01/2009	6,222.23	-	6,222.23
06/01/2009	6,222.23	-	6,222.23
09/01/2009	6,222.23	-	6,222.23
12/01/2009	6,222.23	-	6,222.23
03/01/2010	6,222.23	-	6,222.23
06/01/2010	6,222.23	-	6,222.23
09/01/2010	6,222.23	-	6,222.23
12/01/2010	6,222.23	-	6,222.23
03/01/2011	6,222.23	-	6,222.23
06/01/2011	6,222.23	-	6,222.23
09/01/2011	6,222.23	-	6,222.23
12/01/2011	6,222.23	-	6,222.23
03/01/2012	6,222.23	-	6,222.23
06/01/2012	6,222.23	-	6,222.23
09/01/2012	6,222.23	-	6,222.23
12/01/2012	6,222.23	-	6,222.23
03/01/2013	6,222.23	-	6,222.23
06/01/2013	6,222.23	-	6,222.23
09/01/2013	6,222.23	-	6,222.23
12/01/2013	6,222.23	-	6,222.23
03/01/2014	6,222.23	-	6,222.23
06/01/2014	6,222.23	-	6,222.23
09/01/2014	6,222.23	-	6,222.23
12/01/2014	6,222.22	-	6,222.22
03/01/2015	6,222.22	-	6,222.22
06/01/2015	6,222.22	-	6,222.22

$952,000

Huttonsville Public Service District (West Virginia)
0% Interest Rate, 40 Years from Closing Date
Closing Date: August 25, 2004

Debt Service Schedule

Part 2 of 4

Date	Principal	Coupon	Total P+I
09/01/2015	6,222.22	-	6,222.22
12/01/2015	6,222.22	-	6,222.22
03/01/2016	6,222.22	-	6,222.22
06/01/2016	6,222.22	-	6,222.22
09/01/2016	6,222.22	-	6,222.22
12/01/2016	6,222.22	-	6,222.22
03/01/2017	6,222.22	-	6,222.22
06/01/2017	6,222.22	-	6,222.22
09/01/2017	6,222.22	-	6,222.22
12/01/2017	6,222.22	-	6,222.22
03/01/2018	6,222.22	-	6,222.22
06/01/2018	6,222.22	-	6,222.22
09/01/2018	6,222.22	-	6,222.22
12/01/2018	6,222.22	-	6,222.22
03/01/2019	6,222.22	-	6,222.22
06/01/2019	6,222.22	-	6,222.22
09/01/2019	6,222.22	-	6,222.22
12/01/2019	6,222.22	-	6,222.22
03/01/2020	6,222.22	-	6,222.22
06/01/2020	6,222.22	-	6,222.22
09/01/2020	6,222.22	-	6,222.22
12/01/2020	6,222.22	-	6,222.22
03/01/2021	6,222.22	-	6,222.22
06/01/2021	6,222.22	-	6,222.22
09/01/2021	6,222.22	-	6,222.22
12/01/2021	6,222.22	-	6,222.22
03/01/2022	6,222.22	-	6,222.22
06/01/2022	6,222.22	-	6,222.22
09/01/2022	6,222.22	-	6,222.22
12/01/2022	6,222.22	-	6,222.22
03/01/2023	6,222.22	-	6,222.22
06/01/2023	6,222.22	-	6,222.22
09/01/2023	6,222.22	-	6,222.22
12/01/2023	6,222.22	-	6,222.22
03/01/2024	6,222.22	-	6,222.22
06/01/2024	6,222.22	-	6,222.22
09/01/2024	6,222.22	-	6,222.22
12/01/2024	6,222.22	-	6,222.22
03/01/2025	6,222.22	-	6,222.22
06/01/2025	6,222.22	-	6,222.22
09/01/2025	6,222.22	-	6,222.22
12/01/2025	6,222.22	-	6,222.22
03/01/2026	6,222.22	-	6,222.22
06/01/2026	6,222.22	-	6,222.22

$952,000

Huttonsville Public Service District (West Virginia)
0% Interest Rate, 40 Years from Closing Date
Closing Date: August 25, 2004

Debt Service Schedule

Part 3 of 4

Date	Principal	Coupon	Total P+I
09/01/2026	6,222.22	-	6,222.22
12/01/2026	6,222.22	-	6,222.22
03/01/2027	6,222.22	-	6,222.22
06/01/2027	6,222.22	-	6,222.22
09/01/2027	6,222.22	-	6,222.22
12/01/2027	6,222.22	-	6,222.22
03/01/2028	6,222.22	-	6,222.22
06/01/2028	6,222.22	-	6,222.22
09/01/2028	6,222.22	-	6,222.22
12/01/2028	6,222.22	-	6,222.22
03/01/2029	6,222.22	-	6,222.22
06/01/2029	6,222.22	-	6,222.22
09/01/2029	6,222.22	-	6,222.22
12/01/2029	6,222.22	-	6,222.22
03/01/2030	6,222.22	-	6,222.22
06/01/2030	6,222.22	-	6,222.22
09/01/2030	6,222.22	-	6,222.22
12/01/2030	6,222.22	-	6,222.22
03/01/2031	6,222.22	-	6,222.22
06/01/2031	6,222.22	-	6,222.22
09/01/2031	6,222.22	-	6,222.22
12/01/2031	6,222.22	-	6,222.22
03/01/2032	6,222.22	-	6,222.22
06/01/2032	6,222.22	-	6,222.22
09/01/2032	6,222.22	-	6,222.22
12/01/2032	6,222.22	-	6,222.22
03/01/2033	6,222.22	-	6,222.22
06/01/2033	6,222.22	-	6,222.22
09/01/2033	6,222.22	-	6,222.22
12/01/2033	6,222.22	-	6,222.22
03/01/2034	6,222.22	-	6,222.22
06/01/2034	6,222.22	-	6,222.22
09/01/2034	6,222.22	-	6,222.22
12/01/2034	6,222.22	-	6,222.22
03/01/2035	6,222.22	-	6,222.22
06/01/2035	6,222.22	-	6,222.22
09/01/2035	6,222.22	-	6,222.22
12/01/2035	6,222.22	-	6,222.22
03/01/2036	6,222.22	-	6,222.22
06/01/2036	6,222.22	-	6,222.22
09/01/2036	6,222.22	-	6,222.22
12/01/2036	6,222.22	-	6,222.22
03/01/2037	6,222.22	-	6,222.22
06/01/2037	6,222.22	-	6,222.22

$952,000

Huttonsville Public Service District (West Virginia)
0% Interest Rate, 40 Years from Closing Date
Closing Date: August 25, 2004

Debt Service Schedule

Part 4 of 4

Date	Principal	Coupon	Total P+I
09/01/2037	6,222.22	-	6,222.22
12/01/2037	6,222.22	-	6,222.22
03/01/2038	6,222.22	-	6,222.22
06/01/2038	6,222.22	-	6,222.22
09/01/2038	6,222.22	-	6,222.22
12/01/2038	6,222.22	-	6,222.22
03/01/2039	6,222.22	-	6,222.22
06/01/2039	6,222.22	-	6,222.22
09/01/2039	6,222.22	-	6,222.22
12/01/2039	6,222.22	-	6,222.22
03/01/2040	6,222.22	-	6,222.22
06/01/2040	6,222.22	-	6,222.22
09/01/2040	6,222.22	-	6,222.22
12/01/2040	6,222.22	-	6,222.22
03/01/2041	6,222.22	-	6,222.22
06/01/2041	6,222.22	-	6,222.22
09/01/2041	6,222.22	-	6,222.22
12/01/2041	6,222.22	-	6,222.22
03/01/2042	6,222.22	-	6,222.22
06/01/2042	6,222.22	-	6,222.22
09/01/2042	6,222.22	-	6,222.22
12/01/2042	6,222.22	-	6,222.22
03/01/2043	6,222.22	-	6,222.22
06/01/2043	6,222.22	-	6,222.22
09/01/2043	6,222.22	-	6,222.22
12/01/2043	6,222.22	-	6,222.22
03/01/2044	6,222.22	-	6,222.22
06/01/2044	6,222.22	-	6,222.22
Total	**$952,000.00**	**-**	**$952,000.00**

Yield Statistics

Bond Year Dollars	$19,769.86
Average Life	20.767 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	7.69E-11
Bond Yield for Arbitrage Purposes	7.69E-11
All Inclusive Cost (AIC)	7.70E-11

IRS Form 8038

Net Interest Cost	-
Weighted Average Maturity	20.767 Years

IF 8-02-04 | SINGLE PURPOSE | 8/ 2/2004 | 5:18 PM

Ferris, Baker Watts, Inc.
West Virginia Public Finance Office

AR-1

ASSIGNMENT

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

Dated: _____, ____.

_____

In the presence of:

_____

NUMBER

BR-1

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HUTTONSVILLE PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2004 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. BR-1

$400,000

FOR VALUE RECEIVED, HUTTONSVILLE PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Randolph County of said State (the "Issuer"), promises to pay to the order of the UNITED STATES OF AMERICA (the "Government"), at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, and in the manner provided below, the principal sum of FOUR HUNDRED THOUSAND DOLLARS ($400,000), or such lesser amount as is set forth on the Record of Advances attached hereto and incorporated herein by reference, plus interest on the unpaid principal balance at the rate of 4.5% per annum.

The principal of and interest on this Bond shall be paid in the following installments on the following dates: Monthly installments of interest only on the amounts advanced hereunder, commencing 30 days following the date of delivery of this Bond and continuing on the corresponding day of each month thereafter for the first 24 months after the date hereof, and thereafter, on the corresponding day of each month in installments of principal and interest in the aggregate amount of $1,836, except that the final installment shall be paid at the end of 40 years from the date of this Bond in the sum of the unpaid principal and interest due on the date thereof and except that prepayments may be made as provided below. This consideration shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to the Issuer as requested by the Issuer and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Issuer. Extra payments, as defined in the regulations of the Government, shall, after payment of interest, be applied to the installment last to come due under this Bond and shall not affect the obligation of the Issuer to pay the remaining installments as scheduled herein.

Any amount advanced or expended by the Government for the collection hereof, or to preserve or to protect any security therefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government, shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by the Issuer to the Government without demand. The Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Government. The Issuer has granted to the Government a lien on the proceeds of this Bond until such proceeds are expended for authorized purposes.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public water facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. The existing public water facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), a Bond Resolution duly adopted by the Issuer on August 23, 2004, and a Supplemental Resolution duly adopted by the Issuer on August 23, 2004 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S (1)WATER REVENUE BONDS, SERIES 1996, DATED JUNE 7, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,000,000 (THE "SERIES 1996 BONDS"); (2)WATER REVENUE BONDS, SERIES 2000 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JULY 27, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $731,000 (THE "SERIES 2000 A BONDS"); AND (3) WATER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED AUGUST 25, 2004, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $952,000 (THE "SERIES 2004 A BONDS"). THE SERIES 1996 BONDS AND THE SERIES 2000 A BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the System, on a parity with the pledge of Net Revenues in favor of the registered owners of the Prior Bonds and the Series 2004 A

Bonds, and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2004 B Bonds Reserve Account") and unexpended proceeds of this Bond. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2004 B Bonds Reserve Account and unexpended proceeds of this Bond. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates or charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount of principal of and interest on this Bond payable in any year and all other obligations secured by a lien or payable from such revenues on a parity with this Bond, including the Prior Bonds and the Series 2004 A Bonds; provided however, that so long as there exists in the Series 2004 B Bonds Reserve Account, an amount at least equal to the maximum amount of principal and interest which will become due on this Bond in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with this Bond, including the Prior Bonds and the Series 2004 A Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owner (as defined in the Bond Legislation) of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owner of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth in the Bond Legislation, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Secretary of the Issuer, as registrar (the "Registrar"), which shall be kept for that purpose at the office of the Registrar, by the Registered Owner or by its attorney or legal representative duly authorized in writing, upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the Registered Owner or its attorney or legal representative duly authorized in writing.

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

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

The Issuer hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for such purposes and periods of time.

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

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

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

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

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

IN WITNESS WHEREOF, HUTTONSVILLE PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairperson and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated August 25, 2004.

HUTTONSVILLE PUBLIC SERVICE DIST.
ESTABLISHED
JUNE 13, 1972

[SEAL]

Chairperson

SPECIMEN

ATTEST:

Secretary

SPECIMEN

BR-1

RECORD OF ADVANCES

SPECIMEN

	AMOUNT	DATE		AMOUNT	DATE
(1)	$82,200	8/25/04	(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $_____

BR-1

ASSIGNMENT

SPECIMEN

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 thereof with full power of substitution in the premises.

Dated: _____, ___.

_____

In the presence of:

_____

BOND REGISTER 2.14 (A)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HUTTONSVILLE PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2004 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

Bond Number	Principal Amount	Date of Bond
No. AR-1	$952,000	August 25, 2004

NO WRITING ON THIS BOND REGISTER EXCEPT BY THE REGISTRAR

Name of Registered Owner:	Signature of Registrar:
West Virginia Water Development Authority 180 Association Drive Charleston, WV 25311	Mountain Valley Bank, National Association Authorized Representative

08/05/04
000630/00306

M0387438.1

20A

BOND REGISTER 2.14 (B)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HUTTONSVILLE PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2004 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

Bond Number	Principal Amount	Date of Bond
No. BR-1	$400,000	August 25, 2004

NO WRITING ON THIS BOND REGISTER EXCEPT BY THE REGISTRAR

Name of Registered Owner:

United States of America
National Finance Office
1520 Market Street
St. Louis, Missouri 63103

Signature of Registrar:

Huttonsville Public Service District

Secretary

07/09/04
000630/00306

M0387441.1

HUTTONSVILLE PUBLIC SERVICE DISTRICT

Water Revenue Bond, Series 1996

BOND RESOLUTION

Table of Contents

Subject		Page
	ARTICLE I **STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS**	
Section 1.01	Authority for This Resolution	1
Section 1.02	Findings and Determinations	1
Section 1.03	Bond Legislation Constitutes Contract	3
Section 1.04	Definitions	3
	ARTICLE II **AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT**	
Section 2.01	Authorization of Acquisition and Construction of the Project	8
	ARTICLE III **AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND**	
Section 3.01	Authorization of Bond	9
Section 3.02	Description of Bond	9
Section 3.03	Negotiability, Registration, Transfer and Exchange of Bond	9
Section 3.04	Bond Registrar	10
Section 3.05	Execution of Bond	10
Section 3.06	Bond Mutilated, Destroyed, Stolen or Lost	10
Section 3.07	Bond Secured by Pledge of Net Revenues	11
Section 3.08	Form of Bond	11
	FORM OF BOND	12

ARTICLE IV
SYSTEM REVENUES AND APPLICATION THEREOF; DISPOSITION OF BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 4.01	Establishment of Funds and Accounts with Depository Bank	18
Section 4.02	Bond Proceeds; Project Construction Account	18
Section 4.03	Covenants of the Issuer as to System Revenues and Funds	19
Section 4.04	Interim Construction Financing	22

ARTICLE V
GENERAL COVENANTS, ETC.

Section 5.01	General Statement	23
Section 5.02	Rates	23
Section 5.03	Sale of the System	23
Section 5.04	Issuance of Additional Parity Bonds or Obligations	23
Section 5.05	Insurance and Bond	23
Section 5.06	Statutory Mortgage Lien	25
Section 5.07	Events of Default	25
Section 5.08	Enforcement	25
Section 5.09	Fiscal Year; Budget	26
Section 5.10	Compensation of Members of Governing Body	26
Section 5.11	Covenant to Proceed and Complete	26
Section 5.12	Books and Records; Audits	26
Section 5.13	Maintenance of System	27
Section 5.14	No Competition	27

ARTICLE VI
RATES, ETC.

Section 6.01	Initial Schedule of Rates and Charges; Rules	28

ARTICLE VII
MISCELLANEOUS

Section 7.01	Payment of Bond	29
Section 7.02	Modification or Amendment	29
Section 7.03	Delivery of Bond	29
Section 7.04	Severability of Invalid Provisions	29
Section 7.05	Conflicting Provisions Repealed	29
Section 7.06	Table of Contents and Headings	29
Section 7.07	Covenant of Due Procedure, Etc.	29
Section 7.08	Effective Time	30
	SIGNATURES	30
	CERTIFICATION	31

HUTTONSVILLE PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF $1,000,000 WATER REVENUE BOND, SERIES 1996, OF HUTTONSVILLE PUBLIC SERVICE DISTRICT, TO FINANCE THE COST, NOT OTHERWISE PROVIDED, OF ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF AN EXISTING WATER SYSTEM AND IMPROVEMENTS AND EXTENSIONS THERETO, AND ALL APPURTENANT FACILITIES; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BOND; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF HUTTONSVILLE PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for This Resolution. This Resolution is adopted pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law. Huttonsville Public Service District (the "Issuer") is a public corporation and public service district and political subdivision of the State of West Virginia in Randolph County of said State, duly created pursuant to the Act by The County Commission of Randolph County.

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

A. The Issuer does not currently own or operate a public waterworks system. The Issuer desires to finance and acquire, construct, operate and maintain certain public service properties consisting of an existing water system, and improvements and extensions to such existing waterworks facilities, within the boundaries of the Issuer to be owned and operated by the Issuer.

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer, and, accordingly, it is hereby ordered, that there be acquired certain waterworks facilities heretofore owned by Valley Water Company, and that there be constructed certain improvements and extensions thereto, the abandonment of the Valley Water Company plant, and replacement of approximately fifteen and one-half (15-1/2) miles of watermain, and all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed with the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The Project and any further extensions or improvements thereto constituting waterworks facilities, are herein called the "System." The Issuer will purchase water from the Town of Beverly pursuant to a water purchase contract between the Issuer and the Town of Beverly. The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

C. The estimated revenues to be derived in each year from the operation of the System after completion of the Project will be sufficient to pay all costs of operation and maintenance of the System, the principal of and interest on the Bond (as hereinafter defined) and all debt service, reserve fund and other payments provided for herein.

D. The estimated maximum cost of the acquisition and construction of the Project is $2,839,000, of which $1,000,000 will be obtained from the proceeds of sale of the Bond herein authorized, $1,134,000 from a grant by the Purchaser (as hereinafter defined), and $705,000 from a grant by the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia).

E. It is necessary for the Issuer to issue its water revenue bond in the principal amount of $1,000,000 to finance a portion of the cost of such acquisition and construction in the manner hereinafter provided. The cost of such acquisition and construction shall be deemed to include, without being limited to, the cost of acquisition and construction of the Project; the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; interest on the Bond prior to, during and for 6 months after completion of such acquisition or construction; engineering, fiscal agents and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the Project, administrative expense, and such other expenses as may be necessary or incident to the financing authorized hereby and the acquisition or construction of the properties and the placing of same in operation; provided, that reimbursement to the

Issuer for any amounts expended by it for the repayment of indebtedness incurred for costs of the Project by the Issuer shall be deemed costs of the Project.

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

G. There are no outstanding bonds or obligations of the Issuer which will rank prior to or on a parity with the Bond as to liens, pledge and/or source of and security for payment.

H. It is in the best interest of the Issuer that the Bond be sold to the Purchaser, pursuant to the terms and provisions of a Letter of Conditions dated June 24, 1993, and all amendments thereto, if any (collectively, the "Letter of Conditions").

I. The Issuer has complied with all requirements of law relating to the authorization of the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bond, or will have so complied prior to issuance of the Bond, including, among other things and without limitation, the consent and approval, pursuant to the Act and other applicable provisions of law, of the issuance of the Bond, the acquisition and construction of the Project, the imposition of rates and charges, and the obtaining of a certificate of public convenience and necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired or shall have been duly waived or otherwise provided for.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Bond by those who shall be the Registered Owner of the same from time to time, this Resolution (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owner, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Registered Owner of the Bond.

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

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

"Bond" means the Water Revenue Bond, Series 1996, authorized hereby to be issued pursuant to this Bond Legislation.

"Bond Legislation," "Bond Resolution" or "Resolution" means this Resolution and all resolutions supplemental hereto and amendatory hereof.

"Bond Registrar" means the Issuer, which shall usually so act by its Secretary.

"Chairman" means the Chairman of the Governing Body.

"Consulting Engineer" means Green Engineering, Inc., Philippi, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

"Depository Bank" means Mountain Valley Bank, National Association, Elkins, West Virginia, a bank or trust company which is a member of FDIC (herein defined), and its successors and assigns, except that with respect to the Project Construction Account, the Depository Bank shall be Citizens National Bank, Elkins, West Virginia.

"Facilities" or "waterworks facilities" means all the tangible properties of the System and also any tangible properties which may hereafter be added to the System by additions, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefor, hereafter at any time constructed or acquired..

"FDIC" means the Federal Deposit Insurance Corporation.

"Fiscal Year" means each year beginning on July 1 and ending on the succeeding June 30.

"Governing Body" means the Public Service Board of the Issuer.

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

"Herein" or "herein" means in this Bond Legislation.

"Issuer," "Borrower" or "District" means Huttonsville Public Service District, a public service district and public corporation and political subdivision of the State of West Virginia, in Randolph County, West Virginia, and includes the Governing Body.

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated June 24, 1993, and all amendments thereto, if any.

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

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed 1/6th of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital, provided that all monthly amortization payments upon the Bond and into the Reserve Fund and the Depreciation Fund have been made to the last monthly payment date prior to the date of such retention.

"Project" shall have the meaning stated in Section 1.02B above.

"Purchaser" or "Government" means United States Department of Agriculture, Rural Utilities Service (formerly Farmers Home Administration), and any successor thereof, acting for and on behalf of the United States of America.

"Qualified Investments" means and includes any of the following, to the extent such investments are permitted by law:

(a) Government Obligations;

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

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

(d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other

federal agency and backed by the full faith and credit of the United States of America;

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

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

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

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

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

"Registered Owner," "Bondholder," "Holder of the Bond" or any similar term means any person who shall be the registered owner of the Bond.

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

"Secretary" means the Secretary of the Governing Body.

"State" means the State of West Virginia.

"System" means the waterworks of the Issuer as improved, extended, enlarged and expanded by the Project, and includes the complete waterworks system of the Issuer and all waterworks facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the waterworks system; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the waterworks system of the Issuer.

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

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neuter gender shall include any other gender; and any requirement for execution or attestation of the Bond or any certificate or other document by the Chairman or the Secretary shall mean that such Bond, certificate or other document may be executed or attested by an Acting Chairman or Acting Secretary.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of $2,839,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Bond hereby authorized shall be applied as provided in Article IV hereof.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND

Section 3.01. Authorization of Bond. Subject and pursuant to the provisions of the Bond Legislation, the Bond of the Issuer, to be known as "Water Revenue Bond, Series 1996," is hereby authorized to be issued in the aggregate principal amount of not exceeding $1,000,000 for the purpose of permanently financing a portion of the cost of the acquisition and construction of the Project.

Section 3.02. Description of Bond. The Bond shall be issued in single form, numbered R-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The Bond shall bear interest from the date of delivery, payable monthly at the rate of 4.5% per annum, and shall be sold for the par value thereof.

The Bond shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the Bond form hereinafter set forth.

Section 3.03. Negotiability, Registration, Transfer and Exchange of Bond. The Bond shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Bond, and the right to principal of and stated interest on the Bond, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Bond Registrar.

Whenever the Bond shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Bond Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Bond Registrar with respect to such transfer.

No registration of transfer of the Bond shall be permitted to be made after the 15th day next preceding any installment payment date on the Bond.

Section 3.04. Bond Registrar. The Issuer shall be the Bond Registrar and will keep, or cause to be kept by its agent, at its office, sufficient books for the

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

The Bond Registrar shall accept the Bond for registration or transfer only if ownership thereof is to be registered in the name of the Purchaser, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Bond shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Bond shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be Federal Building, Room 320, 75 High Street, Morgantown, West Virginia 26505-7500, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Execution of Bond. The Bond shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Bond shall cease to be such officer of the Issuer before the Bond so signed and sealed has been actually sold and delivered, such Bond may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bond had not ceased to hold such office. Any Bond may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bond shall hold the proper office in the Issuer, although at the date of such Bond such person may not have held such office or may not have been so authorized.

Section 3.06. Bond Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Bond so surrendered shall be canceled and held for the account of the Issuer. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bond Secured by Pledge of Net Revenues. The payment of the debt service of the Bond shall be secured forthwith by a first lien on the Net Revenues derived from the System, in addition to the statutory mortgage lien on the System hereinafter provided for. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bond, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bond as the same become due.

Section 3.08. Form of Bond. Subject to the provisions hereof, the text of the Bond and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or by any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(FORM OF BOND)

HUTTONSVILLE PUBLIC SERVICE DISTRICT

WATER REVENUE BOND, SERIES 1996

$1,000,000

No. R-1 Date: _____

FOR VALUE RECEIVED, HUTTONSVILLE PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of ONE MILLION DOLLARS ($1,000,000), plus interest on the unpaid principal balance at the rate of 4.5% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and $4,590, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this

Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing the cost of improvements and extensions to the existing waterworks system (the "System") of the Borrower, is payable solely from and secured by the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation, nor shall the Borrower be obligated to pay the same or interest thereon except from the special fund so provided.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Resolution and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a resolution of the Borrower duly adopted authorizing issuance of this Bond (the "Resolution").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

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

IN WITNESS WHEREOF, HUTTONSVILLE PUBLIC SERVICE DISTRICT has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

HUTTONSVILLE PUBLIC SERVICE DISTRICT
(Name of Borrower)

[CORPORATE SEAL]

_____
(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

Post Office Box 277
(P. O. Box No. or Street Address)

Mill Creek, West Virginia 26280
(City, State and Zip Code)

ATTEST:

_____
(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Executive Official)

(Form of)

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(7)	$	
(2)	$		(8)	$	
(3)	$		(9)	$	
(4)	$		(10)	$	
(5)	$		(11)	$	
(6)	$		(12)	$	

TOTAL $

(Form of Assignment)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

ARTICLE IV

SYSTEM REVENUES AND APPLICATION THEREOF; DISPOSITION OF BOND PROCEEDS; FUNDS AND ACCOUNTS

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

(1) Revenue Fund;

(2) Reserve Fund;

(3) Depreciation Fund; and

(4) Project Construction Account.

Section 4.02. Bond Proceeds; Project Construction Account. The proceeds of the sale of the Bond shall be deposited upon receipt by the Issuer in the Project Construction Account. The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by the Depository Bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Moneys in the Project Construction Account shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

Until completion of acquisition and construction of the Project, the Issuer will additionally transfer from the Project Construction Account and pay to the Purchaser on or before the due date, such sums as shall be from time to time required to make the monthly installments on the Bond if there are not sufficient Net Revenues to make such monthly payment.

Pending application as provided in this Section 4.02, money and funds in the Project Construction Account shall be invested and reinvested at the direction of the Issuer, to the extent possible in accordance with applicable law, in Qualified Investments.

When acquisition and construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance

remaining in the Project Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

Section 4.03. Covenants of the Issuer as to System Revenues and Funds. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bond remaining unpaid, together with interest accrued to the date of such payment, the Issuer further covenants with the holder of the Bond as follows:

A. REVENUE FUND. The entire Gross Revenues derived from the operation of the System, and all parts thereof, and all Tap Fees received, shall be deposited in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Resolution and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in the Resolution.

B. DISPOSITION OF REVENUES. All Revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

(i) The Issuer shall first, each month, pay from the moneys in the Revenue Fund all current Operating Expenses.

(ii) The Issuer shall next, each month, on or before the due date of payment of each installment on the Bond, transfer from the Revenue Fund and remit to the National Finance Office designated in the Bond (or such other place as may be provided pursuant to the Bond), the amounts required to pay the interest on the Bond, and to amortize the principal of the Bond over the life of the Bond issue.

(iii) The Issuer shall next, each month, on each date that payment is made as set forth in (ii) above, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Reserve Fund, 1/12th of 1/10th of the amount, as of the date of calculation, equal to the maximum aggregate amount of principal and interest which will become due on the Bond in any year, until the amount in the Reserve Fund equals such maximum amount (the "Minimum Reserve"). After the Minimum Reserve has been accumulated in the Reserve Fund, the Issuer shall monthly deposit into the Reserve Fund such part of the moneys remaining in the Revenue Fund, after such

provision for payment of monthly installments on the Bond and for payment of Operating Expenses of the System, as shall be required to maintain the Minimum Reserve in the Reserve Fund. Moneys in the Reserve Fund shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Bond to said National Finance Office (or other place provided) as the same shall become due or for prepayment of installments on the Bond, or for mandatory prepayment of the Bond as hereinafter provided, and for no other purpose.

(iv) The Issuer shall next, each month, on each date that payment is made as set forth in (ii) above, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Depreciation Fund, the moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in the Depreciation Fund the aggregate sum of $142,000, and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Depreciation Fund shall be used first to make up any deficiencies for monthly payments of principal of and interest on the Bond as the same become due, and next to restore to the Reserve Fund any sum or sums transferred therefrom. Thereafter, and provided that payments into the Reserve Fund are current and in accordance with the foregoing provisions, moneys in the Depreciation Fund may be withdrawn by the Issuer and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part thereof.

(v) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, moneys remaining therein and not permitted to be retained therein, if any, may be used to prepay installments of the Bond, or for any lawful purpose.

Whenever the money in the Reserve Fund shall be sufficient to prepay the Bond in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Bond at the earliest practical date and in accordance with applicable provisions hereof.

The Depository Bank is hereby designated as the Fiscal Agent for the administration of the Reserve Fund and the Depreciation Fund herein provided, and all amounts required for the Reserve Fund and the Depreciation Fund will be deposited therein by the Issuer upon transfers of funds from the

Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund.

The Revenue Fund, the Reserve Fund and the Depreciation Fund shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Bond and the interest thereon, but the Depository Bank shall not be a trustee as to such funds.

If on any payment date the Revenues are insufficient to make the payments and transfers as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

The Depository Bank, at the direction of the Issuer, shall keep the moneys in the Reserve Fund and the Depreciation Fund invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Bond Legislation shall, unless otherwise provided herein or required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia State Board of Investments. Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Earnings upon moneys in the Reserve Fund, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually into the Revenue Fund by the Depository Bank.

C. CHANGE OF FISCAL AGENT. The Issuer may designate another bank or trust company insured by FDIC as Depository Bank and Fiscal Agent if the Depository Bank should cease for any reason to serve or if the Governing Body determines by resolution that the Depository Bank or its successor should no longer serve as Depository Bank. Upon any such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the Purchaser.

D. USER CONTRACTS. The Issuer shall, prior to delivery of the Bond, provide evidence that there will be at least 491 bona fide full-time users

upon the Project on completion, in full compliance with the requirements and conditions of the Purchaser.

E. CHARGES AND FEES. The Issuer shall remit from the Revenue Fund to the Depository Bank such additional sums as shall be necessary to pay the charges and fees of the Depository Bank then due.

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

G. REMITTANCES. All remittances made by the Issuer to the Depository Bank shall clearly identify the fund or account into which each amount is to be deposited.

H. GROSS REVENUES. The Gross Revenues of the System shall only be used for purposes of the System.

Section 4.04. Interim Construction Financing. In order to pay certain costs of the Project pending receipt of proceeds of the grants and advances of principal of the Bond, the Issuer may issue and sell its interim construction notes in an aggregate principal amount not to exceed $500,000 (the "Notes"). The Notes shall be in the form of a line of credit from a commercial bank or other lender, and the Issuer is hereby authorized to enter into a credit agreement, with such bank or other lender. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the credit agreement.

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

ARTICLE V

GENERAL COVENANTS, ETC.

Section 5.01. General Statement. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund a sum sufficient to prepay the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Bondholder.

Section 5.02. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide Revenues in each Fiscal Year sufficient to produce Net Revenues equal to not less than 110% of the annual debt service on the Bond and sufficient to make the payments required herein into the Reserve Fund and the Depreciation Fund and all the necessary expenses of operating and maintaining the System during such Fiscal Year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate Revenues for such purposes.

Section 5.03. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Bond is outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 5.04. Issuance of Additional Parity Bonds or Obligations. No additional parity bonds or obligations payable out of any of the Revenues of the System shall be issued after the issuance of the Bond pursuant hereto, except with the prior written consent of the Purchaser.

Section 5.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Bond remains outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

A. Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground structures of the System and mechanical and electrical equipment in place or stored on the site in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application

of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

B. Public Liability Insurance, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than $200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Bond.

C. Vehicular Public Liability Insurance, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated at any time or times for the benefit of the Issuer, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than $200,000 to protect the Issuer from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle for the Issuer.

D. Workers' Compensation Coverage for All Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds have been or will be filed with the Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39. Workers' compensation coverage shall be maintained as required by the laws of the State of West Virginia.

E. Flood Insurance to be procured, to the extent available at reasonable cost to the Issuer; however, if the System is located in a community which has been notified as having special flood or mudslide prone areas, flood insurance must be obtained.

F. Fidelity Bonds will be provided as to every member of the Governing Body and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount of $50,000 upon the treasurer, provided, however, that no bond shall be required insofar as custody of the

Project Construction Account is concerned so long as checks thereon require the signature of a representative of the Purchaser.

G. Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Bond is outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

Section 5.06. Statutory Mortgage Lien. For the further protection of the Holder of the Bond, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Bond.

Section 5.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

A. Failure to make payment of any monthly amortization installment upon the Bond at the date specified for payment thereof; and

B. Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Bond or herein, or violation of or failure to observe any provision of any pertinent law.

Section 5.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by the Purchaser, such court may, upon proof of such default appoint a receiver for the affairs of the Issuer and the System. The receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the court to obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 5.09. Fiscal Year; Budget. While the Bond is outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 30 days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each Fiscal Year.

If for any reason the Issuer shall not have adopted the Annual Budget before the 1st day of any Fiscal Year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the next year preceding by more than 10%; and provided further, that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the Issuer. Each such Budget of Current Expenses shall be mailed immediately to the Purchaser.

Section 5.10. Compensation of Members of Governing Body. The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision hereof.

Section 5.11. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the acquisition and construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer on file with the Secretary on the date of adoption hereof, subject to permitted changes.

Section 5.12. Books and Records; Audits. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

The Issuer shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public

accountants and shall mail a copy of such audit report to the Purchaser. The Issuer shall further comply with the Act with respect to such books, records and accounts.

Section 5.13. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bond is outstanding.

Section 5.14. No Competition. To the extent legally allowable, the Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

ARTICLE VI

RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Final Order of the Public Service Commission of West Virginia, entered on December 11, 1995, Case No. 94-0070-PWD-CN, which Final Order is incorporated herein by reference as a part hereof.

B. There shall not be any discrimination or differential in rates between customers in similar circumstances.

C. All delinquent fees, rates and charges for services or facilities of the System shall be liens on the premises served of equal degree, rank and priority with the lien on such premises of state, county, school and municipal taxes, as provided in the Act. The Issuer shall have all remedies and powers provided under the Act and other applicable provisions of law with regard to the collection and enforcement of such fees, rates and charges.

D. The Issuer will not render or cause to be rendered any free services of any nature by the System nor any of the facilities; and in the event that the Issuer or any department, agency, officer or employee thereof should avail itself or themselves of the services or facilities of the System, the same fees, rates and charges applicable to other customers receiving like services under similar circumstances shall be charged, such charges shall be paid as they accrue, and revenues so received shall be deposited and accounted for in the same manner as other Revenues of the System.

E. The Issuer may require any applicant for any service by the System to deposit a reasonable and equitable amount to insure payment of all charges for the services rendered by the System, which deposit shall be handled and disposed of under the applicable rules and regulations of the Public Service Commission of West Virginia.

F. The Issuer, to the extent permitted by law, will not accept payment of any water bill from a customer served with water and sewer services by the Issuer without payment at the same time of a sewer bill owed by such customer for the same premises.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Payment of Bond. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Bond, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Bond, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Bond, shall thereupon cease, terminate and become void and be discharged and satisfied.

Section 7.02. Modification or Amendment. Prior to issuance of the Bond, this Resolution may be amended or supplemented in any way by resolution. Following issuance of the Bond, no resolution amendatory hereof or supplemental hereto, shall be made without the prior written consent of the Purchaser.

Section 7.03. Delivery of Bond. The Chairman, Secretary and Treasurer of the Governing Body are hereby authorized and directed to cause the Bond, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 7.04. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed severable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bond.

Section 7.05. Conflicting Provisions Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47).

Section 7.06. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 7.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed

or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 7.08. Effective Time. This Resolution shall take effect immediately upon its adoption.

Adopted: June 7, 1996.

Chairman

Member

Member

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of HUTTONSVILLE PUBLIC SERVICE DISTRICT on the 7th day of June, 1996.

Dated: June 7, 1996.

[SEAL]

Secretary, Public Service Board

05/15/96
HUTJM.A4
437410/93001

HUTTONSVILLE PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2000 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

BOND AND LINE OF CREDIT RESOLUTION

Table of Contents

Page

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS
Section 1.01. Definitions 1
Section 1.02. Authority for this Resolution 7
Section 1.03. Findings 7
Section 1.04. Resolution Constitutes Contract 9

ARTICLE II

AUTHORIZATION OF ACQUISITION AND
CONSTRUCTION OF PROJECT
Section 2.01. Authorization of Acquisition and Construction of Project 10

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION,
REGISTRATION AND SALE OF BONDS
Section 3.01. Authorization of Bonds 11
Section 3.02. Terms of Bonds 11
Section 3.03. Execution of Bonds 11
Section 3.04. Negotiability, Transfer and Registration 12
Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost 13
Section 3.06. Bonds not to be Indebtedness of the Issuer 13
Section 3.07. Bonds Secured by Pledge of Net Revenues;
Lien Position with respect to Prior Bonds 13
Section 3.08. Form of Bonds 13
Section 3.09. Sale of Bonds 21

ARTICLE IV

LINE OF CREDIT

Section 4.01. Authorization of Line of Credit 22
Section 4.02. Security for the Note 22

ARTICLE V

SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. 23
Section 5.02. (Reserved) 23
Section 5.03. System Revenues and Application Thereof 23

ARTICLE VI

APPLICATION OF BOND PROCEEDS;
CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds;
Pledge of Unexpended Bond Proceeds 27
Section 6.02. Disbursements from Bond Construction Trust Fund 27

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer 28
Section 7.02. Bonds not to be Indebtedness of the Issuer 28
Section 7.03. Bonds Secured by Pledge of Net Revenues;
Lien Position with respect to Prior Bonds 28
Section 7.04. Initial Schedule of Rates and Charges 28
Section 7.05. Sale of the System 29
Section 7.06. Issuance of Other Obligations Payable Out of
Revenues and General Covenant Against Encumbrances 29
Section 7.07. Parity Bonds 29
Section 7.08. Books; Records and Audit 30
Section 7.09. Rates 32
Section 7.10. Fiscal Year; Budget 33
Section 7.11. No Competing Franchise 33
Section 7.12. Enforcement of Collections 33
Section 7.13. No Free Services 34
Section 7.14. Insurance and Bonds 34

Section 7.15. Certificate of Consulting Engineers 35
Section 7.16. Connections 36
Section 7.17. Statutory Mortgage Lien 36
Section 7.18. Completion of Project; Permits and Orders 36
Section 7.19. Compensation of Board Members 36

ARTICLE VIII

INVESTMENT OF FUNDS
Section 8.01. Investments 37

ARTICLE IX

DEFAULTS AND REMEDIES
Section 9.01. Events of Default 38
Section 9.02. Remedies 38
Section 9.03. Appointment of Receiver 38

ARTICLE X

PAYMENT OF BONDS
Section 10.01. Payment of Bonds 41

ARTICLE XI

MISCELLANEOUS
Section 11.01. Modification or Amendment 42
Section 11.02. Resolution Constitutes Contract 42
Section 11.03. Severability of Invalid Provisions 42
Section 11.04. Headings, Etc. 42
Section 11.05. Conflicting Provisions Repealed; Prior Resolutions 42
Section 11.06. Covenant of Due Procedure 42
Section 11.07. Effective Date 43

EXHIBIT A - PROJECT DESCRIPTION

HUTTONSVILLE PUBLIC SERVICE DISTRICT

BOND AND LINE OF CREDIT RESOLUTION

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING WATERWORKS SYSTEM OF HUTTONSVILLE PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT TO EXCEED $731,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2000 A (UNITED STATES DEPARTMENT OF AGRICULTURE), AND THE SALE THEREOF TO THE UNITED STATES OF AMERICA, UNITED STATES DEPARTMENT OF AGRICULTURE, RURAL UTILITIES SERVICE; AUTHORIZING A LINE OF CREDIT NOT TO EXCEED $731,000; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF HUTTONSVILLE PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

"Act" or "Bond Act" means Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended and in effect on the date of adoption of this Resolution.

"Board" means the public service board of the Issuer and shall include the membership of the Board as may hereafter be duly constituted as the legal successors to the present membership or any other authority vested with and authorized to exercise the powers of the Issuer.

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

"Bond Registrar" means the Issuer, which shall so serve by the Secretary of the Issuer.

"Bonds" means, collectively, the Series 2000 A Bonds, the Prior Bonds and any Additional Bonds hereafter issued within the terms, restrictions and conditions contained in this Resolution.

"Chairperson" means the Chairperson of the Governing Body of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Bonds for all or a portion of the proceeds of the Bonds.

"Consulting Engineers" means Green Engineering, Inc., Philippi, West Virginia, or any engineer or firm of engineers, licensed by the State, which shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System in accordance with Chapter 5G, Article 1 of the Code of West Virginia, 1931, as amended.

"Costs" or "Costs of the Project" means those costs described in Section 1.03E hereof to be a part of the cost of acquisition and construction 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.

"Depository Bank" means a state banking corporation or national banking association located in the State, eligible under the laws of the State to receive deposits of state and municipal funds and insured by the FDIC, which Depository Bank shall be named in the Supplemental Resolution.

"Depreciation Fund" means the Depreciation Fund established by the Prior Resolution and continued by Section 5.01 hereof.

"Event of Default" means any Event of Default specified in Section 8.01 hereof.

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

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

"Governing Body" or "Board" means the public service board of the Issuer, as is now or may hereafter be constituted.

"Government" means the United States of America, United States Department of Agriculture, Rural Utilities Service, which is expected to be the original purchaser of the Series 2000 A Bonds.

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

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

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

"Issuer" or "District" means Huttonsville Public Service District, a public service district, public corporation and political subdivision of the State, in Randolph County, West Virginia, and includes the Governing Body.

"Letter of Conditions" means, collectively, the Letter of Conditions from the Government dated March 23, 1998, and any supplements or amendments thereto.

"Line of Credit" means the line of credit authorized by Section 4.01 hereof, the terms and exact amount of which shall be approved by a resolution supplemental hereto.

"Line of Credit Agreement" means the agreement establishing and securing the Line of Credit, said agreement to be approved by a resolution supplemental hereto.

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

"Note" or "Notes" means the note evidencing the Line of Credit, said note to be approved by a resolution supplemental hereto.

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed 1/6th of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital, provided that all monthly amortization payments upon the Bonds and into the Reserve Accounts and the Depreciation Fund have been made to the last monthly payment date prior to the date of such retention.

"Outstanding," when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered except (i) any Bond canceled by the Bond Registrar at or prior to said date; (ii) any Bond for the payment of which moneys, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Section 10.06 hereof; and (iv) for purposes of consents or other action by a specified percentage of Bondholders, any Bonds registered to the Issuer.

"Prior Bonds" means the Issuer's Water Revenue Bonds, Series 1996, dated June 7, 1996, issued in the original aggregate principal amount of $1,000,000.

"Prior Resolution" means the resolution duly adopted by the Issuer on June 7, 1996, authorizing the Prior Bonds.

"Project" means the acquisition and construction of certain extensions, additions, betterments and improvements to the System, a description of which is attached hereto as Exhibit A and incorporated herein by reference.

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

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

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

(a) Government Obligations;

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

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

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

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

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

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

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

"Reserve Accounts" means, collectively, the respective reserve accounts of the Series 2000 A Bonds and the Prior Bonds.

"Resolution" means this resolution, as from time to time amended or supplemented.

"Revenue Fund" means the fund established by the Prior Resolution and continued by Section 5.01 hereof.

"Secretary" means the Secretary of the Governing Body of the Issuer.

"Series 2000 A Bonds" means the Huttonsville Public Service District Water Revenue Bonds, Series 2000 A (United States Department of Agriculture), authorized to be issued hereby.

"Series 2000 A Bonds Construction Trust Fund" means the Series 2000 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2000 A Bonds Reserve Account" means the Series 2000 A Bonds Reserve Account established by Section 5.01 hereof.

"Series 2000 A Bonds Reserve Requirement" means an amount equal to $40,272.

"Series 2000 A Bonds Sinking Fund" means the Series 2000 A Bonds Sinking Fund established by Section 5.03(A)(2) hereof.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the Supplemental Resolution authorizing the sale of the Series 2000 A Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2000 A Bonds and not so included may be included in another Supplemental Resolution.

"System" means the waterworks of the Issuer as improved, extended, enlarged and expanded by the Project, and includes the complete waterworks system of the Issuer and all waterworks facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the waterworks system; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the waterworks system of the Issuer.

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

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

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender; and any requirement for execution or attestation of the Series 2000 A Bonds or any certificate or other document by the Chairperson or the Secretary shall mean that such Bonds, certificate or other document may be executed or attested by an Acting Chairperson or Acting Secretary.

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

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

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

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

A. The Issuer is a public service district, public corporation and political subdivision of the State in Randolph County of said State. The Issuer presently owns and operates a public waterworks system. However, the Issuer deems it necessary and desirable for the health, welfare and safety of the inhabitants of the Issuer that there be acquired and constructed the Project, in accordance with the plans and specifications prepared by the Consulting Engineer, which plans and specifications have been approved by the Government and the Issuer.

B. The Issuer intends to permanently finance the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the Government.

C. The estimated maximum cost of acquisition and construction of the Project is $1,500,000. The Project will be financed with the proceeds of the sale of the Series 2000 A Bonds anticipated to be in the amount of $731,000, a grant from the Government in the amount of $469,000, and a grant from the Appalachian Regional Commission in the amount of $300,000.

D. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all Operating Expenses of the System, the principal of and interest on the Prior Bonds and the Series 2000 A Bonds and to make payments into all funds and accounts provided for in this Resolution and the Prior Resolution.

E. It is deemed necessary for the Issuer to issue the Series 2000 A Bonds in the aggregate principal amount of not more than $731,000, to permanently finance a portion of the costs of acquisition and construction of the Project. Such costs shall be deemed to include the cost of acquisition or construction of any public service properties, the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest on the Series 2000 A Bonds, prior to and during acquisition or construction and for six months after completion of acquisition or construction of the Project; 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 and such other expenses as may be necessary or incident to the financing herein authorized, the acquisition or construction of the Project and the placing of the same in operation, and the performance of the things herein required or permitted, in connection with any thereof.

F. The Series 2000 A Bonds shall be issued on a parity with the Prior Bonds as to liens, pledge and source of and security for payment and in all other respects. The Issuer has met the parity and coverage requirements of the Prior Bonds and the Prior Resolution. Prior to the issuance of the Series 2000 A Bonds, the Issuer will obtain the

consent of the Holders of the Prior Bonds to the issuance of the Series 2000 A Bonds on a parity with the lien of the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

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

H. It is in the best interests of the Issuer that the Series 2000 A Bonds be sold to the Government pursuant to the terms and provisions of the Letter of Conditions.

I. The Issuer has complied with all requirements of West Virginia law and the Letter of Conditions relating to authorization of the acquisition, construction and operation of the Project and issuance of the Series 2000 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of the PSC Order, the time for rehearing and appeal of which have expired.

Section 1.04. Resolution Constitutes Contract. In consideration of the acceptance of the Series 2000 A 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 of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF PROJECT

Section 2.01. Authorization of Acquisition and Construction of Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed $1,500,000, in accordance with the plans and specifications prepared by the Consulting Engineers, approved by the Government and the Issuer and heretofore filed in the office of the Governing Body. The proceeds of the Series 2000 A Bonds shall be applied as provided in Article VI hereof.

The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, which are in an amount and otherwise compatible with the terms of the Letter of Conditions.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS

Section 3.01. Authorization of Bonds. Subject and pursuant to the provisions of this Resolution, the Series 2000 A Bonds of the Issuer, to be known as "Huttonsville Public Service District Water Revenue Bonds, Series 2000 A (United States Department of Agriculture)," is hereby authorized to be issued in the aggregate principal amount of not more than $731,000, for the purpose of permanently financing a portion of the cost of acquisition and construction of the Project.

Section 3.02. Terms of Bonds. The Series 2000 A Bonds shall be issued as fully registered Bonds with a record of advances attached, numbered AR-1, and shall be dated the date of delivery thereof.

The Series 2000 A Bonds shall bear interest from the date of delivery on the amount outstanding as evidenced on the record of advances, payable monthly, commencing 30 days following the date of delivery of the Series 2000 A Bonds and continuing on the corresponding day of each month thereafter for the first 24 months after the date thereof, and thereafter, on the corresponding day of each month in installments of principal and interest in the aggregate amount of $3,356, except that the final installment shall be paid at the end of 40 years from the date of the Series 2000 A Bonds in the sum of the unpaid principal and interest due on the date thereof, at a rate, not exceeding 4.50% per annum, as shall be determined by the Supplemental Resolution and shall be sold for the par value thereof.

The Series 2000 A Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, shall be payable as provided in the Series 2000 A Bond form hereinafter set forth, and shall have such other terms not inconsistent with this Resolution, as shall be set forth in the Supplemental Resolution and such Series 2000 A Bond form.

Section 3.03. Execution of Bonds. The Series 2000 A Bonds shall be executed in the name of the Issuer by the manual or facsimile signature of the Chairperson, and the seal of the Issuer shall be impressed thereon and attested by the manual or facsimile signature of 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. Negotiability, Transfer and Registration. The Series 2000 A Bonds shall be and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State , but the Series 2000 A Bonds, and the right to principal of and stated interest on the Series 2000 A Bonds, may only be transferred by transfer of the registration thereof upon the books of the Bond Registrar, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Series 2000 A Bonds for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Bond Registrar.

Whenever the Series 2000 A Bonds shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Bond Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

No registration of transfer of the Series 2000 A Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Series 2000 A Bonds.

The Issuer shall be the Bond Registrar and will keep, or cause to be kept by its agent, at its office, books for the registration and transfer of the Series 2000 A Bonds and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2000 A Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Series 2000 A Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2000 A Bonds for registration or transfer only if ownership thereof is to be registered in the name of the Government, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Series 2000 A Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Series 2000 A Bonds shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be National Finance Office, 1520 Market Street, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2000 A Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue 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 the Issuer proof of ownership and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer may incur. All Bonds so surrendered shall be canceled 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 3.06. Bonds not to be Indebtedness of the Issuer. The Series 2000 A 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. No Holder or Holders of any of the Series 2000 A Bonds shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay the Series 2000 A Bonds or the interest thereon.

Section 3.07. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2000 A Bonds shall be secured by a first lien on the Net Revenues on a parity with the lien of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 2000 A Bonds and the Prior Bonds and to make the payments into all funds and accounts hereinafter established or established in the Prior Resolution, are hereby irrevocably pledged to the payment of the principal of and interest on the Series 2000 A Bonds and the Prior Bonds as the same become due.

Section 3.08. Form of Bonds. The text of the Series 2000 A 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
HUTTONSVILLE PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2000 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. AR-1 $_____ _____, 2000

FOR VALUE RECEIVED, HUTTONSVILLE PUBLIC SERVICE DISTRICT, a public corporation organized and existing under the laws of, and a political subdivision of, the State of West Virginia, in Randolph County (herein called the "Borrower"), promises to pay to the order of the United States of America (herein called the "Government"), at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, and in the manner provided below, the principal sum of _____ DOLLARS ($_____), or such lesser amount as is set forth on the Record of Advances attached hereto and incorporated herein by reference, plus interest on the unpaid principal balance at the rate of ___% per annum.

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

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to the Borrower as requested by the Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Borrower. Extra payments, as defined in the regulations of the Government, shall, after payment of interest, be applied to the installment last to come due under this Bond and shall not affect the obligation of the Borrower to pay the remaining installments as scheduled herein.

Any amount advanced or expended by the Government for the collection hereof, or to preserve or to protect any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government, shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by the Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government. Borrower has granted to the Government a lien on the proceeds of this Bond until such proceeds are expended for authorized purposes.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing waterworks system of the Borrower (the "Project" and together with any further extensions, additions, betterments and improvements thereto, herein called the "System"); and (ii) to pay certain costs of issuance and related costs. This Bond is authorized and issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), and a Resolution duly adopted by the Borrower on _____, 2000, as supplemented by a Supplemental Resolution duly adopted by the Borrower on _____, 2000 (collectively, the "Resolution"), and is subject to all the terms and conditions of the Resolution. 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 this Bond under the Resolution.

THIS BOND IS ISSUED ON A PARITY AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT WITH THE BORROWER'S WATER REVENUE BONDS, SERIES 1996, DATED JUNE 7, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,000,000 (THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of a first lien on the Net Revenues (as defined in the Resolution) to be derived from the operation of the System, which lien is on a parity with the lien of the Prior Bonds, moneys in the Series 2000 A Bonds Reserve Account created under the Resolution and unexpended proceeds of this Bond. Such

Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provisions or limitations, nor shall the Borrower be obligated to pay the same or the interest hereon except from the Net Revenues, the moneys in the Series 2000 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Resolution, the Borrower has covenanted and agreed to establish and maintain just and equitable rates or charges for the use of the System and the services rendered thereby, which shall be sufficient to provide for the proper and reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 120% of the average annual debt service requirements on this Bond, the Prior Bonds and on all obligations secured by or payable from such revenues on a parity with this Bond. The Borrower has entered into certain further covenants with the owner of this Bond for the terms of which reference is made to the Resolution. Remedies provided the owner of this Bond are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Resolution, only upon the books of the Secretary of the Borrower, as registrar (the "Registrar"), which shall be kept for that purpose at the office of the Registrar, by the owner or by its attorney or legal representative duly authorized in writing, upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar duly executed by the owner or its attorney or legal representative duly authorized in writing.

Subject to the registration requirements in the Resolution, 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.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for such purposes and periods of time.

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts connected with the issuance hereof, as provided by law and the Resolution, shall be applied solely to the costs of acquisition and construction of the Project, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the owner of this Bond.

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

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

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.

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

[The remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, HUTTONSVILLE PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairperson and its seal to be hereunto impressed and attested by its Secretary, all as of the date first written above.

HUTTONSVILLE PUBLIC SERVICE DISTRICT

_____

Chairperson

[SEAL]

ATTEST:

_____

Secretary

(Form of)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $		(19) $	
(2) $		(20) $	
(3) $		(21) $	
(4) $		(22) $	
(5) $		(23) $	
(6) $		(24) $	
(7) $		(25) $	
(8) $		(26) $	
(9) $		(27) $	
(10) $		(28) $	
(11) $		(29) $	
(12) $		(30) $	
(13) $		(31) $	
(14) $		(32) $	
(15) $		(33) $	
(16) $		(34) $	
(17) $		(35) $	
(18) $		(36) $	

TOTAL $

(Form of)

ASSIGNMENT

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

Dated: _____, ___.

_____

In the presence of:

_____

Section 3.09. Sale of Bonds. The Series 2000 A Bonds shall be sold to the Government pursuant to the terms and conditions of the Letter of Conditions. The provisions of the Letter of Conditions are specifically incorporated in this Resolution.

ARTICLE IV

LINE OF CREDIT

Section 4.01. Authorization of Line of Credit. To provide funds for the acquisition and construction of the Project when other funds are temporarily not available therefor, the Issuer is hereby authorized to arrange for a Line of Credit in an aggregate principal amount not to exceed $731,000. The exact amount and terms of the Line of Credit shall be approved by a resolution supplemental hereto; provided, that the Issuer has obtained an order of the PSC approving the Line of Credit, the time for rehearing and appeal of which has expired or the rights of all parties have been waived. The text of the Note and the Line of Credit Agreement shall be in substantially the form set forth in a resolution supplemental hereto.

Section 4.02. Security for the Note. The principal of and interest on the Note shall be payable solely from and secured by the proceeds of the Series 2000 A Bonds and the grants for the Project.

ARTICLE V

SYSTEM REVENUES AND APPLICATION THEREOF

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

(1) Revenue Fund (established by the Prior Resolution);

(2) Series 2000 A Bonds Construction Trust Fund;

(3) Series 2000 A Bonds Reserve Account; and

(4) Depreciation Fund (established by the Prior Resolution).

Section 5.02. (Reserved)

Section 5.03. System Revenues and Application Thereof. So long as the Bonds shall be Outstanding and unpaid, the Issuer covenants with the Bondholders as follows:

(A) The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Resolution and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided. Funds in the Revenue Fund shall be disposed of only in the following manner and order of priorities and as provided in the Prior Resolution.

(1) The Issuer shall first, each month, pay from the moneys in the Revenue Fund all current Operating Expenses.

(2) The Issuer shall next, each month, from the moneys in the Revenue Fund (i) make the interest payments on the Prior Bonds in the amounts and on the dates required by the Prior Resolution, and (ii) commencing on the day which is 30 days following the date of delivery of the Series 2000 A Bonds and continuing on the corresponding day of each month, remit to the address designated by the Series 2000 A Bonds (herein called the "Series 2000 A Bonds Sinking Fund"), the monthly payment of interest set forth in the Supplemental Resolution or such lesser amount as is evidenced by the Record of Advances attached to the Series 2000 A Bonds. If funds in the Revenue Fund are not sufficient to make

all the payments required by this Section, the Issuer shall apportion and prorate the funds available to the payments required herein.

(3) The Issuer shall next, each month, from the moneys in the Revenue Fund (i) make the principal payments of the Prior Bonds in the amounts and on the dates required by the Prior Resolution, and (ii) commencing on the day which is 24 months following the date of delivery of the Series 2000 A Bonds and continuing on the corresponding day of each month, remit to the Series 2000 A Bonds Sinking Fund, the monthly payment of principal set forth in the Supplemental Resolution or such lesser amount as is evidenced by the Record of Advances attached to the Series 2000 A Bonds, such amount being the amount required to amortize the principal of the Series 2000 A Bonds over the life of the Series 2000 A Bonds. If funds in the Revenue Fund are not sufficient to make all the payments required by this Section, the Issuer shall apportion and prorate the funds available to the payments required herein.

The deposits to the Series 2000 A Bonds Sinking Fund provided in this paragraph and in Section 5.03(A)(2) above, constitute actual payments of principal of and interest on the Series 2000 A Bonds to the Government.

(4) The Issuer shall next, each month, from the moneys in the Revenue Fund (i) make the reserve account payments into the Reserve Account of the Prior Bonds in the amounts and on the dates required by the Prior Resolution, and (ii) commencing on the day which is 24 months following the date of delivery of the Series 2000 A Bonds and continuing on the corresponding day of each month, remit to the Depository Bank for deposit in the Series 2000 A Bonds Reserve Account, an amount equal to ½ of 1/12th of 1/10th of the Series 2000 A Bonds Reserve Requirement, until the amount in the Series 2000 A Bonds Reserve Account equals the Series 2000 A Bonds Reserve Requirement. In the event additional monies shall be required to maintain the Series 2000 A Bonds Reserve Requirement in the Series 2000 A Bond Reserve Account, payment of monies to the Depreciation Fund as provided in Section 5.03(A)(5) hereof shall not be made but instead such payments shall be made to the Series 2000 A Bonds Reserve Account until the Series 2000 A Bonds Reserve Requirement is accumulated therein, at which time payments to the Depreciation Fund shall resume.

(5) The Issuer shall next, each month, from the moneys in the Revenue Fund, (i) make the payments into the Depreciation Fund in the amounts and on the dates required by the Prior Resolution, and (ii) commencing on the day which is 24 months following the date of delivery of the Series 2000 A Bonds and continuing on the corresponding day of each month, remit to the Depository Bank for deposit in Depreciation Fund, an amount equal to ½ of 1/12th of 1/10th of the Series 2000 A Bonds Reserve Requirement; provided, that after the Series 2000 A Bonds Reserve Requirement has been accumulated in the Series 2000 A Bonds Reserve Account as provided in Section 5.03(A)(4)(ii) hereof, the Issuer shall, each

month, remit to the Depository Bank for deposit in the Depreciation Fund, an amount equal to 1/12th of 1/10th of the Series 2000 A Bonds Reserve Requirement so long as the Series 2000 A Bonds are outstanding. Moneys in the Depreciation Fund shall be used first, to make up any deficiencies for monthly payments of principal of and interest on the Series 2000 A Bonds and the Prior Bonds as the same become due, and next to restore to the Reserve Accounts, any sum or sums transferred therefrom, all on a pro rata basis. Thereafter, and provided that payments into the Reserve Accounts are current and in accordance with the foregoing provisions, moneys in the Depreciation Fund may be withdrawn by the Issuer and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part therefor.

(6) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, moneys remaining therein and not permitted to be retained therein, if any, may be used to prepay installments of the Bonds, or for any lawful purpose.

Whenever the moneys in the Series 2000 A Bonds Reserve Account shall be sufficient to prepay the Series 2000 A Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2000 A Bonds at the earliest practical date and in accordance with applicable provisions hereof.

The Depository Bank shall keep the moneys in the Series 2000 A Bonds Reserve Account and the Depreciation Fund invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Resolution shall, unless otherwise provided herein or required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia Investment Management Board. Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and interest accruing thereon and any profit or loss realized from such investments shall be credited or charged to the appropriate fund or account.

(B) All of the funds and accounts provided for above shall constitute trust funds and shall be used only for the purposes provided herein.

(C) The moneys in excess of the sum insured by the maximum amounts insured by the FDIC in all funds and accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, by Government Obligations or such other obligations as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

(D) If on any monthly payment date the Net 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 payments dates; provided, that all deposits, including on account of deficiencies, shall be made in the order of priority set forth in Section 5.03(A), above, and no payment of lower priority shall be made if there exists a deficiency in a fund or account of higher priority.

(E) All remittances made by the Issuer to the Government or the Depository Bank shall clearly identify the fund or account into which each amount is to be deposited.

(F) The Gross Revenues of the System shall only be used for purposes of the System.

ARTICLE VI

APPLICATION OF BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. All the moneys received from time to time from the sale of the Series 2000 A Bonds shall be deposited in the Series 2000 A Bonds Construction Trust Fund and shall be used solely to pay costs of the Project and until so expended, are hereby pledged as additional security for the Series 2000 A Bonds.

Section 6.02. Disbursements from Bond Construction Trust Fund. The Series 2000 A Bonds Construction Trust Fund shall be kept separate and apart from all other funds of the Issuer, and shall be drawn out, used and applied by the Issuer solely for the payment of the costs of the Project and purposes incidental thereto, including payment of any borrowings by the Issuer made for the purpose of temporarily financing a portion of the costs of the Project, and for the payment of interest on the Series 2000 A Bonds during construction and for a period up to six months thereafter and for no other purposes whatsoever. If approved by the Government, the moneys in said fund shall be secured at all times by Government Obligations having a fair market value at least equal to the balance in said fund in excess of the amount insured by the FDIC. If for any reason the amounts on deposit in the Series 2000 A Bonds Construction Trust Fund are not necessary for, or are not applied to, such purposes, then such unapplied amounts shall be deposited by the Issuer as determined by the rules and regulations of the Government. All such proceeds shall constitute a trust fund for such purposes, and there is hereby created a lien upon such moneys, until so applied, in favor of the Holders of the Series 2000 A Bonds hereby authorized.

Expenditures or disbursements by the Depository Bank from the Series 2000 A Bonds Construction Trust Fund shall be made only after such expenditures or disbursements shall have been approved in writing by the Governing Body, the Consulting Engineers and the Government.

The Issuer shall coordinate with the Government on the monthly payment of the costs of the Project and shall submit invoices and requisitions as directed by the Government.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. 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 Series 2000 A 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 VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as the Series 2000 A Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Resolution. No Holder or Holders of any Bonds shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay the Series 2000 A Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2000 A Bonds shall be secured by a first lien on the Net Revenues on a parity with the lien of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 2000 A Bonds and to make the payments into all funds and accounts and all other payments provided for in this Resolution and the Prior Resolution are hereby irrevocably pledged, in the manner provided herein and therein, to the payment of the principal of and interest on the Prior Bonds and the Series 2000 A Bonds as the same become due, and for the other purposes provided in this Resolution and the Prior Resolution.

Section 7.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved in the PSC Order and such rates are hereby adopted.

In the event the schedule of rates and charges initially established for the System in connection with the Series 2000 A Bonds shall prove to be insufficient to produce the amounts required by this Resolution, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates and charges (or where applicable, immediately file with the PSC for a rate increase) and take all such actions necessary to provide funds sufficient to produce the amounts required by this Resolution.

Section 7.05. Sale of the System. So long as the Series 2000 A Bonds are Outstanding, the System may be sold, transferred, mortgaged, leased or otherwise disposed of or encumbered (other than any statutory mortgage lien created under the Act on account of obligations issued within the restrictions hereof) only with the written consent of the Government, and such consent will specify the disposition of the proceeds of any such sale or transfer. So long as the Prior Bonds are outstanding, the System may be sold, transferred, mortgaged, leased or otherwise disposed of only in accordance with the terms of the Prior Resolution.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. So long as any of the Series 2000 A Bonds are Outstanding, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2000 A Bonds; provided, however, that Parity Bonds may be issued as provided for in Section 7.07 hereof and in the Prior Resolution (so long as the Prior Bonds are Outstanding). All obligations hereafter issued by the Issuer payable from the revenues of the System, except such Parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2000 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein and in the Prior Resolution have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the liens of the Series 2000 A Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2000 A Bonds and the interest thereon in this Resolution, or upon the System or any part thereof.

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, no Parity Bonds shall be issued except in accordance with the terms of the Prior Resolution. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued pursuant to this Resolution, except under the conditions and in the manner herein provided and with the prior written consent of the Government.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Prior Bonds and the Series 2000 A Bonds.

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

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the fiscal year following the year in which the Series 2000 A Bonds are issued will be at least 120% of the average annual debt service requirements on all Bonds Outstanding, including the Parity Bonds. This limitation may be waived or modified by the written consent of Bondholders representing 75% of the then Outstanding Series 2000 A 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 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 respective liens on the revenues of the System and their respective source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of another series on a parity therewith. 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.

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 Outstanding Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2000 A Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the 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.

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Government, acting by and through its duly authorized agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at any and all reasonable times for the purpose of audit and examination, and the Issuer shall submit to the Government such documents and information as it may reasonably require in connection with the acquisition, construction and

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

The Issuer shall permit the Government and its agents and representatives to have access to the records 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.

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

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

The Issuer shall file with the Government, or any other original purchasers of the Series 2000 A 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 Prior Bonds, Bonds, Notes 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 in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor

thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of Bonds and shall submit said report to the Government, or any other original purchasers of the Bonds. Such audit report submitted to the Government shall include a statement that the Issuer is in compliance with the terms and provisions of the Act and this Resolution and that the Issuer's revenues are adequate to meet its operation and maintenance expenses and debt service and reserve requirements.

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

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

Section 7.09. Rates. Prior to issuance of the Series 2000 A Bonds, approvals of equitable rates or charges for the use of and service rendered by the System shall have been obtained in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reductions in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses and (ii) to leave a balance each year equal to at least 120% of the average annual debt service requirements on all Bonds Outstanding, including any Parity Bonds. This limitation may be waived or modified by the written consent of Bondholders representing 75% of the then Outstanding Series 2000 A Bonds.

Section 7.10. Fiscal Year; Budget. While the Bonds are Outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a fiscal year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 30 days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Government within 30 days of the adoption thereof. No expenditures for operation and maintenance expenses of the System in excess of such annual budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Board.

If for any reason the Issuer shall not have adopted the annual budget before the first day of any Fiscal Year, it shall adopt a budget of current expenses from month to month until the adoption of the annual budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the year next preceding by more than ten percent (10%); and provided further, that adoption of a budget of current expenses shall not constitute compliance with the covenant to adopt an annual budget unless the Issuer's failure to submit an annual budget shall be for a reason beyond the control of the Issuer. Each such budget of current expenses shall be delivered and mailed immediately as in the case of the annual budget.

Section 7.11. No Competing Franchise. To the extent allowable by law, the Issuer will not grant or cause, consent to or allow the granting of any franchise or permit to any person, firm, corporation or body, or agency or instrumentality for the providing of any services which would compete with services provided by the System.

Section 7.12. 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 laws of the State and the rules and regulations of the PSC. All such rates and charges, if not paid when due, shall become a lien on the premises served by the System to the extent allowed by law.

To the extent allowed by law and the PSC, whenever any rates, rentals or 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 and the owner, user and property shall be held liable at law until such time as all such rates and charges are fully paid.

The Issuer further covenants and agrees that it will, to the full extent permitted by law and the rules and regulations promulgated by the PSC, for any account not paid within sixty

(60) days, discontinue and shut off the services and facilities of the System and, in the event the Issuer owns a sewerage system, the sewerage system to all users 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 have been paid in full and all accrued penalties plus a reconnection charge have been paid and shall take all further actions to enforce collections to the maximum extent permitted by law. The Issuer further covenants to use its best efforts to enter into agreements with any other entities providing sewerage service to its users, providing for discontinuing and shutting off the services and facilities of the sewerage system to users of the System delinquent in payment.

Section 7.13. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by its System; 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. Such charges shall be paid as they accrue, and the Issuer shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.14. Insurance and Bonds. The Issuer hereby covenants and agrees that, so long as the Bonds remain Outstanding, it will, as an expense of operation and maintenance of the System, procure, carry and maintain insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(A) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured prior to acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground insurable portions of the System, including machinery and equipment housed therein, in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(B) Public Liability Insurance, with limits of not less than $500,000 for personal liability to protect the Issuer from claims for bodily injury and/or death and not less than $200,000 from claims for damage to property of others which may arise from the

operation of the System, such insurance to be procured at the commencement of construction of the Project.

(C) Vehicular Public Liability Insurance, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated for the benefit of the Issuer, with limits of not less than $500,000 for personal liability to protect the Issuer from claims for bodily injury and/or death and not less than $200,000 from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle.

(D) Workers' Compensation Coverage for All Employees of the Issuer Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each contractor dealing directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of Randolph County prior to commencement of construction of the Project in compliance with Chapter 38, Article 2, Section 39 of the Code of West Virginia, 1931, as amended.

(E) Fidelity Bonds will be provided as to every officer and employee of the Issuer having custody of the Revenue Fund or of any revenues or other funds or property of the Issuer in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount required by the Government and to be increased thereafter as necessary to cover the maximum amount of funds under control of that position at any one time.

(F) Flood Insurance will be obtained by the Issuer if available; however, if the System is located in a community which has been notified as having special flood or mudslide prone areas, flood insurance must be obtained.

(G) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this section, during construction of the Project and so long as the Government holds any of the Bonds, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer, and during such construction will require each contractor to carry insurance, of such types and in such amounts as the Government may specify, and with insurance carriers or bonding companies acceptable to the Government.

Section 7.15. Certificate of Consulting Engineers. Prior to or on the date of issuance of the Series 2000 A Bonds, the Issuer shall obtain the certificate of the Consulting Engineers, stating that the Project has been designed and will be constructed in accordance with the approved plans, specifications and design as submitted to the Government, that the Project will be adequate for the purposes for which it was designed, and the funding plan as submitted to

the Government is sufficient to pay the costs of the acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

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

Section 7.17. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2000 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, and shall take effect immediately upon delivery of the Series 2000 A Bonds; provided however, that the statutory mortgage lien in favor of the Holders of the Series 2000 A Bonds issued hereunder shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 7.18. Completion of Project; Permits and Orders. The Issuer shall complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

The Issuer has obtained all permits required by state and federal laws for the acquisition and construction of the Project and all orders and approvals from the PSC and other state agencies necessary for the acquisition and construction of the Project, the operation of the System and the issuance of the Series 2000 A Bonds, with all requisite appeal periods having expired without successful appeal.

Section 7.19. Compensation of Board Members. The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Board in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein and in the Prior Resolution, nor when there is a default in the performance of or compliance with any covenants or provision hereof or of the Prior Resolution.

ARTICLE VIII

INVESTMENT OF FUNDS

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this Resolution, other than the Revenue Fund, shall be invested and reinvested by the Commission or the Depository Bank, 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.

Except as specifically provided herein, 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, including but not limited to those in the Series 2000 A Bonds Construction Trust Fund, and used for the purpose of such fund or account. 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 Owner, including the value of accrued interest and giving effect to the amortization of discount and investments in the "consolidated fund" of the West Virginia Investment Management Board shall be valued at par. The Commission or the Depository Bank, 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 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.

Notwithstanding the foregoing, any investments made pursuant to this Resolution shall comply with the guidelines of the Government.

ARTICLE IX

DEFAULTS AND REMEDIES

Section 9.01. Events of Default. A. Each of the following events shall constitute an "Event of Default" with respect to the Series 2000 A Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest on any Series 2000 A Bonds; or

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2000 A Bonds set forth in this Resolution, any Supplemental Resolution or the Series 2000 A Bonds and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Government, the Depository Bank, the Bond Registrar, any Paying Agent or a Registered Owner of a Bond; or

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

(D) If default occurs under the Prior Resolution or the Prior Bonds.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his 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 this 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 Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action at law or bill in equity enjoin any acts in violation of the resolution with respect to the Bonds, or the rights of such Registered Owners; provided however, that all rights and remedies of the Holders of the Series 2000 A Bonds shall be on a parity with those of the Holders of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under this 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 the Bonds, the Registered Owner 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, or both, on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and any interest thereon and the deposits into the funds and accounts herein provided and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Resolution and the Act.

The receiver so appointed shall forthwith, directly or by his agents and attorneys, enter into and upon and take possession of all facilities of the 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 any reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Resolution shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent Event of Default, any Registered Owner of Bonds issued pursuant to this Resolution shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby, and a successor receiver 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 Bonds issued pursuant to this Resolution. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System, for the sole purpose of the protection of both the Issuer and Registered Owners, and the curing and making good of any default under the provisions of this

Resolution, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage, or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay, or there shall otherwise be paid, to the Holders of the Series 2000 A 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 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 Series 2000 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Modification or Amendment. Prior to the issuance of the Series 2000 A Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2000 A Bonds, no material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto that would materially and adversely affect the rights of Owners of the Series 2000 A Bonds shall be made without the consent in writing of the Owners of the Series 2000 A Bonds then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2000 A Bonds required for consent to the above-permitted amendments or modifications.

Section 11.02. Resolution Constitutes Contract. The provisions of this Resolution shall constitute a contract between the Issuer and the Registered Owners of the Series 2000 A 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 shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Resolution, any Supplemental Resolution or the Series 2000 A Bonds.

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

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

Section 11.06. Covenant of Due Procedure. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been

performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairperson, 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.

Adopted this 25th day of July, 2000.

Chairperson

Member

Member

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of Huttonsville Public Service District on July 25, 2000.

Dated this 27th day of July, 2000.

[SEAL]

Secretary

07/14/00
000630/00301

EXHIBIT A

PROJECT DESCRIPTION

The Project consists of approximately 11 miles of water line to serve approximately 100 new customers in the East Dailey, Georgetown Road and Valley Bend areas in Randolph County, West Virginia, together with all appurtenant facilities.

HUTTONSVILLE PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2000 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE HUTTONSVILLE PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 2000 A (UNITED STATES DEPARTMENT OF AGRICULTURE); DESIGNATING A DEPOSITORY BANK AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Board") of Huttonsville Public Service District (the "Issuer") has duly and officially adopted a Bond and Line of Credit Resolution on July 25, 2000 (the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING WATERWORKS SYSTEM OF HUTTONSVILLE PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT TO EXCEED $731,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2000 A (UNITED STATES DEPARTMENT OF AGRICULTURE), AND THE SALE THEREOF TO THE UNITED STATES OF AMERICA, UNITED STATES DEPARTMENT OF AGRICULTURE, RURAL UTILITIES SERVICE; AUTHORIZING A LINE OF CREDIT NOT TO EXCEED $731,000; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Resolution provides for the issuance of the Water Revenue Bonds, Series 2000 A (United States Department of Agriculture), of the Issuer, in an aggregate

principal amount not to exceed $731,000 (the "Bonds"), all in accordance with Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), and in the Resolution it is provided that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds should be established by a supplemental resolution, and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Bonds are proposed to be purchased by the Government; and

WHEREAS, the Board deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for.

NOW, THEREFORE, BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF HUTTONSVILLE PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Huttonsville Public Service District Water Revenue Bonds, Series 2000 A (United States Department of Agriculture), of the Issuer, in the original principal amount of $731,000. The Bonds shall be issued in the form of one Bond, shall be dated the date of delivery, shall mature forty years from the date thereof, shall be numbered AR-1, and the principal amount advanced under the Bonds shall bear interest at the rate of 4.50% per annum. Monthly installments of interest only on the amounts advanced under the Bonds are payable 30 days following the date of delivery of the Bonds and on the corresponding day of each month thereafter for the first 24 months after delivery of the Bonds, and thereafter, monthly installments of principal and interest on the Bonds, in the aggregate amount of $3,356, are payable on the corresponding day of each month, except that the final installment on the Bonds shall be paid at the end of 40 years from the date of the Bonds in the sum of the unpaid principal and interest remaining unpaid on the date thereof. The Bonds are subject to prepayment as set forth in the Resolution and the Bonds.

Section 2. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the form provided in the Resolution.

Section 3. The Issuer hereby approves and accepts the offer of the Government to purchase the Bonds. The execution and delivery of the Bonds by the Chairperson and Secretary, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The proceeds of the Bonds shall be deposited in the Series 2000 A Bonds Construction Trust Fund for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 5. All principal and interest payments on the Bonds will be paid by the Issuer directly to the order of the United States of America at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103.

Section 6. The Issuer hereby appoints and designates Mountain Valley Bank, National Association, Elkins, West Virginia, to serve as the Depository Bank for the Revenue Fund, the Series 2000 A Bonds Reserve Account and the Depreciation Fund.

Section 7. The Issuer hereby appoints and designates Citizens National Bank, Elkins, West Virginia, to serve as the Depository Bank for the Series 2000 A Bonds Construction Trust Fund.

Section 8. The Issuer hereby determines to invest all moneys in the funds and accounts established by the Resolution held by the Depository Bank until expended, in money market accounts secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to invest all moneys in such money market accounts until further directed in writing by the Issuer.

Section 9. The Chairperson and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Resolution approved and provided for, to the end that the Bonds may be delivered to the Government on or about July 27, 2000.

Section 10. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 11. The Issuer hereby approves all contracts relating to the financing, acquisition and construction of the Project.

Section 12. The Issuer hereby approves the costs of issuance and authorizes the payment of the same.

Section 13. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 25th day of July, 2000.

HUTTONSVILLE PUBLIC SERVICE DISTRICT

Chairperson

Member

Member

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Huttonsville Public Service District on July 25, 2000.

Dated this 27th day of July, 2000.

[SEAL]

Secretary

07/13/00
000630/00301

USDA UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT

75 High Street Federal Building, Suite 320, Morgantown, WV 26505-7500
304.284.4888 • 1.800.295.8228 • fax 304.284.4892 • TTY/TDD 304.284.4836

HUTTONSVILLE PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS,
SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND
SERIES 2004 B (UNITED STATES DEPARTMENT OF AGRICULTURE)

CONSENT TO ISSUANCE OF PARITY BONDS

The undersigned duly authorized representative of the United States of America, acting through the United States Department of Agriculture, Rural Development, the registered owner of the Prior Bonds, hereinafter defined and described, hereby (i) consents to the issuance of the Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund), in the original aggregate principal amount of $952,000, and Water Revenue Bonds, Series 2004 B (United States Department of Agriculture), in the original aggregate principal amount of $400,000 (collectively, the "Series 2004 Bonds"), by Huttonsville Public Service District (the "Issuer"), under the terms of the resolutions authorizing the Series 2004 Bonds (collectively, the "Resolution"), on a parity as to liens, pledge and source of and security for payment with the Issuer's Water Revenue Bonds, Series 1996, and Water Revenue Bonds, Series 2000 A (United States Department of Agriculture) (collectively, the "Prior Bonds"); (ii) waives any requirements imposed by the Prior Bonds or the resolutions authorizing the Prior Bonds (the "Prior Resolutions"), regarding the issuance of parity bonds which are not met by the Series 2004 Bonds or the Resolution; and (iii) consents to any amendments made to the Prior Resolutions by the Resolution.

WITNESS my signature on this 25th day of August, 2004.

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

Jerry D. Phillips
State Director

USDA Rural Development is an Equal Opportunity Lender, Provider and Employer
Complaints of discrimination should be sent to: USDA Director, Office of Civil Rights, Washington, D.C. 20250-9410

Rural Development

COMMITTED TO THE FUTURE OF RURAL COMMUNITIES

HUTTONSVILLE PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS,
SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND
SERIES 2004 B (UNITED STATES DEPARTMENT OF AGRICULTURE)

3.1

GENERAL CERTIFICATE ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES AND DELIVERY
6. PUBLIC SERVICE COMMISSION ORDER
7. RATES
8. INCUMBENCY AND OFFICIAL NAME
9. LAND AND RIGHTS-OF-WAY
10. MEETINGS
11. INSURANCE
12. LOAN AGREEMENT
13. SPECIMEN BOND
14. BOND PROCEEDS
15. CONFLICTS OF INTEREST
16. VERIFICATION OF SCHEDULE
17. PROCUREMENT OF ENGINEERING SERVICES
18. USERS
19. WETLANDS COVENANT
20. GRANTS
21. COUNTERPARTS

We, the undersigned CHAIRPERSON and the undersigned SECRETARY of the Public Service Board of Huttonsville Public Service District (the "Issuer") and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the Huttonsville Public Service District Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund) and Series 2004 B (United States Department of Agriculture), dated the date hereof (collectively, the "Series 2004 Bonds" or the "Bonds" or individually, the "Series 2004 A Bonds"and the "Series 2004 B Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning set forth in the Bond Resolution duly adopted by the Issuer on August 23, 2004, the Supplemental Resolution duly adopted by the Issuer on August 23, 2004 (collectively, the "Resolution"), the loan agreement for the

Series 2004 A Bonds by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), dated August 25, 2004 (the "Loan Agreement"), and the letter of conditions for the Series 2004 B Bonds from the United States of America, United States Department of Agriculture, Rural Utilities Service (the "Government"), to the Issuer, dated April 18, 2002 (the "Letter of Conditions").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any manner the authorization, issuance, sale and delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection or use of the revenues of the System, or the pledge and security of the Net Revenues for the Bonds; nor affecting the validity of the Bonds or any provisions made or authorized for the payment thereof; nor questioning the existence of the Issuer or the title of the members or officers of the Issuer or the Board thereof to their respective offices; nor questioning any proceedings of the Issuer taken with respect to the authorization, issuance, sale or delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection or use of the revenues of the System, or the pledge and security of the Net Revenues for the Bonds.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals, permits, exemptions, consents, authorizations, registrations, licenses, orders and certificates required by law for the creation and existence of the Issuer, the acquisition and construction of the Project, the operation of the System, the imposition of rates and charges and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project have been solicited by the Issuer in accordance with Chapter 5, Article 22, Section 1 of the Code of West Virginia, 1931, as amended, which bids remain in full force and effect.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval, execution and delivery of the Loan Agreement and the approval of the Letter of Conditions. The Issuer has met all conditions set forth in the Loan Agreement and the Letter of Conditions and will provide the financial, institutional, legal and managerial capabilities necessary to complete and operate the Project.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2004 Bonds as to liens, pledge, source of and security for payment, being the Water Revenue Bonds, Series 1996, dated June 7, 1996, issued in the original principal amount of $1,000,000, and the Water Revenue Bonds, Series 2000 A (United States Department of Agriculture), dated July 27, 2000, issued in the original principal amount of $731,000 (collectively, the "Prior Bonds").

The Series 2004 Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has obtained (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Registered Owners of the Prior Bonds to the issuance of the Series 2004 Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

5. SIGNATURES AND DELIVERY: The undersigned Chairperson and Secretary are the duly elected or appointed, qualified and acting officers of the Issuer as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Bonds for the Issuer. The seal impressed upon the Bonds and this Certificate is the duly authorized, proper and only seal of the Issuer. On the date hereof, the undersigned Chairperson did officially sign all of the Bonds, consisting upon original issuance of a single Bond for each series, dated the date hereof, by his or her manual signature; the undersigned Secretary did officially cause the seal of the Issuer to be affixed upon the Bonds and to be attested by his or her manual signature; the Registrar did officially authenticate and deliver the Series 2004 A Bonds to a representative of the Authority as the original purchaser of such Bonds under the Loan Agreement; and the Chairperson did deliver the Series 2004 B Bonds to a representative of the Government as the original purchaser of such Bonds.

6. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the orders of the Public Service Commission of West Virginia (the "PSC") entered on July 9, 2003, and August 20, 2004, in Case No. 02-1678-PWD-CN, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the rates for the System and the financing for the Project. The time for appeal of the PSC order entered July 9, 2003, has expired prior to the date hereof without any appeal having been filed. The time for appeal of the PSC order entered August 20, 2004, has not expired on the date hereof. However, the parties to such order have stated that they do not intend to appeal such order. The Issuer hereby certifies that it will not appeal such order. All such orders remain in full force and effect.

The Issuer has duly published the required notice with respect to, among other things, the amount of the Bonds to be issued, the interest rate and terms of the Bonds, the Project to be acquired or constructed, the cost of the Project, the anticipated user rates and charges and the date that a formal application for a certificate of public convenience and necessity is to be filed with the PSC in accordance with Chapter 16, Article 13A, Section 25 of the Code of West Virginia, 1931, as amended.

7. RATES: The rates for the System, as approved by the PSC, will become effective when the Project is placed in service.

8. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Huttonsville Public Service District," and it is a public service district organized and existing under the laws of, and a public corporation and political subdivision of, the State of West Virginia in Randolph County of said State. The governing body of the Issuer is its Board, consisting of three members, whose names and dates of commencement and termination of their current terms are as follows:

Name	Date of Commencement of Office	Date of Termination of Office
Lynn R. Channell	July 1, 2000	June 30, 2006
Loy C. McAtee	July 1, 1998	June 30, 2004
Billy I. Daft	July 1, 2002	June 30, 2008

The duly elected or appointed officers of the Board for 2004 are as follows:

Lynn R. Channell	-	Chairperson
Bonnie Serrett	-	Secretary/Treasurer

The duly appointed and acting attorney for the Issuer is Thomas R. Ross, II, Esquire, of Elkins, West Virginia.

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

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

11. INSURANCE: The Issuer will maintain or, as appropriate, will require all contractors to maintain worker's compensation, public liability insurance, and property damage insurance, standard hazard insurance, builder's risk insurance, flood insurance and business interruption insurance, where applicable, in accordance with the Resolution, the Loan Agreement and the Letter of Conditions. All insurance for the System required by the Resolution, the Loan Agreement and the Letter of Conditions are in full force and effect.

12. LOAN AGREEMENT: As of the date hereof, (i) the representations of the Issuer contained in the Loan Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreement does not contain any untrue statements of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (iii) to the best knowledge of the undersigned, no event affecting the Issuer has occurred since the date of the Loan Agreement, which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading; and (iv) the Issuer is in compliance with the Loan Agreement.

13. SPECIMEN BOND: Attached hereto as Exhibit A are specimens of the Bonds which, except as to execution and authentication, are identical in all respects with the Bonds this day delivered to the Authority and the Government and being substantially in the form prescribed in the Resolution.

14. BOND PROCEEDS: On the date hereof, the Issuer received (a) $140,754 from the Authority and the Council, being a portion of the principal amount of the Series 2004 A Bonds and (b) $82,200 from the Government, being a portion of the principal amount of the Series 2004 B Bonds. The balance of the respective principal amounts of the Bonds will be advanced to the Issuer from time to time as acquisition and construction of the Project progresses.

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

16. VERIFICATION OF SCHEDULE: The final amended Schedule B attached to the Certificate of Consulting Engineer, with the signature of the Chairperson and the Consulting Engineer, accurately represents the estimated costs of the Project, the sources of funds available to pay the costs of the Project and the costs of financing of the Bonds.

17. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has complied with all the requirements of Chapter 5G, Article 1 of the Code of West Virginia, 1931, as amended, in the procurement of the engineering services of the Consulting Engineer.

18. USERS: The Issuer will serve at least 1,070 bona fide users upon the completion of the Project, in full compliance with the Letter of Conditions.

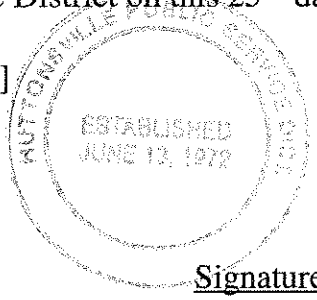
19. WETLANDS COVENANT: The Issuer hereby certifies that it will not use any proceeds of the Bonds for a purpose that will contribute to excessive erosion of highly erodible lands or to the conversion of wetlands to produce an agricultural commodity.

20. GRANTS: As of the date hereof, the grant from the Government in the amount of $2,125,000, the grant from the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia) in the amount of $1,500,000, and the grant from the Council in the amount of $1,592,390 are committed for the Project and in full force and effect.

21. COUNTERPARTS: This Certificate may be executed in counterparts and all counterparts shall be deemed to be the Certificate.

WITNESS our signatures and the official corporate seal of Huttonsville Public Service District on this 25th day of August, 2004.

[SEAL]



Signature	Official Title
	Chairperson
	Secretary
	Attorney

EXHIBIT A

See Specimen Bonds (Tab Nos. 18 and 19).

HUTTONSVILLE PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS,
SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND
SERIES 2004 B (UNITED STATES DEPARTMENT OF AGRICULTURE)

3.2

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Chairperson of the Public Service Board of Huttonsville Public Service District in Randolph County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of $952,000 Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund), and $400,000 Water Revenue Bonds, Series 2004 B (United States Department of Agriculture), of the Issuer, both dated August 25, 2004 (collectively, the "Bonds" and individually, the "Series 2004 A Bonds" and "Series 2004 B Bonds"), hereby certify as follows:

1. I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Resolution duly adopted by the Issuer on August 23, 2004 (the "Bond Resolution"), authorizing the Bonds.

2. This certificate may be relied upon as the certificate of the Issuer.

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on August 25, 2004, the date on which the Bonds are being physically delivered in exchange for an initial advance of the respective principal amount of the Series 2004 A Bonds and the Series 2004 B Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

4. In the Bond Resolution pursuant to which the Bonds are issued, the Issuer has covenanted that it shall not take, or permit or suffer to be taken, any action with respect to Issuer's use of the proceeds of the Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (collectively, the "Code"), issued by the West Virginia Water Development Authority (the "Authority") or the West Virginia Infrastructure and Jobs Development Council (the "Council"), as the case may be, from which the proceeds of the Bonds are derived, to lose their status as tax-exempt bonds. The Issuer hereby covenants to take all actions necessary to comply with such covenant.

5. The Series 2004 A Bonds were sold on August 25, 2004, to the Authority, pursuant to a loan agreement dated August 25, 2004, by and between the Issuer and the Authority, on behalf of the Council, for an aggregate purchase price of $952,000 (100% of par), at which time, the Issuer received $140,754 from the Authority and the Council, being the first advance of the principal amount of the Series 2004 A Bonds. The Series 2004 B Bonds were sold on August 25, 2004, to the United States of America, United States Department of Agriculture, Rural Utilities Service (the "Government"), pursuant to a letter of conditions dated April 18, 2002, for an aggregate purchase price of $400,000 (100% of par), at which time, the Issuer received $82,200 from the Government, being the first advance of the principal amount of the Series 2004 B Bonds. No accrued interest has been or will be paid on the Bonds. The balance of the respective principal amounts of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Bonds are being delivered simultaneously with the delivery of this Certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public water facilities of the Issuer (the "Project"); and (ii) paying certain costs of issuance of the Bonds and related costs.

7. The Issuer shall on the date hereof or immediately hereafter enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds for the acquisition and construction of the Project, constituting a substantial binding commitment. The acquisition and construction of the Project and the allocation of the net sale proceeds of the Bonds to expenditures of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds deposited in the Reserve Accounts for the Bonds, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before August, 2005. The acquisition and construction of the Project is expected to be completed by August, 2005.

8. The total cost of the Project is estimated at $6,569,390. Sources and uses of funds for the Project are as follows:

SOURCES

Proceeds of Series 2004 A Bonds	$ 952,000
Proceeds of Series 2004 B Bonds	400,000
USDA Grant	2,125,000
Small Cities Block Grant	1,500,000
Council Grant	1,592,390
Total Sources	$ 6,569,390

USES

Costs of the Project	$6,548,390
Costs of Issuance	21,000
Total Uses	$6,569,390

9. Pursuant to Article V of the Bond Resolution, the following special funds or accounts have been created or continued:

(1) Revenue Fund;

(2) Depreciation Fund;

(3) Series 2004 Bonds Construction Trust Fund;

(4) Series 2004 A Bonds Sinking Fund;

(5) Series 2004 A Bonds Reserve Account;

(6) Series 2004 B Bonds Sinking Fund; and

(7) Series 2004 B Bonds Reserve Account.

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

(1) Series 2004 A Bonds proceeds in the amount of $-0- will be deposited in the Series 2004 A Bonds Reserve Account.

(2) Series 2004 B Bonds proceeds in the amount of $-0- will be deposited in the Series 2004 B Bonds Reserve Account.

(3) The balance of the proceeds of the Bonds will be deposited in the Series 2004 Bonds Construction Trust Fund as received from time to time and applied solely to payment of costs of the Project, including costs of issuance of the Bonds and related costs.

11. Moneys held in the Series 2004 A Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2004 A Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 2004 A Bonds Sinking Fund and Series 2004 A Bonds Reserve

Account, if any, will be withdrawn therefrom and deposited into the Series 2004 Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Resolution.

12. Moneys held in the Series 2004 B Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2004 B Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 2004 B Bonds Sinking Fund and Series 2004 B Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2004 Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Resolution.

13. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The acquisition and construction of the Project is expected to be completed within 12 months of the date hereof.

14. The Issuer will take such steps as requested by the Authority to ensure that the Authority's bonds meet the requirements of the Code.

15. With the exception of the amount deposited in the Series 2004 A Bonds Reserve Account, if any, all of the proceeds of the Series 2004 A Bonds will be expended on the Project within 12 months from the date of issuance thereof.

16. With the exception of the amount deposited in the Series 2004 B Bonds Reserve Account, if any, all of the proceeds of the Series 2004 B Bonds will be expended on the Project within 12 months from the date of issuance thereof.

17. The Issuer does not expect to sell or otherwise dispose of the Project in whole or in part prior to the last maturity date of the Bonds.

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

19. All property financed with the proceeds of the Bonds will be owned and held by (or on behalf of) a qualified governmental unit.

20. No proceeds of the Bonds will be used, directly or indirectly, in any trade or business carried on by any person who is not a governmental unit.

21. The original proceeds of the Bonds will not exceed the amount necessary for the purposes of the issue. The Issuer covenants that it shall maintain thorough and accurate accounting records, in conformance with generally accepted accounting principles, relative to the proceeds of the Bonds so that use of proceeds from each series of the Bonds can be accounted for.

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

23. The Bonds are not federally guaranteed.

24. The Issuer has retained the right to amend the Bond Resolution authorizing the issuance of the Bonds if such amendment is necessary to assure that the Bonds remain governmental or public purpose bonds.

25. The Issuer has either (a) funded the Series 2004 A Bonds Reserve Account at the maximum amount of principal and interest, if any, which will mature and become due on the Series 2004 A Bonds in the then current or any succeeding year with the proceeds of the Series 2004 A Bonds, or (b) created the Series 2004 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2004 A Bonds Reserve Account hold an amount equal to the maximum amount of principal and interest, if any, which will mature and become due on the Series 2004 A Bonds in the then current or any succeeding year. Moneys in the Series 2004 A Bonds Reserve Account and the Series 2004 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2004 A Bonds and will not be available to pay costs of the Project.

26. The Issuer has either (a) funded the Series 2004 B Bonds Reserve Account at the maximum amount of principal and interest, if any, which will mature and become due on the Series 2004 B Bonds in the then current or any succeeding year with the proceeds of the Series 2004 B Bonds, or (b) created the Series 2004 B Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2004 B Bonds Reserve Account hold an amount equal to the maximum amount of principal and interest, if any, which will mature and become due on the Series 2004 B Bonds in the then current or any succeeding year. Moneys in the Series 2004 B Bonds Reserve Account and the Series 2004 B Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2004 B Bonds and will not be available to pay costs of the Project.

27. There are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Bonds, (b) are to be sold pursuant to a common plan of financing together with the Bonds and (c) will be paid out of substantially the same sources of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Bonds.

28. To the best of my knowledge, information and belief, there are no other facts, estimates and circumstances which would materially change the expectations herein expressed.

29. The Issuer will comply with instructions as may be provided by the Authority, at any time, regarding use and investment of proceeds of the Bonds, rebates and rebate calculations.

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

WITNESS my signature on this 25th day of August, 2004.

Chairperson

08/17/04
000630/00306

HUTTONSVILLE PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS,
SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND
SERIES 2004 B (UNITED STATES DEPARTMENT OF AGRICULTURE)

3.3

CERTIFICATE OF SECRETARY
AS TO TRUTH AND ACCURACY OF DOCUMENTS DELIVERED

The undersigned duly appointed Secretary of Huttonsville Public Service District (the "Issuer") hereby certifies that the copies of the following documents being delivered in connection with the closing of the sale of the Huttonsville Public Service District Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund) and Series 2004 B (United States Department of Agriculture), are, as of the date hereof, true and accurate copies of the originals of those documents maintained on file with the Issuer and delivered in the transcript of proceedings, that said documents have been duly adopted or approved by the Public Service Board (the "Board") of the Issuer and that said documents are still in full force and effect as of the date hereof and have not been repealed, rescinded, superseded, amended or modified in any way unless the document effecting such repeal, rescission, supersedence, amendment or modification is also listed below:

1. Orders of The County Commission of Randolph County Creating and Enlarging the Issuer.

2. Orders of The County Commission of Randolph County Appointing the Members of the Board.

3. Oaths of Office of the Board Members.

4. Rules of Procedure.

5. Minutes of Current Year Organizational Meeting.

6. Public Service Commission Order.

7. Infrastructure Council Approval Letter.

8. Infrastructure Council Loan Agreement.

9. USDA Letter of Conditions.

10. USDA Closing Letter.

11. USDA Loan Resolution.

12. Minutes of Board Meeting regarding Adoption of USDA Loan Resolution.

13. Bond Resolution.

14. Supplemental Resolution.

15. Minutes of Board Meeting regarding Adoption of Bond Resolution and Supplemental Resolution.

16. Affidavits of Publication regarding Notice of Borrowing and Notice of Meeting to Adopt Bond Resolution and Supplemental Resolution.

17. 1996 Bond Resolution.

18. 2000 A Bond Resolution and Supplemental Resolution.

19. USDA Consent to Issuance of Parity Bonds.

20. Environmental Health Services Permit.

21. Evidence of Insurance.

22. Infrastructure Council Grant Agreement.

23. USDA Grant Agreement.

24. Small Cities Block Grant Letter.

25. Water Purchase Contract with the City of Elkins.

WITNESS my signature and the official seal of the Issuer on this 25th day of August, 2004.

Secretary

07/09/04
000630/00306

HUTTONSVILLE PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS,
SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND
SERIES 2004 B (UNITED STATES DEPARTMENT OF AGRICULTURE)

CERTIFICATE OF CONSULTING ENGINEER

I, Paul A. Hornor, III, Registered Professional Engineer, West Virginia License No. 10281, of Hornor Brothers Engineers, Consulting Engineers, Clarksburg, West Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain improvements and extensions (the "Project") to the existing public water facilities (the "System") of Huttonsville Public Service District (the "Issuer"), to be constructed primarily in Randolph County, West Virginia, which acquisition and construction are being permanently financed in part by the above-captioned bonds (collectively, the "Bonds" or individually, the "Series 2004 A Bonds" and the "Series 2004 B Bonds") of the Issuer. All capitalized words used herein and not defined herein shall have the same meaning set forth in the Bond Resolution adopted by the Issuer on August 23, 2004 (the "Resolution"), the loan agreement for the Series 2004 A Bonds by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), dated August 25, 2004 (the "Loan Agreement"), and the letter of conditions from the United States of America, United States Department of Agriculture, Rural Utilities Service (the "Government"), to the Issuer, dated April 18, 2002 (the "Letter of Conditions").

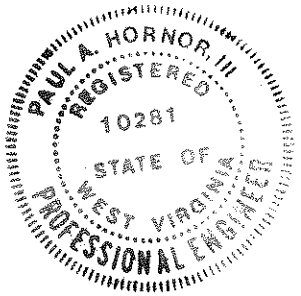
2. The Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project; and (ii) paying certain costs of issuance of the Bonds and related costs.

3. To the best of my knowledge, information and belief (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the West Virginia Bureau for Public Health (the "BPH") and any change orders approved by the Issuer, the Council, the Government and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least 40 years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A, and in reliance upon the opinion of Issuer's counsel, Thomas R. Ross, II, Esquire, of even date herewith, all successful bidders have made required provisions for all insurance

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

WITNESS my signature and seal on this 25th day of August, 2004.

[SEAL]



HORNOR BROTHERS ENGINEERS

Paul A. Hornor, III, P.E.
West Virginia License No. 10281

07/09/04
000630/00306

Huttonsville PSD - WATER

A. COST OF PROJECT	TOTAL	RUS Loan	RUS grant	SCBG	IJDC
1 Construction					
Contract 1	1,445,785.48		311,785.48	1,134,000.00	
Contract 2	3,269,287.86	202,000.00	914,914.52		2,152,373.34
Contract 3	495,000.00		495,000.00		
2 Technical Services - Hornor					
Planning					
Design	380,736.00	0.00	0.00	266,000.00	114,736.00
Inspection	236,673.00	22,500.00	137,400.00	0.00	76,773.00
Special Services	26,000.00		26,000.00	0.00	0.00
3 Legal & Fiscal					
a. Legal Thomas Ross	45,000.00	20,800.00	9,000.00	0.00	15,200.00
b. Landman	19,000.00	19,000.00			
b. Accounting Gary Bennett	6,000.00	3,500.00		0.00	2,500.00
4 Administrative - Region 7	100,000.00	0.00	0.00	100,000.00	0.00
5 Sites & Other Lands	25,000.00	7,300.00	0.00		17,700.00
6. Interim Financing	22,500.00	22,500.00			
7 Contingency (5.0 %)	350,407.66	33,500.00	175,900.00		141,007.66
8 Miscellaneous					
a. Equipment	25,000.00		12,300.00		12,700.00
b. DOH fees	64,000.00	21,300.00	42,700.00		
9 TOTAL of Lines 1 through 8	6,510,390.00	352,400.00	2,125,000.00	1,500,000.00	2,532,990.00
B. SOURCES OF FUNDS					
10 Federal Grants	3,500,000.00		2,000,000.00	1,500,000.00	
11 State Grants (IJDC)	1,392,000.00				1,392,000.00
12 Additional RUS grant	125,000.00		125,000.00		
13 Additional IJDC grant	200,390.00				200,390.00
14 TOTAL Lines 10 trough 13	5,217,390.00	0.00	2,125,000.00	1,500,000.00	1,592,390.00
15 Net Proceeds from Bond Issue	1,293,000.00	352,400.00	0.00	0.00	940,600.00
C. COST OF FINANCING					
16 Capitalized Interest	36,000.00	36,000.00			
17 Other Costs					
a. Registrar fees	500.00				500.00
b Bond Counsel - Jackson Kelly	22,500.00	11,600.00			10,900.00
18 Cost of Issuance	59,000.00	47,600.00	0.00	0.00	11,400.00
20 Size of Bond Issue	1,352,000.00	400,000.00	0.00	0.00	952,000.00

GOVERNMENTAL AGENCY

CONSULTING ENGINEER

DATE: 25 Aug 04

DATE: AUG 25, 2004

GARY K. BENNETT

Certified Public Accountant

317 Cleveland Avenue
Fairmont, WV 26554
Telephone: (304) 366-4295
Fax: (304) 366-4311

August 25, 2004

HUTTONSVILLE PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS,
SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND
SERIES 2004 B (UNITED STATES DEPARTMENT OF AGRICULTURE)

Huttonsville Public Service District
Mill Creek, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

United States Department of Agriculture
Rural Utilities Service
Elkins, West Virginia

Ladies and Gentlemen:

I have reviewed the water rates of Huttonsville Public Service District (the "Issuer"), as approved by the order of the Public Service Commission of West Virginia, entered July 9, 2003, in Case No. 02-1678-PWD-CN, and the projected operating expenses and anticipated customer usage provided by Hornor Brothers Engineers, the consulting engineer of the Issuer. It is my opinion that such rates are sufficient (i) to provide for all operating expenses of the water facilities of the Issuer and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Issuer's Water Revenue Bonds, Series 1996, Water Revenue Bonds, Series 2000 A (United States Department of Agriculture) (collectively, the "Prior Bonds"), Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund) and Water Revenue Bonds, Series 2004 B (United States Department of Agriculture) (collectively, the "Series 2004 Bonds").

It is further my opinion that the Net Revenues for the fiscal year following the year in which the Series 2004 Bonds are to be issued will be at least 115% of the average annual debt service requirements on the Prior Bonds and the Series 2004 Bonds.

Very truly yours,

Gary K Bennett

Gary K. Bennett
Certified Public Accountant

HUTTONSVILLE PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS,
SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND
SERIES 2004 B (UNITED STATES DEPARTMENT OF AGRICULTURE)

3.6

CERTIFICATE OF NO LITIGATION

The undersigned hereby certifies that as of the date hereof, no controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the authorization, issuance, sale or delivery of the above-captioned Bonds ("the Bonds"), the acquisition and construction of the Project, the operation of the System, the receipt of the Gross Revenues, or in any way contesting or affecting the validity of the Bonds or any proceedings of Huttonsville Public Service District (the "Issuer") taken with respect to the authorization, issuance, sale or delivery of the Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, issuance, sale or delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection of the Gross Revenues or the pledge of the Net Revenues for payment of the Bonds.

All capitalized terms used herein shall have the same meaning set forth in the Bond Resolution, authorizing the Bonds, duly adopted by the Issuer on August 23, 2004.

WITNESS my signature on this 25th day of August, 2004.

Thomas R. Ross II

Thomas R. Ross, II, Esquire
Attorney for Huttonsville Public Service District

07/09/04
000630/00306

M0387464.1

HUTTONSVILLE PUBLIC SERVICE DISTRICT 3.7(A)
WATER REVENUE BONDS,
SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND)

RECEIPT FOR SERIES 2004 A BONDS

The undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, hereby certifies as follows:

1. On the 25th day of August, 2004, in Charleston, West Virginia, the Authority received the Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund), of Huttonsville Public Service District (the "Issuer"), in the principal amount of $952,000, numbered AR-1, issued in the form of one bond, fully registered to the Authority, and dated August 25, 2004 (the "Bonds").

2. At the time of such receipt of the Bonds, they had been executed by the Chairperson of the Issuer and attested by the Secretary of the Issuer, by their respective manual signatures, and the official seal of the Issuer had been impressed upon the Bonds.

WITNESS my signature on this 25th day of August, 2004.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Barbara B Meadows
Authorized Representative

07/09/04
000630/00306

M0387465.1

30A

HUTTONSVILLE PUBLIC SERVICE DISTRICT 3.7(B)
WATER REVENUE BONDS,
SERIES 2004 B (UNITED STATES DEPARTMENT OF AGRICULTURE)

RECEIPT FOR SERIES 2004 B BONDS

The undersigned authorized representative of the United States of America, United States Department of Agriculture, Rural Utilities Service (the "Government"), for and on behalf of the Government, hereby certifies as follows:

1. On the 25th day of August, 2004, the undersigned received for and on behalf of the Government, the Water Revenue Bonds, Series 2004 B (United States Department of Agriculture) (the "Bonds"), of Huttonsville Public Service District (the "Issuer"), dated August 25, 2004, issued in the form of one bond in the principal amount of $400,000, and numbered BR-1. The Bonds bear interest at the rate of 4.5% per annum, payable in monthly installments on the amounts advanced thereunder, commencing 30 days following the date of delivery of the Bonds and continuing on the corresponding day of each month for the first 24 months after the date of the Bonds, and thereafter, on the corresponding day of each month in installments of principal and interest on the Bonds in the aggregate amount of $1,836, except that the final installment on the Bonds shall be paid at the end of 40 years from the date of the Bonds in the sum of the unpaid principal and interest due on the date thereof. The Bonds represent the entire principal amount of the above-captioned bond issue.

2. At the time of such receipt of the Bonds, they had been executed by the Chairperson of the Issuer and attested by the Secretary of the Issuer, by their respective manual signatures, and the official seal of the Issuer had been impressed upon the Bonds.

WITNESS my signature on this 25th day of August, 2004.

UNITED STATES OF AMERICA,
UNITED STATES DEPARTMENT OF
AGRICULTURE, RURAL UTILITIES SERVICE

Authorized Representative

07/09/04
000630/00306

M0387466.1

HUTTONSVILLE PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS,
SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND
SERIES 2004 B (UNITED STATES DEPARTMENT OF AGRICULTURE)

3.8

RECEIPT FOR BOND PROCEEDS

The undersigned Chairperson of Huttonsville Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certifies as follows:

1. On the 25th day of August, 2004, the Issuer received and hereby acknowledges receipt from the West Virginia Water Development Authority (the "Authority"), as the original purchaser of the $952,000 Huttonsville Public Service District Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund), dated August 25, 2004 (the "Series 2004 A Bonds"), of the sum of $140,754, being a portion of the principal amount of the Series 2004 A Bonds. The Issuer understands that the remaining proceeds of the Series 2004 A Bonds will be advanced to the Issuer by the Authority and the West Virginia Infrastructure and Jobs Development Council from time to time as construction proceeds to completion.

2. On the 25th day of August, 2004, the Issuer received and hereby acknowledges receipt from the United States of America, United States Department of Agriculture, Rural Utilities Service (the "Government"), as the original purchaser of the $400,000 Huttonsville Public Service District Water Revenue Bonds, Series 2004 B (United States Department of Agriculture), dated August 25, 2004 (the "Series 2004 B Bonds"), of the sum of $82,200 being a portion of the principal amount of the Series 2004 B Bonds. The Issuer understands that the remaining proceeds of the Series 2004 B Bonds will be advanced to the Issuer by the Government from time to time as construction proceeds to completion.

WITNESS my signature on this 25th day of August, 2004.

HUTTONSVILLE PUBLIC SERVICE DISTRICT

Lynn K Bonnell
Chairperson

08/17/04
000630/00306

HUTTONSVILLE PUBLIC SERVICE DISTRICT 3.9
WATER REVENUE BONDS,
SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND)

REQUEST AND AUTHORIZATION TO
AUTHENTICATE AND DELIVER SERIES 2004 A BONDS

Mountain Valley Bank, National Association, as Registrar
Elkins, West Virginia

Ladies and Gentlemen:

We herewith hand to you, duly executed, the $952,000 Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund), in the form of one bond, numbered AR-1, dated August 25, 2004 (the "Bonds"), of Huttonsville Public Service District (the "Issuer"), authorized to be issued under and pursuant to a Bond Resolution and a Supplemental Resolution duly adopted by the Issuer on August 23, 2004.

You are hereby requested and authorized to register, authenticate and deliver the Bonds on behalf of the Issuer to the West Virginia Water Development Authority.

WITNESS my signature on this 25th day of August, 2004.

HUTTONSVILLE PUBLIC SERVICE DISTRICT

Lynn R. Hammell
Chairperson

(SEAL)

Attest:

Secretary

08/05/04
000630/00306

M0387484.1

HUTTONSVILLE PUBLIC SERVICE DISTRICT 3.10
WATER REVENUE BONDS,
SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 25th day of August, 2004, by and between HUTTONSVILLE PUBLIC SERVICE DISTRICT, a public corporation (the "Issuer"), and MOUNTAIN VALLEY BANK, NATIONAL ASSOCIATION, Elkins, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $952,000 Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund) (the "Bonds"), in the form of one bond, in fully registered form, pursuant to a Bond Resolution and a Supplemental Resolution adopted by the Issuer on August 23, 2004 (collectively, the "Resolution");

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

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

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

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

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Resolution, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exclusion of interest, if any, on the Bonds from gross income for federal income tax purposes, 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 the compensation for services rendered as provided in the annexed schedule.

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

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

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

ISSUER:

Huttonsville Public Service District
P.O. Box 277
Mill Creek, WV 26280
Attention: Chairperson

REGISTRAR:

Mountain Valley Bank, National Association
P.O. Box 1969
Elkins, WV 26241
Attention: President

The Issuer and the Registrar shall notify the other in writing of any change of address.

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Resolution.

IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the date first above-written.

HUTTONSVILLE PUBLIC SERVICE DISTRICT

Chairperson

MOUNTAIN VALLEY BANK,
NATIONAL ASSOCIATION

Authorized Officer

08/05/04
000630/00306

EXHIBIT A

See Bond Resolution (Tab No. 14)

See Supplemental Resolution (Tab No. 15)

HUTTONSVILLE PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS,
SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND)

3.11

CERTIFICATE OF REGISTRATION OF SERIES 2004 A BONDS

MOUNTAIN VALLEY BANK, NATIONAL ASSOCIATION, Elkins, West Virginia, as Registrar (the "Registrar"), hereby certifies that on the date hereof, the single, fully registered Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund), of Huttonsville Public Service District (the "Issuer"), dated August 25, 2004, in the principal amount of $952,000, and numbered AR-1,was registered as to principal only in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of the Registrar.

WITNESS my signature on this 25th day of August, 2004.

MOUNTAIN VALLEY BANK,
NATIONAL ASSOCIATION, as Registrar

Authorized Officer

08/05/04
000630/00306

M0387493.1

HUTTONSVILLE PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS,
SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND
SERIES 2004 B (UNITED STATES DEPARTMENT OF AGRICULTURE)

3.12

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

MOUNTAIN VALLEY BANK, NATIONAL ASSOCIATION, Elkins, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Resolution and a Supplemental Resolution adopted by Huttonsville Public Service District (the "Issuer") on August 23, 2004 (collectively, the "Resolution"), authorizing the issuance of the Issuer's Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund) and Series 2004 B (United States Department of Agriculture), in the respective aggregate principal amount of $952,000 and $400,000, both dated August 25, 2004, and agrees to serve as Depository Bank, all as set forth in the Resolution.

WITNESS my signature on this 25th day of August, 2004.

MOUNTAIN VALLEY BANK, NATIONAL ASSOCIATION

Authorized Officer

08/05/04
000630/00306

M0416116.1

WEST VIRGINIA MUNICIPAL BOND COMMISSION
Suite 500
8 Capitol Street, Charleston, WV 25301
(304) 558-3971

3.13(A)
NEW ISSUE REPORT FORM
Date of Report: August 25, 2004

ISSUE: Huttonsville Public Service District Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund)

ADDRESS: P.O. Box 277, Mill Creek, WV 26280 COUNTY: Randolph

PURPOSE OF ISSUE: New Money X
Refunding ____ Refunds issue(s) dated: _____

ISSUE DATE: August 25, 2004 CLOSING DATE: August 25, 2004

ISSUE AMOUNT: $952,000 RATE: 0%

1st DEBT SERVICE DUE: June 1, 2006 1st PRINCIPAL DUE: June 1, 2006

1st DEBT SERVICE AMOUNT: $6,222.23 PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Jackson Kelly PLLC
Contact Person: Samme L. Gee, Esquire
Phone: (304) 340-1318

UNDERWRITERS COUNSEL: _____
Contact Person: _____
Phone: _____

CLOSING BANK: Mountain Valley Bank, N.A.
Contact Person: Kim Been
Phone: (304) 637-2265

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT:
Contact Person: Bonnie Serrett
Position: Secretary
Phone: (304) 335-2035

OTHER: WV Infrastructure & Jobs Development Council
Contact Person: Katy Mallory, P.E.
Function: Executive Secretary
Phone: (304) 558-4607

DEPOSITS TO MBC AT CLOSE: _____
_____
By _____ Wire _____
_____ Check _____

Accrued Interest: $_____
Capitalized Interest: $_____
Reserve Account: $_____
Other: _____ $_____

REFUNDS & TRANSFERS BY MBC AT CLOSE:
By _____ Wire _____
_____ Check _____
_____ IGT _____
_____

To Escrow Trustee: $_____
To Issuer: $_____
To Cons. Invest. Fund $_____
To Other: _____ $_____

NOTES: _____

FOR MUNICIPAL BOND COMMISSION USE ONLY:
Documents Required: _____
Transfers Required: _____

08/13/04
000630/00306
M0387498.1

36A

WEST VIRGINIA MUNICIPAL BOND COMMISSION 3.13 (B)

Suite 500 **NEW ISSUE REPORT FORM**

8 Capitol Street, Charleston, WV 25301 Date of Report: August 25, 2004

(304) 558-3971

ISSUE: Huttonsville Public Service District Water Revenue Bonds, Series 2004 B (U.S. Department of Agriculture)

ADDRESS: P.O. Box 277, Mill Creek, WV 26280 COUNTY: Randolph

PURPOSE OF ISSUE: New Money X
Refunding ____ Refunds issue(s) dated: _____

ISSUE DATE: August 25, 2004 CLOSING DATE: August 25, 2004

ISSUE AMOUNT: $400,000 RATE: 4.5%

1st DEBT SERVICE DUE: N/A 1st PRINCIPAL DUE: N/A

1st DEBT SERVICE AMOUNT: N/A PAYING AGENT: None (District pays USDA directly)

BOND COUNSEL: Jackson Kelly PLLC UNDERWRITERS COUNSEL: _____
Contact Person: Samme L. Gee, Esquire Contact Person: _____
Phone: (304) 340-1318 Phone: _____

CLOSING BANK: Mountain Valley Bank, N.A. ESCROW TRUSTEE: _____
Contact Person: Kim Been Contact Person: _____
Phone: (304) 637-2265 Phone: _____

KNOWLEDGEABLE ISSUER CONTACT: OTHER: United States Department of Agriculture
Contact Person: Bonnie Serrett Contact Person: Joseph Crickenberger
Position: Secretary Function: Rural Development Specialist
Phone: (304) 335-2035 Phone: (304) 636-2158

DEPOSITS TO MBC AT CLOSE: _____ Accrued Interest: $_____
_____ Capitalized Interest: $_____
By _____ Wire _____ Reserve Account: $_____
_____ Check _____ Other: _____ $_____

REFUNDS & TRANSFERS BY MBC AT CLOSE:
By _____ Wire _____ To Escrow Trustee: $_____
_____ Check _____ To Issuer: $_____
_____ IGT _____ To Cons. Invest. Fund $_____
_____ To Other: _____ $_____

NOTES: The Bond Commission will only hold the Series 2004 B Bonds Reserve Account. Debt service payments will be made by the District directly to the National Finance Office.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
Documents Required: _____
Transfers Required: _____

08/13/04
000630/00306

M0387499.1

36B

State of West Virginia

NOV - 5 2002
HORNOR BROTHERS

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

815 QUARRIER STREET, SUITE 418 CHARLESTON, WEST VIRGINIA 25301-2616
TELEPHONE 304-558-2981

PERMIT

(Water)

PROJECT: Huttonsville PSD, Phase I PERMIT NO.: 15,442

LOCATION: near Elkins COUNTY: Randolph DATE: 11-01-2002

THIS IS TO CERTIFY that after reviewing plans, specifications, application forms, and other essential information that

Huttonsville Public Service District
Post Office Box 277
Mill Creek, West Virginia 26280-0277

is hereby granted approval to: install approximately 35,980 LF of 12", 11,748 LF of 10", 57,784 LF of 8", 42,018 LF of 6", 21,096 LF of 4" and 9,646 LF of 2" water line; two (2) 200 G.P.M. duplex water booster stations and one (1) 60 G.P.M. duplex water booster station; one (1) 158,000 gallon water storage tank and one (1) 88,000 gallon water storage tank; one (1) duplex chlorine booster station; a new telemetry system for booster stations and water storage tanks; one (1) master meter station; and all necessary valves, controls and appurtenances, with water to be provided by the City of Elkins.

Facilities are to serve approximately 438 new customers along Route 21; US Route 219 south of Huttonsville; Beaver Creek; Ward Flat; Becky Creek; and areas north, south and west of the Town of Mill Creek in the Huttonsville Public Service District.

Note: This permit is contingent upon: 1) All new water lines and water storage tanks being disinfected, flushed and bacteriologically tested, prior to use; 2) Maintaining a minimum ten (10) feet horizontal separation between sewer and water lines and an 18" vertical separation between crossing sewer and water lines, with the water line above the sewer line; and 3) The installation of a minimum six (6) feet high fence with a locking gate around the new water storage tanks.

The Office of Environmental Health Services Philippi District Office, telephone (304) 457-2296, is to be notified when construction begins.

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR

William S. Herold, Jr., P.E., Assistant Manager
Infrastructure and Capacity Development
Environmental Engineering Division

WSH:sec

pc: Hornor Brothers Engineers
City of Elkins
James W. Ellars, P.E., PSC-Engineering Division
Amy Swann, PSC
Randolph County Health Department
OEHS-EED Philippi District Office

HUTTONSVILLE PUBLIC SERVICE DISTRICT BOX 277 MILL CREEK WV 26280	CROMWELL-KEIM-HEINEMAN INS. P. O. BOX 1426 ELKINS WV 26241 TELEPHONE 304-636-1680

Policy Number: CWP 5 002 815 |01| **WIC Account Number:** 4700467902 | M

Policy Period **From** 01/16/04 **To** 01/16/05 **at 12:01 A.M. Standard Time at your mailing address shown above.**

LIMITS OF INSURANCE -

General Aggregate Limit (Other Than Products/Completed Operations)		$2,000,000
Products/Completed Operations Aggregate Limit		$2,000,000
Personal & Advertising Injury Limit (Per Person Or Organization)		$1,000,000
Each Occurrence Limit		$1,000,000
Damage to Premises Rented to You Limit	(Any One Premises)	$100,000
Medical Expense Limit	(Any One Person)	$5,000

TOTAL ADVANCE ANNUAL GENERAL LIABILITY PREMIUM $5,831.00

Deductible Liability Insurance Applies

Forms And Endorsements Applicable To This Coverage Part:
CG2160 0498 , CG2250 1185 , CG2167 0402*, CG0300A 0196*, CG0001 1001 ,
IL0021 0702*, CG7003 0202 , CG7000 1298 , CG2503 0397 , CG2504 0397 ,
CG2147 0798 , CG2662 0902*, CG2170 1102*, CG7017 1298 , CG0062 1202*.

HUTTONSVILLE PUBLIC SERVICE DISTRICT BOX 277 MILL CREEK WV 26280	CROMWELL-KEIM-HEINEMAN INS. P. O. BOX 1426 ELKINS WV 26241 TELEPHONE 304-636-1680

Policy Number: CWP 5 002 815 |01| **WIC Account Number:** 4700467902 | M

Policy Period From 01/16/04 To 01/16/05 at 12:01 A.M. Standard Time at your mailing address shown above.

Location Of All Premises Owned By, Rented To Or Controlled By The Named Insured Are The Same As The Mailing Address Of The Policy Declarations Unless Otherwise Indicated.

GENERAL LIABILITY SCHEDULE

PREMIUM BASIS LEGEND -
S = GROSS SALES PER $1,000 | A = AREA PER 1,000 SQ. FT. | U = UNITS PER UNIT
P = PAYROLL PER $1,000 | C = TOTAL COST PER $1,000 | T = SEE CLASSIFICATION NOTES
M = ADMISSIONS PER 1,000

RATE LEGEND -
PREM/OP = PREMISES AND OPERATIONS
PROD = PRODUCTS AND COMPLETED OPERATIONS
MP = MINIMUM PREMIUM

CLASSIFICATION WEST VIRGINIA	CODE	PREMIUM BASIS	RATE		PREMIUM
PRODUCTS COMPLETED OPERATIONS	44444	INCLUDED	PROD.		INCL
SEWERS - INCLUDING PRODUCTS AND/OR COMPLETED OPERATIONS. PRODUCTS-COMPLETED OPERATIONS INCLUDED IN THIS CLASSIFICATION ARE SUBJECT TO THE GENERAL AGGREGATE LIMIT.	48039	T 11	PREM/OP	94.623	$1,041
CONTRACTORS - SUBCONTRACTED WORK - IN CONNECTION WITH PIPELINE (OTHER THAN OIL OR GAS), OR COMMUNICATION OR POWER LINE CONSTRUCTION, RECONSTRUCTION OR REPAIR	91587	C IF ANY	PREM/OP	1.323	
SEWAGE DISPOSAL - PLANT OPERATIONS - INCLUDING PRODUCTS AND/OR COMPLETED OPERATIONS. PRODUCTS-COMPLETED OPERATIONS INCLUDED IN THIS CLASSIFICATION ARE SUBJECT TO THE GENERAL AGGREGATE LIMIT.	98810	P 70,000	PREM/OP	25.283	$1,770
WATER COMPANIES - INCLUDING PRODUCTS AND/OR COMPLETED OPERATIONS. PRODUCTS-COMPLETED OPERATIONS INCLUDED IN THIS CLASSIFICATION ARE SUBJECT TO THE GENERAL AGGREGATE LIMIT.	99943	P 60,000	PREM/OP	50.334	$3,020
PREM/OP MP $201					
TOTAL PREMIUM - PREMISES AND OPERATIONS					$5,831
TOTAL ADVANCE ANNUAL GENERAL LIABILITY PREMIUM					$5,831

IC-2
(7/30/01)

GRANT AGREEMENT

This Grant Agreement entered into by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority"), on behalf of the WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL(the "Council") and HUTTONSVILLE PUBLIC SERVICE DISTRICT (the "Governmental Agency").

RECITALS

WHEREAS, the Council has authorized the Authority to make a grant to the Governmental Agency in the amount not to exceed $1,592,390 (the "Grant") for the purposes of the design, acquisition or construction of a project for which a preliminary application has been submitted and approved by the Council;

WHEREAS, the Governmental Agency wishes to accept the Grant upon such terms and conditions as are hereinafter set forth for the purposes of designing, acquiring or constructing the project described in Exhibit A attached hereto and incorporated herein by reference (the "Project");

WHEREAS, this Grant Agreement sets forth the Council, the Authority and the Governmental Agency's understandings and agreements with regard to the Grant.

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

TERMS

1. Prior to the distribution of the Grant, the Governmental Agency shall provide the Authority with a Project budget and an anticipated monthly draw schedule reflecting the receipt dates and amounts from other funding sources.

2. The Authority shall advance the Council's share of the Project costs from the Grant from time to time upon receipt of a requisition evidencing the costs incurred, which requisition must be satisfactory to the Authority.

3. The monthly requisition will also set forth (i) the amounts requested for that requisition period from all other funding agencies, and (ii) the amounts advanced for the Project to date from all other funding agencies.

4. The Governmental Agency will use the proceeds of the Grant only for the purposes specifically set forth in Exhibit A.

5. The Governmental Agency shall comply with and is bound by the Council's rules set forth as Title 167, Series 1 and more particularly Section 5.9 with respect to the sale of the Project.

6. The Governmental Agency acknowledges that the Grant may be reduced, from time to time, to reflect actual Project costs and availability of other funding.

7. The Governmental Agency shall list the Grant provided by the Authority and the Council in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any groundbreaking or dedication of the Project.

8. This Grant Agreement shall be governed by the laws of the State of West Virginia.

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

HUTTONSVILLE PUBLIC SERVICE DISTRICT

By: _____
Its: Chairperson
Date: August 25, 2004

HUTTONSVILLE PUBLIC SERVICE DIST. ESTABLISHED JUNE 13, 1972

(SEAL)

Attest:

_____
Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: _____
Its: Director
Date: August 25, 2004

(SEAL)

Attest:

_____
Its: Secretary-Treasurer

000832/00466
7/20/04

Exhibit A

Project Description

The Project consists of construction of approximately 178,000 linear feet of 12 inch, 10 inch, 8 inch, 6 inch, 4 inch and 2 inch waterlines, two water storage tanks and three water booster pump stations to serve approximately 438 potential customers in Randolph County, together with all appurtenant facilities.

Water and Waste System Grant Agreement

United States Department of Agriculture

Rural Utilities Service

THIS AGREEMENT dated August 25, 2004, between

Huttonsville Public Service District

a public corporation organized and operating under

Chapter 16, Article 13A, West Virginia Code

(Authorizing Statute)

herein called "Grantee," and the United States of America acting through the Rural Utilities Service, Department of Agriculture, herein called "Grantor," WITNESSETH:

WHEREAS

Grantee has determined to undertake a project of acquisition, construction, enlargement, or capital improvement of a (water) (waste) system to serve the area under its jurisdiction at an estimated cost of $ 6,569,390.00 and has duly authorized the undertaking of such project.

Grantee is able to finance not more than $ 4,444,390.00 of the development costs through revenues, charges, taxes or assessments, or funds otherwise available to Grantee resulting in a reasonable user charge.

Said sum of $ 4,444,390.00 has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed $ 2,125,000.00 or 75% percent of said project development costs, whichever is the lesser, subject to the terms and conditions established by the Grantor. Provided, however, that the proportionate share of any grant funds actually advanced and not needed for grant purposes shall be returned immediately to the Grantor. The Grantor may terminate the grant in whole, or in part, at any time before the date of completion, whenever it is determined that the Grantee has failed to comply with the Conditions of the grant.

As a condition of this grant agreement, the Grantee assures and certifies that it is in compliance with and will comply in the course of the agreement with all applicable laws, regulations, Executive orders and other generally applicable requirements, including those set out in 7 CFR 3015.205(b), which hereby are incorporated into this agreement by reference, and such other statutory provisions as are specifically set forth herein.

NOW, THEREFORE, In consideration of said grant by Grantor to Grantee, to be made pursuant to Section 306(a) of The Consolidated Farm and Rural Development Act for the purpose only of defraying a part not to exceed 32.3% percent of the project development costs, as defined by applicable Rural Utilities Service instructions.

Grantee Agrees That Grantee Will:

A. Cause said project to be constructed within the total sums available to it, including said grant, in accordance with the project plans and specifications and any modifications thereof prepared by Grantee and approved by Grantor.

B. Permit periodic inspection of the construction by a representative of Grantor during construction.

C. Manage, operate and maintain the system, including this project if less than the whole of said system, continuously in an efficient and economical manner.

D. Make the services of said system available within its capacity to all persons in Grantee's service area without discrimination as to race, color, religion, sex, national origin, age, marital status, or physical or mental handicap (possess capacity to enter into legal contract for services) at reasonable charges, including assessments, taxes, or fees in accordance with a schedule of such charges, whether for one or more classes of service, adopted by resolution dated _____*_____, _____, as may be modified from time to time by Grantee. The initial rate schedule must be approved by Grantor. Thereafter, Grantee may make such modifications to the rate system as long as the rate schedule remains reasonable and nondiscriminatory.

E. Adjust its operating costs and service charges from time to time to provide for adequate operation and maintenance, emergency repair reserves, obsolescence reserves, debt service and debt service reserves.

F. Expand its system from time to time to meet reasonably anticipated growth or service requirements in the area within its jurisdiction.

G. Provide Grantor with such periodic reports as it may require and permit periodic inspection of its operations by a representative of the Grantor.

H. To execute any agreements required by Grantor which Grantee is legally authorized to execute. If any such agreement has been executed by Grantee as a result of a loan being made to Grantee by Grantor contemporaneously with the making of this grant, another agreement of the same type need not be executed in connection with this grant.

I. Upon any default under its representations or agreements set forth in this instrument, Grantee, at the option and demand of Grantor, will repay to Grantor forthwith the original principal amount of the grant stated herein above with the interest at the rate of 5 percentum per annum from the date of the default. Default by the Grantee will constitute termination of the grant thereby causing cancellation of Federal assistance under the grant. The provisions of this Grant Agreement may be enforced by Grantor, at its option and without regard to prior waivers by it previous defaults of Grantee, by judicial proceedings to require specific performance of the terms of this Grant Agreement or by such other proceedings in law or equity, in either Federal or State courts, as may be deemed necessary by Grantor to assure compliance with the provisions of this Grant Agreement and the laws and regulations under which this grant is made.

J. Return immediately to Grantor, as required by the regulations of Grantor, any grant funds actually advanced and not needed by Grantee for approved purposes.

K. Use the real property including land, land improvements, structures, and appurtenances thereto, for authorized purposes of the grant as long as needed.

1. Title to real property shall vest in the recipient subject to the condition that the Grantee shall use the real property for the authorized purpose of the original grant as long as needed.

2. The Grantee shall obtain approval by the Grantor agency for the use of the real property in other projects when the Grantee determines that the property is no longer needed for the original grant purposes. Use in other projects shall be limited to those under other Federal grant programs or programs that have purposes consistent with those authorized for support by the Grantor.

* As approved by the Public Service Commission of West Virginia

3. When the real property is no longer needed as provided in 1 and 2 above, the Grantee shall request disposition instructions from the Grantor agency or its successor Federal agency. The Grantor agency shall observe the following rules in the disposition instructions:

(a) The Grantee may be permitted to retain title after it compensates the Federal Government in an amount computed by applying the Federal percentage of participation in the cost of the original project to the fair market value of the property.

(b) The Grantee may be directed to sell the property under guidelines provided by the Grantor agency. When the Grantee is authorized or required to sell the property, proper sales procedures shall be established that provide for competition to the extent practicable and result in the highest possible return.
[Revision 1, 04/17/1998]

(c) The Grantee may be directed to transfer title to the property to the Federal Government provided that in such cases the Grantee shall be entitled to compensation computed by applying the Grantee's percentage of participation in the cost of the program or project to the current fair market value of the property.

This Grant Agreement covers the following described real property (use continuation sheets as necessary).
All real property and appurtenances thereto associated with the water improvement project to serve the areas of Beaver Creek, Ward Flat, Becky Creek, outlying areas surrounding the Town of Mill Creek located in Randolph Co. WV which serve a potential of 438 potential customers

L. Abide by the following conditions pertaining to equipment which is furnished by the Grantor or acquired wholly or in part with grant funds. Equipment means tangible, non-expendable, personal property having a useful life of more than one year and an acquisition cost of $5,000 or more per unit. A grantee may use its own definition of equipment provided that such definition would at least include all equipment defined above.
[Revision 1, 04/17/1998]

1. Use of equipment.

(a) The Grantee shall use the equipment in the project for which it was acquired as long as needed. When no longer needed for the original project, the Grantee shall use the equipment in connection with its other Federally sponsored activities, if any, in the following order of priority:

(1) Activities sponsored by the Grantor.

(2) Activities sponsored by other Federal agencies.

(b) During the time that equipment is held for use on the project for which it was acquired, the Grantee shall make it available for use on other projects if such other use will not interfere with the work on the project for which the equipment was originally acquired. First preference for such other use shall be given to Grantor sponsored projects. Second preference will be given to other Federally sponsored projects.

2. Disposition of equipment. When the Grantee no longer needs the equipment as provided in paragraph (a) above, the equipment may be used for other activities in accordance with the following standards:

(a) Equipment with a current per unit fair market value of less than $5,000. The Grantee may use the equipment for other activities without reimbursement to the Federal Government or sell the equipment and retain the proceeds.

(b) Equipment with a current per unit fair market value of $5,000 or more. The Grantee may retain the equipment for other uses provided that compensation is made to the original Grantor agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value or proceeds from sale of the equipment. If the Grantee has no need for the equipment and the equipment has further use value, the Grantee shall request disposition instructions from the original Grantor agency.

The Grantor agency shall determine whether the equipment can be used to meet the agency's requirements. If no requirement exists within that agency, the availability of the equipment shall be reported, in accordance with the guidelines of the Federal Property Management Regulations (FPMR), to the General Services Administration by the Grantor agency to determine whether a requirement for the equipment exists in other Federal agencies. The Grantor agency shall issue instructions to the Grantee no later than 120 days after the Grantee requests and the following procedures shall govern:

(1) If so instructed or if disposition instructions are not issued within 120 calendar days after the Grantee's request, the Grantee shall sell the equipment and reimburse the Grantor agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the Grantee shall be permitted to deduct and retain from the Federal share ten percent of the proceeds for Grantee's selling and handling expenses.

(2) If the Grantee is instructed to ship the equipment elsewhere the Grantee shall be reimbursed by the benefiting Federal agency with an amount which is computed by applying the percentage of the Grantee participation in the cost of the original grant project or program to the current fair market value of the equipment, plus any reasonable shipping or interim storage costs incurred.

(3) If the Grantee is instructed to otherwise dispose of the equipment, the Grantee shall be reimbursed by the Grantor agency for such costs incurred in its disposition.

3. The Grantee's property management standards for equipment shall also include:

(a) Records which accurately provide for: a description of the equipment; manufacturer's serial number or other identification number; acquisition date and cost; source of the equipment; percentage (at the end of budget year) of Federal participation in the cost of the project for which the equipment was acquired; location, use and condition of the equipment and the date the information was reported; and ultimate disposition data including sales price or the method used to determine current fair market value if the Grantee reimburses the Grantor for its share.

(b) A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years to verify the existence, current utilization, and continued need for the equipment.

(c) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated and fully documented.

(d) Adequate maintenance procedures shall be implemented to keep the equipment in good condition.

(e) Proper sales procedures shall be established for unneeded equipment which would provide for competition to the extent practicable and result in the highest possible return.

This Grant Agreement covers the following described equipment(use continuation sheets as necessary).

N/A

M. Provide Financial Management Systems which will include:

1. Accurate, current, and complete disclosure of the financial results of each grant. Financial reporting will be on an accrual basis.

2. Records which identify adequately the source and application of funds for grant-supported activities. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.

3. Effective control over and accountability for all funds, property and other assets. Grantees shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes.

4. Accounting records supported by source documentation.

N. Retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least three years after grant closing except that the records shall be retained beyond the three-year period if audit findings have not been resolved. Microfilm or photo copies or similar methods may be substituted in lieu of original records. The Grantor and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the Grantee's government which are pertinent to the specific grant program for the purpose of making audits, examinations, excerpts and transcripts.

O. Provide information as requested by the Grantor to determine the need for and complete any necessary Environmental Impact Statements.

P. Provide an audit report prepared in accordance with Grantor regulations to allow the Grantor to determine that funds have been used in compliance with the proposal, any applicable laws and regulations and this Agreement.

Q. Agree to account for and to return to Grantor interest earned on grant funds pending their disbursement for program purposes when the Grantee is a unit of local government. States and agencies or instrumentality's of states shall not be held accountable for interest earned on grant funds pending their disbursement.

R. Not encumber, transfer or dispose of the property or any part thereof, furnished by the Grantor or acquired wholly or in part with Grantor funds without the written consent of the Grantor except as provided in item K above.

S. To include in all contracts for construction or repair a provision for compliance with the Copeland "Anti-Kick Back" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR, Part 3). The Grantee shall report all suspected or reported violations to the Grantor.

T. To include in all contracts in excess of $100,000 a provision that the contractor agrees to comply with all the requirements of the Clean Air Act (42 U.S.C. §7414) and Section 308 of the Water Pollution Control Act (33 U.S.C. §1318) relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in Section 114 of the Clean Air Act and Section 308 of the Water Pollution Control Act and all regulations and guidelines issued thereunder after the award of the contract. In so doing the Contractor further agrees:
[Revision 1, 11/20/1997]

1. As a condition for the award of contract, to notify the Owner of the receipt of any communication from the Environmental Protection Agency (EPA) indicating that a facility to be utilized in the performance of the contract is under consideration to be listed on the EPA list of Violating Facilities. Prompt notification is required prior to contract award.

2. To certify that any facility to be utilized in the performance of any nonexempt contractor subcontract is not listed on the EPA list of Violating Facilities pursuant to 40 CFR Part 32 as of the date of contract award.
[Revision 1, 11/20/1997]

3. To include or cause to be included the above criteria and the requirements in every nonexempt subcontract and that the Contractor will take such action as the Government may direct as a means of enforcing such provisions.

As used in these paragraphs the term "facility" means any building, plan, installation, structure, mine, vessel or other floating craft, location, or site of operations, owned, leased, or supervised by a Grantee, cooperator, contractor, or subcontractor, to be utilized in the performance of a grant, agreement, contract, subgrant, or subcontract. Where a location or site of operation contains or includes more than one building, plant, installation, or structure, the entire location shall be deemed to be a facility except where the Director, Office of Federal Activities, Environmental Protection Agency, determines that independent facilities are co-located in one geographical area.

Grantor Agrees That It:

A. Will make available to Grantee for the purpose of this Agreement not to exceed $ 2,125,000.00 which it will advance to Grantee to meet not to exceed 32.3% percent of the project development costs of the project in accordance with the actual needs of Grantee as determined by Grantor.

B. Will assist Grantee, within available appropriations, with such technical assistance as Grantor deems appropriate in planning the project and coordinating the plan with local official comprehensive plans for sewer and water and with any State or area plans for the area in which the project is located.

C. At its sole discretion and at any time may give any consent, deferment, subordination, release, satisfaction, or termination of any or all of Grantee's grant obligations, with or without valuable consideration, upon such terms and conditions as Grantor may determine to be (1) advisable to further the purpose of the grant or to protect Grantor's financial interest therein and (2) consistent with both the statutory purposes of the grant and the limitations of the statutory authority under which it is made.

Termination of This Agreement

This Agreement may be terminated for cause in the event of default on the part of the Grantee as provided in paragraph I above or for convenience of the Grantor and Grantee prior to the date of completion of the grant purpose. Termination for convenience will occur when both the Grantee and Grantor agree that the continuation of the project will not produce beneficial results commensurate with the further expenditure of funds.

In witness whereof Grantee on the date first above written has caused these presence to be executed by its duly authorized

Chairman

attested and its corporate seal affixed by its duly authorized

Attest:

By

(Title) Executive Secretary

By

(Title)

UNITED STATES OF AMERICA

RURAL UTILITIES SERVICE

By Rural Development Specialist
(Title)

STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

December 18, 2001

BOB WISE
GOVERNOR

The Honorable Willard Herron
President
Randolph County Commission
Post Office Box 2092
Elkins, West Virginia 26241

Dear Commissioner Herron:

Thank you for your application to the Small Cities Block Grant program.

Your request has been approved in the amount of $1,500,000. These funds will enable you to provide potable water to approximately 438 new customers along Georgetown Road; Beck Creek; and south, west, and north of Mill Creek. The project includes a 300,000-gallon tank; an 88,000-gallon tank; a 60 GPM booster station; and 178,400 linear feet of water line.

In order to effectively use the limited dollars available, I hereby commit $750,000 from our fiscal year 2001 allocation that will immediately be available to you. The remaining $750,000 necessary to complete this project will be evaluated and committed in the coming year. I encourage you to expedite this project and reach its completion as quickly as possible with this funding strategy in mind.

Please contact Ms. Deanna Hornyak of the West Virginia Development Office, at (304) 558-4010, to complete the necessary contract in order to proceed with your project.

The West Virginia Development Office reserves the right to withdraw these funds if your project does not proceed on schedule. These funds would be replaced with a letter of intent for consideration from future allocations.

I am pleased to assist with these improvements for the citizens of Randolph County.

Very truly yours,

Bob Wise
Governor

BW:dhd

STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

BOB WISE
GOVERNOR

October 3, 2002

The Honorable Willard Herron
President
Randolph County Commission
Post Office Box 2092
Elkins, West Virginia 26241

Dear Commissioner McCann:

Thank you for your application to the Small Cities Block Grant Program (SCBG).

Your request has been approved in the amount of $750,000. These funds will bring the total SCBG commitment to $1,500,000 and will enable you to complete the Huttonsville Public Service District's water line extension project to the Georgetown Road, Becky Creek, and Mill Creek areas of Randolph County.

The West Virginia Development Office (WVDO), Community Development staff, will contact you to amend the SCBG contract in order to proceed with your project.

Please be reminded that the WVDO reserves the right to withdraw funds if your project does not proceed on schedule. These funds would be replaced with a letter of intent for consideration from future allocations.

I am pleased to assist with these improvements for the citizens of Randolph County.

Very truly yours,

Bob Wise
Governor

BW:lgd

BULK WATER CONTRACT

THIS AGREEMENT, Made and entered into in duplicate this 25th day of September 2002, by and between the CITY OF ELKINS, a West Virginia municipal corporation, party of the first part, hereinafter called "Elkins", and HUTTONSVILLE PUBLIC SERVICE DISTRICT, a body politic created by order of the County Court of Randolph County, West Virginia, party of the second part, hereinafter called "Huttonsville".

In making this contract both Elkins and Huttonsville understand and agree to the following facts:

1. Elkins owns, maintains and operates a public water filtration, treatment, storage and distribution system from which Elkins furnishes water for its own municipal purposes and sells water to customers in and about the City of Elkins.

2. Huttonsville owns, maintains and operates a public water distribution system in its area known as "Huttonsville Public Service District", Randolph County, West Virginia.

3. Huttonsville contemplates the installation of additional water service lines to provide water service to an additional 1,000 customers in its area known as "Huttonsville Public Service District", Randolph County, West Virginia. Said service lines, then installed, shall be used for the purpose of supplying and distributing water to users situate or residing within said area. In connection with said distribution system, Huttonsville desires Elkins to supply it with water, and in order for Elkins to supply water Huttonsville also contemplates constructing a line connection with Elkins' 12" water line on Wilson Lane, at which point Huttonsville and Elkins contemplate the construction and installation of a master meter and valve box. Said point is hereinafter referred to as "Wilson Lane master meter location".

4. Elkins has a satisfactory source of raw water and at the present time is able to filter and treat a greater quantity of water than is used and demanded by its present customers, and is willing to sell to Huttonsville, and Huttonsville desires to purchase, filtered and treated, potable water from the surplus or excess supply of Elkins' water for distribution by Huttonsville to its own customers within the above defined area.

In consideration of the aforesaid circumstances and in further consideration of the mutual convenants and agreements hereinafter made and contained, it is mutually covenanted and agreed between the parties hereto as follows:

1. That this contract shall extend for a term of up to forty years from the date of the initial delivery of any water as shown by the first bill submitted by the Seller to the Purchaser and thereafter may be renewed or extended for such term, or terms, as herafter set out in paragraph ten of this agreement.

2. Elkins agrees to sell, furnish and deliver to Huttonsville and Huttonsville agrees to purchase and take from Elkins filtered and treated, potable water which will meet the requirements of the West Virginia Department of Health governing public water supply, in an amount sufficient to supply the needs and demands of Huttonsville in meeting the legal and ordinary requirements of its proposed water system, so far as Elkins is able to furnish such water. Elkins shall furnish approximately six million gallons a month to Huttonsville through the Wilson Lane master meter location. In the event of an extended shortage of water, or the supply of water available to Elkins is otherwise diminished over the extended period of time, the supply of water to Huttonsville's consumers shall be reduced or diminished in the same ratio or proportion as the supply to Elkins' consumers is reduced or diminished.

3. Delivery of water by Elkins to Huttonsville shall be furnished at a reasonably constant pressure based upon existing conditions in the Elkins distribution system. Huttonsville's engineer shall verify static and dynamic pressures in the Elkins system as necessary. If a greater or lesser than that normally available at the point of delivery is required by Huttonsville, the cost of providing such greater or lesser pressure shall be borne by Huttonsville. Emergency failures of pressure or supply due to main supply line breaks, power failure, flood, fire and use of water to fight fire, earthquake or other catastrophe shall excuse Elkins from this provision for such reasonable period of time as may be necessary to restore service. Delivery will be at the connection between Elkins' line and Huttonsville's line at said "proposed Wilson Lane Master meter location" and upon delivery at this point title to said water shall vest in Huttonsville and it shall be the sole duty and responsibility of Huttonsville thereafter to handle, care for, transport and distribute said water, without any obligation of any nature whatsoever upon Elkins.

4. Huttonsville will furnish and install a master water meter and install the appropriate 12" lines to said "Wilson Lane master meter", with appliances and fittings, for measuring the quantity of water to be sold and to be furnished and delivered to Huttonsville hereunder; with necessary shut-off or control valves

or gate valves, bypass valves, etc., all to be considered "construction costs". Such "construction costs" shall include all necessary inspection, engineering, land acquisition, legal and administrative expenses. Said master meter and gate or control valves shall be of standard type and shall be located on Wilson Lane. Elkins shall maintain and operate said meter and valves and shall have full control thereof, but Huttonsville shall have access to the meter at such times as Huttonsville requests, with the right to take meter readings, but not to regulate or repair said meter, with and in the presence of an authorized representative of The Water Department of Elkins. Huttonsville will be responsible for the construction, purchase and installation costs (hereinbefore referred to as "construction costs") of said master water meter. Huttonsville will, upon request, provide Elkins copies of all receipts, vouchers, purchase agreements, etc., needed to verify said "construction costs".

5. Either Elkins or Huttonsville shall have the right at any time, upon reasonable notice to the other party so as not to interfere unreasonably with the service, without loss or inconvenience to the other party, to have said Wilson Lane master meter examined and tested by some person or concern qualified to examine and test the same. The cost of testing, examining and repairing said master meter shall be borne by the party challenging the accuracy of the same if the said meter or test proves to be correct, or within 2% of correct; but if the said meter on test proves to be more than 2% fast then the cost of testing, examining and repairing said meter shall be borne by Elkins. Adjustment of bills for meter error revealed by such tests shall be in accordance with the applicable Public Service Commission of West Virginia, Rules and Regulations for the Government of Water Utilities. During such times as said master meter may be out of repair, or while being tested, water furnished to Huttonsville shall be estimated on the basis of the quantity of water registered for like periods of time when said meter was installed and registering accurately.

6. At such time as it shall become necessary for Elkins to make repairs to its water system or filtration plant, such repairs shall be made at such times and during such periods as to least disturb and curtail the supply of water furnished to Huttonsville. If such repairs require that delivery of water to Huttonsville be curtailed or interrupted, then Elkins shall notify Huttonsville, if possible, at least twelve hours before commencing such repairs, if the emergency will admit of such notice, in order that Huttonsville may notify its customers of such contingency. Similarly, should Huttonsville have an unexpected or unusually large demand for water, by reason of sudden breaks in its system, disastrous fires or similar circumstances, then Huttonsville, upon receipt of notice of such demand, shall immediately give Elkins notice of such increased demand.

7. Elkins shall read the Wilson Lane master water meter as often as necessary, compute deliveries and render to Huttonsville each month a statement,

including the current and previous meter readings. Elkins will notify Huttonsville each month as to when the master meter is to be read. Huttonsville's representative shall be permitted to be present when Elkins reads said master meter. Such statements shall show the quantity of water taken by Huttonsville for the month, together with the computation of the amount due and payable to Elkins at the rate hereinafter stated. All payments by Huttonsville to Elkins for water furnished shall be made within twenty days after such statement has been rendered and delivered to Huttonsville.

8. Filtered and treated potable water furnished and sold hereunder and delivered through said proposed Wilson Lane master meter location shall be paid for by Huttonsville to Elkins monthly at the current rate of one dollar and seventeen cents ($1.17) per thousand gallons, with no monthly minimum amount. The rate Huttonsville pays may change from time to time, as Elkins amends its rate tariff. In no case shall Huttonsville pay more than the bulk rate charged to other public service districts. Bills shall be rendered on the first day of the month for water sold and delivered for the preceding month. If payment is not made within twenty days of date of bill, a 10% penalty will be charged to the delinquent billed amount.

9. This agreement shall be and continue in full force and effect and binding upon the parties hereto for a period of up to forty years from the date hereof, provided, however, that Huttonsville should have the right and privilege to renew this contract upon the same terms and conditions for one renewal period of forty years. Said renewal shall automatically occur unless Huttonsville shall give Elkins written notice of its intention not to renew this contract at least sixty days prior to the expiration of the original term hereof. It is understood and agreed by and between the parties hereof that Huttonsville shall have the right and privilege to renew this agreement at the expiration of said renewal period for four additional terms of forty years each at such rates or prices, and upon such terms, provisions and conditions, as are then applicable.

10. Huttonsville shall have the right to discontinue buying water from Elkins when its new water treatment plant goes into service.

11. Should Huttonsville default in any of the covenants and agreements herein contained, or fail to pay its water bill for water furnished hereunder for a period of thirty days after such payment is due, then Elkins shall have the full right to shut off the supply of and cease furnishing water to Huttonsville hereunder in accordance with the applicable PSC rules and regulations until such time as Huttonsville shall comply with said covenants and agreements or pay and fully discharge said water bill or bills, as the case may be. However, the covenants under this paragraph shall not preclude Elkins from instituting suit or legal proceedings for the collection of any unpaid water bills hereunder.

12. Huttonsville hereby agrees and binds itself to indemnify, secure and save harmless the City of Elkins as to, from and against any and all suits, actions, loss, judgments, damages, costs, charges and expenses of every kind by reason of injury to persons or property owing to or resulting from damage done or claimed by any person by reason of the escape of water after its delivery by Elkins to Huttonsville at the point of connection with Elkins' line, as aforesaid or for any other matter or thing after the delivery of said water at said master meter in respect to this agreement. The Huttonsville Public Service District further agrees to obtain a general liability insurance policy with limits of not less than $300,000, which policy shall name the City of Elkins as a named insured.

13. The payment by Huttonsville to Elkins for water furnished under this contract is in no sense a charge for protection against fire, and it is expressly understood that while Huttonsville intends to use part of the water furnished hereunder for fire protection purposes, Elkins is not obligated in any way to have on hand a supply of water, other than what is contracted for herein and pursuant to the terms hereof, at any fire plug or consumer's hydrant in Huttonsville or any customer thereof at any outlet at the time of fire, and that Elkins shall not be liable for such supply not being on at any time.

14. Huttonsville's water customers, served in this area, are in no way to be considered or deemed as customers of Elkins.

15. Huttonsville shall not assign this contract in whole or in part without the consent in writing thereto by the City of Elkins through proper resolution or action of its Common Council. In the event of any occurrence rendering Huttonsville incapable of performing under the Bulk Water Contract, any successor of Huttonsville, whether as a result of legal process, assignment, or otherwise, shall succeed to the rights of and be subject to the duties and obligations of Huttonsville hereunder.

16. No booster pump or other device for increasing the flow of water into Huttonsville's supply line over the normal and usual rate of flow, shall be attached to Huttonsville's line or any of its outlets by Huttonsville or any of its customers, except by the consent of the City of Elkins being first obtained in writing. The normal and usual rate of flow shall be that which should be produced by a planned 200 gallons per minute water booster pumping station to be located along the Georgetown Road.

17. Any notice of cancellation or application for renewal of this agreement, by Huttonsville, pursuant to Paragraph 9 above, shall be addressed to the Mayor of Elkins.

18. When requested by Huttonsville, Elkins will make available to the contractor at the point of delivery, after the master meter has been installed, water

sufficient for testing and flushing the system of Huttonsville during construction, at a charge equal to the rate per 1000 gallons charged by Elkins to Huttonsville for purchase of bulk water at the time that such water is requested. Huttonsville will give Elkins a thirty day written notice of when it will need water.

19. That this contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in this State. Elkins and Huttonsville will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.

20. This agreement, with all of its terms, conditions, and provisions shall extend to and be binding upon the parties hereto, their respective successors and assigns, boards or councils.

IN WITNESS WHEREOF, the parties hereto attach their signatures representing that each is acting with full authority.

Virgil P. Broughton, Mayor
City of Elkins

Lynn Channell, Chairman
Huttonsville Public Service District

CLOSING MEMORANDUM

3.20

To: **Bonnie Serrett**
Katy Mallory
Joseph Crickenberger
Barbara Meadows
Samme Gee

From: **Francesca Tan**

Date: **August 25, 2004**

Re: **Huttonsville Public Service District Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund) and Series 2004 B (United States Department of Agriculture)**

1. DISBURSEMENTS TO DISTRICT

A.

Payor:	West Virginia Infrastructure & Jobs Development Council
Source:	Series 2004 A Bonds Proceeds
Amount:	$140,754
Date:	August 25, 2004
Form:	Wire Transfer
Payee:	Huttonsville Public Service District
Bank:	Mountain Valley Bank, National Association
Routing No.:	051501671
Account No.:	1023918
Account:	Series 2004 Bonds Construction Trust Fund

B.

Payor:	United States Department of Agriculture
Source:	Series 2004 B Bonds Proceeds
Amount:	$82,200
Date:	August 25, 2004
Form:	Electronic Funds Transfer
Payee:	Huttonsville Public Service District
Bank:	Mountain Valley Bank, National Association
Routing No.:	051501671
Account No.:	1023918
Account:	Series 2004 Bonds Construction Trust Fund

JACKSONKELLY
ATTORNEYS AT LAW PLLC
SUITE 500, 150 CLAY STREET • PO BOX 619 • MORGANTOWN, WV 26507 • TELEPHONE: 304-284-4100 • TELECOPIER: 304-284-4140
www.jacksonkelly.com

August 25, 2004

Huttonsville Public Service District
Mill Creek, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Re: Huttonsville Public Service District Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund)

Ladies and Gentlemen:

We have served as bond counsel to Huttonsville Public Service District (the "Issuer") in connection with the issuance of its Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds").

We have examined certified copies of proceedings and other papers relating to the authorization of (i) a loan agreement for the Bonds, dated August 25, 2004, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and (ii) the Bonds to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are issued in the principal amount of $952,000, in the form of one bond, registered as to principal only to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2006, all as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and

construction of certain improvements and extensions to the existing public water facilities of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act and a Bond Resolution duly adopted by the Issuer on August 23, 2004, as supplemented by a Supplemental Resolution duly adopted by the Issuer on August 23, 2004 (collectively, the "Resolution"), pursuant to and under which Act and Resolution the Bonds are authorized and issued, and the Loan Agreement is entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Resolution and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Resolution and the Loan Agreement when used herein.

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

1. The Issuer is a duly created and validly existing public service district and is a public corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt the Resolution and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

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

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

4. The Issuer has legally and effectively adopted the Resolution and all other necessary resolutions in connection with the issuance and sale of the Bonds. The Resolution constitutes a valid and binding obligation of the Issuer, enforceable against the Issuer in

accordance with its terms thereof and contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and a pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Water Revenue Bonds, Series 1996, Water Revenue Bonds, Series 2000 A (United States Department of Agriculture), and Water Revenue Bonds, Series 2004 B (United States Department of Agriculture), all in accordance with the terms of the Bonds and the Resolution.

6. Under the Act, the Bonds and the interest thereon are exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

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

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

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

Very truly yours,

Jackson Kelly PLLC

08/03/04
000630/00306

M0387506.1

JACKSONKELLY
ATTORNEYS AT LAW PLLC
SUITE 500, 150 CLAY STREET • PO BOX 619 • MORGANTOWN, WV 26507 • TELEPHONE: 304-284-4100 • TELECOPIER: 304-284-4140
www.jacksonkelly.com

August 25, 2004

Huttonsville Public Service District
Mill Creek, West Virginia

United States Department of Agriculture,
Rural Utilities Service
Elkins, West Virginia

Re: Huttonsville Public Service District Water Revenue Bonds, Series 2004 B (United States Department of Agriculture)

Ladies and Gentlemen:

We have served as bond counsel to Huttonsville Public Service District (the "Issuer") in connection with the issuance of its Water Revenue Bonds, Series 2004 B(United States Department of Agriculture), dated the date hereof (the "Bonds").

We have examined certified copies of proceedings and other papers relating to the issuance of the Bonds. The Bonds are issued in the principal amount of $400,000, in the form of one bond and bear interest from the date hereof, on the amount advanced thereunder, at the rate of 4.5% per annum.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), and have been authorized by a Bond Resolution duly adopted by the Issuer on August 23, 2004, as supplemented by a Supplemental Resolution duly adopted by the Issuer on August 23, 2004 (collectively, the "Resolution"). The Bonds are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public water facilities of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Resolution when used herein.

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

1. The Issuer is a duly created and validly existing public service district and is a public corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt

the Resolution and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Issuer has legally and effectively adopted the Resolution and all other necessary resolutions in connection with the issuance and sale of the Bonds. The Resolution constitutes a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms thereof.

3. The Bonds have been duly authorized, issued, executed and delivered by the Issuer and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and a pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Water Revenue Bonds, Series 1996, Water Revenue Bonds, Series 2000 A (United States Department of Agriculture), and Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund), all in accordance with the terms of the Bonds and the Resolution.

4. Under the Act, the Bonds and the interest thereon are exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

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

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

We have examined the executed Bond numbered BR-1 and in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,

Jackson Kelly PLLC

07/09/04
000630/00306

M0387508.1

THOMAS R. ROSS II

Attorney at Law
209 Randolph Avenue
P.O. Box 2448
Elkins, WV 26241

Phone: (304) 637-0117 **Facsimile: (304) 637-0119**
email: trross@citynet.net

August 25, 2004

Huttonsville Public Service District
Mill Creek, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

United States Department of Agriculture,
Rural Utilities Service
Elkins, West Virginia

Jackson Kelly PLLC
Charleston, West Virginia

Re: Huttonsville Public Service District Water Revenue Bonds,
Series 2004 A (West Virginia Infrastructure Fund) and
Series 2004 B (United States Department of Agriculture)

Ladies and Gentlemen:

I am counsel to Huttonsville Public Service District (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Jackson Kelly PLLC, as bond counsel, relating to the above-captioned bonds of the Issuer (collectively, the "Bonds"), a loan agreement for the Series 2004 A Bonds, dated August 25, 2004, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), the letter of conditions for the Series 2004 B Bonds, dated April 18, 2002, as amended, from the United States of America, United States Department of Agriculture, Rural Utilities Service (the "Government"), a Bond Resolution duly adopted by the Public Service Board of the Issuer (the "Board") on August 23, 2004, as supplemented by a Supplemental Resolution duly adopted on August 23, 2004 (collectively, the "Resolution"), orders of The County Commission of Randolph

County relating to the Issuer and the appointment of members of the Board, and other documents relating to the Bonds and the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Loan Agreement and the Resolution when used herein.

I am of the opinion that:

1. The Issuer is a duly created and validly existing public service district and is a public corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System and to adopt the Resolution, all under the Act and other applicable provisions of law.

2. The members and officers of the Board have been duly and properly appointed and elected, have taken the requisite oaths and are thereby authorized to act on behalf of the Issuer in their respective capacities.

3. The Loan Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto, constitutes a valid and binding agreement of the Issuer, enforceable in accordance with its terms.

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

5. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Bonds, the Loan Agreement and the Resolution, and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default under any resolution, agreement or other instrument to which the Issuer is a party or any existing law, regulation, court order or consent decree to which the Issuer is subject.

6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates, registrations and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for the use of the System, including, without limitation, all requisite permits, approvals, orders and certificates from the West Virginia Bureau for Public Health, the Council and the Public Service Commission of West Virginia (the "PSC"). The Issuer has taken all actions required for the imposition of such rates and charges, including, without limitation, the adoption of a

resolution prescribing such rates and charges. The Issuer has received the orders of the PSC entered on July 9, 2003, and August 20 RO, 2004, in Case No. 02-1678-PWD-CN, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the rates for the System and the financing for the Project. The time for appeal of the PSC order entered July 9, 2003, has expired prior to the date hereof without any appeal having been filed. The time for appeal of the PSC order entered August 20 RO, 2004, has not expired on the date hereof. However, the parties to such order have stated that they do not intend to appeal such order. All such orders remain in full force and effect.

7. The Issuer has duly published the required notice with respect to, among other things, the amount of the Bonds to be issued, the interest rate and terms of the Bonds, the Project to be constructed, the cost of the Project, the anticipated user rates and charges and the date that a formal application for a certificate of public convenience and necessity is to be filed with the PSC in accordance with Chapter 16, Article 13A, Section 25 of the Code of West Virginia, 1931, as amended, and has duly complied with the provisions thereof.

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

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

Huttonsville Public Service District
West Virginia Infrastructure and Jobs Development Council
West Virginia Water Development Authority
United States Department of Agriculture
Jackson Kelly PLLC
August 25, 2004

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

Very truly yours,

Thomas R. Ross II

Thomas R. Ross II

THOMAS R. ROSS II

Attorney at Law
209 Randolph Avenue
P.O. Box 2448
Elkins, WV 26241

Phone: (304) 637-0117
email: trross@citynet.net

Facsimile: (304) 637-0119

August 25, 2004

Huttonsville Public Service District
Mill Creek, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

United States Department of Agriculture
Rural Utilities Service
Elkins, West Virginia

Jackson Kelly PLLC
Charleston, West Virginia

Re: Final Title Opinion for Huttonsville Public Service District

Ladies and Gentlemen:

I am counsel to Huttonsville Public Service District (the "Issuer") in connection with a proposed project to construct certain improvements and extensions to the existing public water facilities of the Issuer ("the Project"). I provide this final title opinion on behalf of the Issuer to satisfy the requirements of the West Virginia Infrastructure and Jobs Development Council and the United States of America, United States Department of Agriculture, Rural Utilities Service for the Project. Please be advised of the following:

1. The Issuer is a duly created and validly existing public service district possessed with all the powers and authority granted to public service districts under the laws of the State of West Virginia to construct, operate and maintain the Project as approved by the West Virginia Bureau for Public Health.

2. The Issuer has obtained all necessary permits and approvals for the construction of the Project.

3. I have investigated and ascertained the location of, and I am familiar with the legal description of, the necessary sites, including easements and/or rights of way, required for the Project as set forth in the plans for the Project prepared by Hornor Brothers Engineers, the consulting engineers for the Project.

4. I have examined the records on file in the Office of the Clerk of The County Commission of Randolph County, West Virginia, the county in which the Project is to be located, and, in my opinion, the Issuer has acquired legal title or such other estate or interest in all of the necessary site components for the Project, including all easements and/or rights of way, with the exception of those listed in Paragraph 5 below, sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the Project.

5. The following listed properties are to be acquired by eminent domain and the necessary filings have been made in the Office of the Clerk of the Circuit Court of Randolph County, West Virginia, to permit the Issuer a right-of-entry for the purpose of construction, operation and maintenance of the Project on the subject properties. The Issuer's title thereto is defeasible in the event the Issuer does not satisfy any resulting judgment and/or award in the proceedings for acquisition of said properties, and my certification is subject to the following pending litigation:

Name	**Tax Map**	**Part of Parcel**	**District**
John S. Wegman and Sandra L. Wegman	102	13	Huttonsville
Murray S. Reidbord	126	30.11	Leadsville
Debra G. Law, Trustee of the Dennis R. Law Family Trust (½ Interest) Bruce T. Wohleber (½ Interest)	102	15	Huttonsville

Huttonsville Public Service District
West Virginia Infrastructure and Jobs Development Council
West Virginia Water Development Authority
United States Department of Agriculture
Jackson Kelly PLLC
August 25, 2004

Name	Tax Map	Part of Parcel	District
Jacqueline E. Scherger and Frederick H. Scherger	128	22	Huttonsville
Leonard Cecil McCollum and Dewey Bosworth McCollum	108	32	Huttonsville

6. All deeds, easements, rights of way, and Circuit Court orders vesting defeasible title which have been acquired to date by the Issuer have been duly recorded in the Office of the Clerk of The County Commission of Randolph County to protect the legal title to and interest of the Issuer.

Very truly yours,

Thomas R. Ross II

Thomas R. Ross II