Kanawha Falls Public Service District
Sewer Revenue Bonds, Series 2003 A
(West Virginia SRF Program)
and
Series 2003 B
(West Virginia Water Development Authority)

Date of Closing: November 6, 2003

JACKSON KELLY
ATTORNEYS AT LAW PLLC

KANAWHA FALLS PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS,
SERIES 2003 A (WEST VIRGINIA SRF PROGRAM) AND
SERIES 2003 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

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TRANSCRIPT OF PROCEEDINGS

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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, AS INDICATED BY THE RECORDS OF THIS OFFICE.

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

OCTOBER 27, 2003

Secretary of State

By: Administrative Assistant

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.

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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).

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§ 16-13A-1. Legislative findings.

The Legislature of the state of West Virginia hereby determines and finds that the present system of public service districts within the state has provided a valuable service at a reasonable cost to persons who would otherwise have been unable to obtain public utility services. To further this effort, and to 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.

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.
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16-13B-8. Assessment district to be a public corporation and political subdivision; powers thereof; community improvement boards.
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16-13B-11. Construction of projects; assessments; corner lots, etc.
16-13B-12. Apportionment and assessment of cost.

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 22C, ARTICLE 1 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

OCTOBER 27, 2003

Secretary of State

By: Deputy Secretary of State

CHAPTER 22C.

ENVIRONMENTAL RESOURCES; BOARDS, AUTHORITIES, COMMISSIONS AND COMPACTS.

Article

1. Water Development Authority.
2. Water Pollution Control Revolving Fund Act.
3. Solid Waste Management Board.
4. County and Regional Solid Waste Authorities.
4A. Local Participation; Referendum.
5. Commercial Hazardous Waste Management Facility Siting Board.
6. Hazardous Waste Facility Siting Approval.
7. Oil and Gas Inspectors' Examining Board.
8. Shallow Gas Well Review Board.
9. Oil and Gas Conservation.
10. Interstate Mining Compact.
11. Interstate Commission on the Potomac River Basin.
12. Ohio River Valley Water Sanitation Commission.

ARTICLE 1.

WATER DEVELOPMENT AUTHORITY.

Sec.

22C-1-1. Short title.
22C-1-2. Declaration of policy and responsibility; purpose and intent of article; findings.
22C-1-3. Definitions.
22C-1-4. Water development authority; water development board; organization of authority and board; appointment of board members; their term of office, compensation and expenses; director of authority; compensation.
22C-1-5. Authority may construct, finance, maintain, etc., water development projects; loans to governmental agencies are subject to terms of loan agreements.
22C-1-6. Powers, duties and responsibilities of authority generally.
22C-1-7. Power of authority to collect service charges and exercise other powers of governmental agencies in event of default; power to require governmental agencies to enforce their rights.
22C-1-8. Expenditure of funds for study and engineering of proposed projects.
22C-1-9. Authority empowered to issue water development revenue bonds, renewal notes and refunding bonds; requirements and manner of such issuance.
22C-1-10. Trustee for bondholders; contents of trust agreement.
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22C-1-13. Bonds and notes not debt of state, county, municipality or of any political subdivision; expenses incurred pursuant to article.
22C-1-14. Use of funds by authority; restrictions thereon.
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22C-1-16. Rentals and other revenues from water development projects owned by the authority; contracts and leases of the authority; cooperation of other governmental agencies; bonds of such agencies.

Sec.
22C-1-17. Maintenance, operation and repair of projects; reports by authority to governor and Legislature.
22C-1-18. Water development bonds lawful investments.
22C-1-19. Purchase and cancellation of notes or bonds.
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22C-1-21. Exemption from taxation.
22C-1-22. Acquisition of property by authority — Acquisition by purchase; governmental agencies authorized to convey, etc., property.
22C-1-23. Same — Acquisition under subdivision (10), section six of this article; property of public utilities and common carriers; relocation, restoration, etc., of highways and public utility facilities.
22C-1-24. Financial interest in contracts prohibited; penalty.
22C-1-25. Meetings and records of authority to be kept public.
22C-1-26. Liberal construction of article.
22C-1-27. Authorized limit on borrowing.

Editor's notes. — The provisions relating to the water development authority were formerly codified in §§ 20-5C-1 et seq.

Michie's Jurisprudence. — See generally, 20 M.J., Waters and Watercourses.

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§ 22C-1-1. Short title.

This article shall be known and cited as the "Water Development Authority Act." (1994, c. 61.)

§ 22C-1-2. Declaration of policy and responsibility; purpose and intent of article; findings.

It is hereby declared to be the public policy of the state of West Virginia and a responsibility of the state of West Virginia, through the establishment, funding, operation and maintenance of water development projects, to maintain, preserve, protect, conserve and in all instances possible to improve the purity and quality of water within the state in order to: (1) Protect and improve public health; (2) assure the fullest use and enjoyment of such water by the public; (3) provide suitable environment for the propagation and protection of animal, bird, fish, aquatic and plant life, all of which are essential to the health and well-being of the public; and (4) provide water of the necessary quality and in the amount needed for the development, maintenance and expansion of, and to attract service industries and businesses, agriculture, mining, manufacturing and other types of businesses and industries.

To assist in the preservation, protection, improvement and management of the purity and quality of the waters of this state, to prevent or abate pollution of water resources and to promote the health and welfare of citizens of this state, it is the purpose and intent of the Legislature in enacting this article to provide for the necessary, dependable, effective and efficient purification of water; the disposal of liquid and solid wastes harmful to the public health and safety removed from such water; to improve water and stream quality; and to assist and cooperate with governmental agencies in achieving all of the purposes set forth in this section.

The Legislature finds and hereby declares that the responsibility of the state as outlined above cannot be effectively met without the establishment,

funding, operation and maintenance of water development projects as provided for in this article. (1994, c. 61.)

§ 22C-1-3. Definitions.

As used in this article, unless the context clearly requires a different meaning:

(1) "Authority" means the water development authority provided for in section four [§ 22C-1-4] of this article, the duties, powers, responsibilities and functions of which are specified in this article.

(2) "Beneficial use" means a use of water by a person or by the general public that is consistent with the public interest, health and welfare in utilizing the water resources of this state, including, but not limited to, domestic, agricultural, irrigation, industrial, manufacturing, mining, power, public, sanitary, fish and wildlife, state, county, municipal, navigational, recreational, aesthetic and scenic use.

(3) "Board" means the water development authority board provided for in section four of this article, which shall manage and control the water development authority.

(4) "Bond" or "water development revenue bond" means a revenue bond or note issued by the water development authority to effect the intents and purposes of this article.

(5) "Construction" includes reconstruction, enlargement, improvement and providing furnishings or equipment.

(6) "Cost" means, as applied to water development projects, the cost of their acquisition and construction; the cost of acquisition of all land, rights-of-way, property rights, easements, franchise rights and interests required by the authority for such acquisition and construction; the cost of demolishing or removing any buildings or structures on land so acquired, including the cost of acquiring any lands to which such buildings or structures may be moved; the cost of acquiring or constructing and equipping a principal office and suboffices of the authority; the cost of diverting highways, interchange of highways; access roads to private property, including the cost of land or easements therefor; the cost of all machinery, furnishings, and equipment; all financing charges, and interest prior to and during construction and for no more than eighteen months after completion of construction; the cost of all engineering services and all expenses of research and development with respect to public water or wastewater facilities; the cost of all legal services and expenses; the cost of all plans, specifications, surveys and estimates of cost and revenues; all working capital and other expenses necessary or incident to determining the feasibility or practicability of acquiring or constructing any such project; all administrative expenses and such other expenses as may be necessary or incident to the acquisition or construction of the project; the financing of such acquisition or construction, including the amount authorized in the resolution of the authority providing for the issuance of water development revenue bonds to be paid into any special funds from the proceeds of such bonds; and the financing of the placing of any such project in operation. Any obligation or

expenses incurred by any governmental agency, with the approval of the authority, for surveys, borings, preparation of plans and specifications and other engineering services in connection with the acquisition or construction of a project are a part of the cost of such project and shall be reimbursed out of the proceeds of loans or water development revenue bonds as authorized by the provisions of this article.

(7) "Establishment" means an industrial establishment, mill, factory, tannery, paper or pulp mill, mine, colliery, breaker or mineral processing operation, quarry, refinery, well and each and every industry or plant or works or activity in the operation or process of which industrial wastes or other wastes are produced.

(8) "Governmental agency" means the state government or any agency, department, division or unit thereof; counties; municipalities; watershed improvement districts; soil conservation districts; sanitary districts; public service districts; drainage districts; regional governmental authorities and any other governmental agency, entity, political subdivision, public corporation or agency having the authority to acquire, construct or operate public water or wastewater facilities; the United States government or any agency, department, division or unit thereof; and any agency, commission or authority established pursuant to an interstate compact or agreement.

(9) "Industrial wastes" means any liquid, gaseous, solid or other waste substance, or any combination thereof, resulting from or incidental to any process of industry, manufacturing, trade or business, or from or incidental to the development, processing or recovery of any natural resources; and the admixture with such industrial wastes of sewage or other wastes, as defined in this section, are also industrial wastes.

(10) "Other wastes" means garbage, refuse, decayed wood, sawdust, shavings, bark and other wood debris and residues, sand, lime, cinders, ashes, offal, night soil, silt, oil, tar, dyestuffs, acids, chemicals, and all other materials or substances not sewage or industrial wastes which may cause or might reasonably be expected to cause or to contribute to the pollution of any of the waters of this state.

(11) "Owner" includes all persons, copartnerships or governmental agencies having any title or interest in any property rights, easements and interests authorized to be acquired by this article.

(12) "Person" means any public or private corporation, institution, association, firm or company organized or existing under the laws of this or any other state or country; the United States or the state of West Virginia; any federal or state governmental agency; political subdivision; county commission; municipality; industry; sanitary district; public service district; drainage district; soil conservation district; watershed improvement district; partnership; trust; estate; person or individual; group of persons or individuals acting individually or as a group or any other legal entity whatever.

(13) "Pollution" means (a) the discharge, release, escape, deposit or disposition, directly or indirectly, of treated or untreated sewage, industrial wastes, or other wastes, of whatever kind or character, in or near any waters of the state, in such condition, manner or quantity, as does, will, or is likely to (1)

contaminate or substantially contribute to the contamination of any of such waters, or (2) alter or substantially contribute to the alteration of the physical, chemical or biological properties of any of such waters, if such contamination or alteration, or the resulting contamination or alteration where a person only contributes thereto, is to such an extent as to make any of such waters (i) directly or indirectly harmful, detrimental or injurious to the public health, safety and welfare, or (ii) directly or indirectly detrimental to existing animal, bird, fish, aquatic or plant life, or (iii) unsuitable for present or future domestic, commercial, industrial, agricultural, recreational, scenic or other legitimate uses; and also means (b) the discharge, release, escape, deposit, or disposition, directly or indirectly, of treated or untreated sewage, industrial wastes or other wastes, of whatever kind or character, in or near any waters of the state in such condition, manner or quantity, as does, will, or is likely to reduce the quality of the waters of the state below the standards established therefor by the United States or any department, agency, board or commission of this state authorized to establish such standards.

(14) "Project" or "water development project" means any public water or wastewater facility, the acquisition or construction of which is authorized, in whole or in part, by the water development authority or the acquisition or construction of which is financed, in whole or in part, from funds made available by grant or loan by, or through, the authority as provided in this article, including facilities, the acquisition or construction of which is authorized, in whole or in part, by the water development authority or the acquisition or construction of which is financed, in whole or in part, from funds made available by grant or loan by, or through, the authority as provided in this article, including all buildings and facilities which the authority deems necessary for the operation of the project, together with all property, rights, easements and interest which may be required for the operation of the project, but excluding all buildings and facilities used to produce electricity other than electricity for consumption by the authority in the operation and maintenance of the project.

(15) "Public roads" mean all public highways, roads and streets in this state, whether maintained by the state, county, municipality or other political subdivision.

(16) "Public utility facilities" means public utility plants or installations and includes tracks, pipes, mains, conduits, cables, wires, towers, poles and other equipment and appliances of any public utility.

(17) "Revenue" means any money or thing of value collected by, or paid to, the water development authority as rent, use or service fee or charge for use of, or in connection with, any water development project, or as principal of or interest, charges or other fees on loans, or any other collections on loans made by the water development authority to governmental agencies to finance, in whole or in part, the acquisition or construction of any water development project or projects, or other money or property which is received and may be expended for or pledged as revenues pursuant to this article.

(18) "Sewage" means water-carried human or animal wastes from residences, buildings, industrial establishments or other places, together with such groundwater infiltration and surface waters as may be present.

(19) "Water resources," "water" or "waters" means any and all water on or beneath the surface of the ground, whether percolating, standing, diffused or flowing, wholly or partially within this state, or bordering this state and within its jurisdiction, and includes, without limiting the generality of the foregoing, natural or artificial lakes, rivers, streams, creeks, branches, brooks, ponds (except farm ponds, industrial settling basins and ponds and water treatment facilities), impounding reservoirs, springs, wells and watercourses.

(20) "Wastewater" means any water containing sewage, industrial wastes, or other wastes or contaminants derived from the prior use of such water, and includes, without limiting the generality of the foregoing, surface water of the type storm sewers are designed to collect and dispose of.

(21) "Wastewater facilities" means facilities for the purpose of treating, neutralizing, disposing of, stabilizing, cooling, segregating or holding wastewater, including, without limiting the generality of the foregoing, facilities for the treatment and disposal of sewage, industrial wastes, or other wastes, waste water, 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 furnishings thereof and their appurtenances and systems, whether on the surface or underground, including force mains and pumping facilities therefor.

(22) "Water facility" means all facilities, land and equipment used for the collection of water, both surface and underground, transportation 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, c. 61.)

Quoted in State v. Zain, 207 W. Va. 54, 528 S.E.2d 748 (1999), cert. denied, 529 U.S. 1042, 120 S. Ct. 1541, 146 L. Ed. 2d 354 (2000).

§ 22C-1-4. Water development authority; water development board; organization of authority and board; appointment of board members; their term of office, compensation and expenses; director of authority; compensation.

(a) The water development authority is continued. The authority is a governmental instrumentality of the state and a body corporate. The exercise by the authority of the powers conferred by this article and the carrying out of its purposes and duties are essential governmental functions and for a public purpose.

(b) The authority is controlled, managed and operated by the seven-member board known as the water development board. The director of the division of environmental protection, the commissioner of the bureau for public health and the state officer or employee who, in the judgment of the governor, is most responsible for economic or community development are members ex officio of the board. The governor shall designate annually the member who is the state officer or employee most responsible for economic or community development.

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The other four members of the board are appointed by the governor, by and with the advice and consent of the Senate, for terms of two, three, four and six years, respectively. The successor of each such appointed member shall be appointed for a term of six years in the same manner the original appointments were made, except that any person appointed to fill a vacancy occurring prior to the expiration of the term for which his or her predecessor was appointed shall be appointed only for the remainder of such term. Each board member serves until the appointment and qualification of his or her successor. No more than two of the appointed board members shall at any one time belong to the same political party. Appointed board members may be reappointed to serve additional terms.

(c) All members of the board shall be citizens of the state. Each appointed member of the board, before entering upon his or her duties, shall comply with the requirements of article one [§§ 6-1-1 et seq.], chapter six of this code and give bond in the sum of twenty-five thousand dollars in the manner provided in article two [§§ 6-2-1 et seq.] of said chapter. The governor may remove any board member for cause as provided in article six [§§ 6-6-1 et seq.] of said chapter.

(d) Annually the board shall elect one of its appointed members as chair and another as vice chair and shall appoint a secretary-treasurer, who need not be a member of the board. Four members of the board is a quorum and the affirmative vote of four members is necessary for any action taken by vote of the board. No vacancy in the membership of the board impairs the rights of a quorum by such vote to exercise all the rights and perform all the duties of the board and the authority. The person appointed as secretary-treasurer, including a board member if he or she is appointed, shall give bond in the sum of fifty thousand dollars in the manner provided in article two [§§ 6-2-1 et seq.], chapter six of this code.

(e) The secretary of the division of environmental protection, the commissioner of the bureau for public health and the state officer or employee most responsible for economic or community development shall not receive any compensation for serving as board members. Each of the four appointed members of the board shall receive an annual salary of twelve thousand dollars, payable in monthly installments. Each of the seven board members shall be reimbursed for all reasonable and necessary expenses actually incurred in the performance of his or her duties as a member of the board. All expenses incurred by the board are payable solely from funds of the authority or from funds appropriated for that purpose by the Legislature and no liability or obligation shall be incurred by the authority beyond the extent to which moneys are available from funds of the authority or from such appropriations.

(f) There shall also be a director of the authority appointed by the board. The compensation of the director shall be fixed by the board. (1994, c. 61; 1995, c. 252; 2001, c. 262; 2002, c. 267.)

Effect of amendment of 2001. — Acts 2001, c. 262, effective April 14, 2001, added "compensation" to the section heading; added the subsection designations; in (e), substituted "secretary" for "director"; in (f), added the last sentence; and made other, minor changes.

Effect of amendment of 2002. — Acts 2002, c. 267, effective June 7, 2002, substituted

"twelve thousand dollars" for "five thousand dollars" in the second sentence of (e), and made minor stylistic changes.

§ 22C-1-5. Authority may construct, finance, maintain, etc., water development projects; loans to governmental agencies are subject to terms of loan agreements.

To accomplish the public policies and purposes and to meet the responsibility of the state as set forth in this article, the water development authority may initiate, acquire, construct, maintain, repair and operate water development projects or cause the same to be operated pursuant to a lease, sublease or agreement with any person or governmental agency; may make loans and grants to governmental agencies for the acquisition or construction of water development projects by governmental agencies, which loans may include amounts to refinance debt issued for existing water development projects of the governmental agency when the refinancing is in conjunction with the financing for a new water development project regardless of the source of the financing for the new project: Provided, That the amount of the refinancing may not exceed fifty percent of the aggregate amount of the refinancing of an existing project and the financing of a new project; and may issue water development revenue bonds of this state, payable solely from revenues, to pay the cost of projects, or finance projects, in whole or in part, by loans to governmental agencies. A water development project shall not be undertaken unless it has been determined by the authority to be consistent with any applicable comprehensive plan of water management approved by the director of the division of environmental protection or in the process of preparation by the director and to be consistent with the standards set by the state environmental quality board, for the waters of the state affected thereby. Any resolution of the authority providing for acquiring or constructing projects or for making a loan or grant for projects shall include a finding by the authority that the determinations have been made. A loan agreement shall be entered into between the authority and each governmental agency to which a loan is made for the acquisition or construction of a water development project, which loan agreement shall include, without limitation, the following provisions:

(1) The cost of the project, the amount of the loan, the terms of repayment of the loan and the security therefor, which may include, in addition to the pledge of all revenues from the project after a reasonable allowance for operation and maintenance expenses, a deed of trust or other appropriate security instrument creating a lien on the project;

(2) The specific purposes for which the proceeds of the loan shall be expended including the refinancing of existing water development project debt as provided above, the procedures as to the disbursement of loan proceeds and the duties and obligations imposed upon the governmental agency in regard to the construction or acquisition of the project;

(3) The agreement of the governmental agency to impose, collect, and, if required to repay the obligations of the governmental agency under the loan

agreement, increase service charges from persons using the project, which service charges shall be pledged for the repayment of the loan together with all interest, fees and charges thereon and all other financial obligations of the governmental agency under the loan agreement; and

(4) The agreement of the governmental agency to comply with all applicable laws, rules and regulations issued by the authority or other state, federal and local bodies in regard to the construction, operation, maintenance and use of the project. (1994, c. 61; 1995, c. 252.)

Loans to private sector. — The authority may not lend revenue bond proceeds to the private sector. Op. Att'y Gen., April 12, 1978, *rendered under prior law.*

Grant for facility in Virginia. — The water development authority may give a Step III project grant to the city of Bluefield, West Virginia, for the purpose of constructing a sewage treatment facility in Virginia. Op. Att'y Gen., Sept. 1, 1976, *rendered under prior law.*

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).

§ 22C-1-6. Powers, duties and responsibilities of authority generally.

The water development authority, has and may exercise all powers necessary or appropriate to carry out and effectuate its corporate purpose. The authority has the power and capacity to:

(1) Adopt, and from time to time, amend and repeal bylaws necessary and proper for the regulation of its affairs and the conduct of its business and rules to implement and make effective its powers and duties, such rules to be promulgated in accordance with the provisions of chapter twenty-nine-a [§§ 29A-1-1 et seq.] of this code.

(2) Adopt an official seal.

(3) Maintain a principal office and, if necessary, regional suboffices at locations properly designated or provided.

(4) Sue and be sued in its own name and plead and be impleaded in its own name, and particularly to enforce the obligations and covenants made under sections nine, ten and sixteen [§§ 22C-1-9, 22C-1-10 and 22C-1-16] of this article. Any actions against the authority shall be brought in the circuit court of Kanawha County in which the principal office of the authority shall be located.

(5) Make loans and grants to governmental agencies for the acquisition or construction of water development projects by any such governmental agency and, in accordance with the provisions of chapter twenty-nine-a of this code, adopt rules and procedures for making such loans and grants.

(6) Acquire, construct, reconstruct, enlarge, improve, furnish, equip, maintain, repair, operate, lease or rent to, or contract for operation by a governmental agency or person, water development projects, and, in accordance with the provisions of chapter twenty-nine-a of this code, adopt rules for the use of such projects.

(7) Make available the use or services of any water development project to one or more persons, one or more governmental agencies, or any combination thereof.

(8) Issue water development revenue bonds and notes and water development revenue refunding bonds of the state, payable solely from revenues as provided in section nine [§ 22C-1-9] of this article unless the bonds are refunded by refunding bonds, for the purpose of paying all or any part of the cost of, or financing by loans to governmental agencies, one or more water development projects or parts thereof.

(9) Acquire by gift or purchase, hold and dispose of real and personal property in the exercise of its powers and the performance of its duties as set forth in this article.

(10) Acquire in the name of the state, by purchase or otherwise, on such terms and in such manner as it deems proper, or by the exercise of the right of eminent domain in the manner provided in chapter fifty-four [§§ 54-1-1 et seq.] of this code, such public or private lands, or parts thereof or rights therein, rights-of-way, property, rights, easements and interests it deems necessary for carrying out the provisions of this article, but excluding the acquisition by the exercise of the right of eminent domain of any public water or wastewater facilities operated under permits issued pursuant to the provisions of article eleven [§§ 22-11-1 et seq.], chapter twenty-two of this code and owned by any person or governmental agency, and compensation shall be paid for public or private lands so taken.

(11) Make and enter into all contracts and agreements and execute all instruments necessary or incidental to the performance of its duties and the execution of its powers. When the cost under any such contract or agreement, other than compensation for personal services, involves an expenditure of more than two thousand dollars, the authority shall make a written contract with the lowest responsible bidder after public notice published as a Class II legal advertisement in compliance with the provisions of article three [§§ 59-3-1 et seq.], chapter fifty-nine of this code, the publication area for such publication to be the county wherein the work is to be performed or which is affected by the contract, which notice shall state the general character of the work and the general character of the materials to be furnished, the place where plans and specifications therefor may be examined and the time and place of receiving bids, but a contract or lease for the operation of a water development project constructed and owned by the authority or an agreement for cooperation in the acquisition or construction of a water development project pursuant to section sixteen [§ 22C-1-16] of this article is not subject to the foregoing requirements and the authority may enter into such contract or lease or such agreement pursuant to negotiation and upon such terms and conditions and for such period as it finds to be reasonable and proper under the circumstances and in the best interests of proper operation or of efficient acquisition or construction of such project. The authority may reject any and all bids. A bond with good and sufficient surety, approved by the authority, is required of all contractors in an amount equal to at least fifty percent of the contract price, conditioned upon the faithful performance of the contract.

(12) Employ managers, superintendents and other employees, who are covered by the state civil service system, and retain or contract with consulting engineers, financial consultants, accounting experts, architects, attorneys and

such other consultants and independent contractors as are necessary in its judgment to carry out the provisions of this article, and fix the compensation or fees thereof. All expenses thereof are payable solely from the proceeds of water development revenue bonds or notes issued by the authority, from revenues and from funds appropriated for such purpose by the Legislature.

(13) Receive and accept from any federal agency, subject to the approval of the governor, grants for or in aid of the construction of any water development project or for research and development with respect to public water or wastewater facilities and 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.

(14) Engage in research and development with respect to public water or wastewater facilities.

(15) Purchase property coverage and liability insurance for any water development project and for the principal office and suboffices of the authority, insurance protecting the authority and its officers and employees against liability, if any, for damage to property or injury to or death of persons arising from its operations and any other insurance the authority may agree to provide under any resolution authorizing the issuance of water development revenue bonds or in any trust agreement securing the same.

(16) Charge, alter and collect rentals and other charges for the use or services of any water development project as provided in this article, and charge and collect reasonable interest, fees and charges in connection with the making and servicing of loans to governmental agencies in the furtherance of the purposes of this article.

(17) Establish or increase reserves from moneys received or to be received by the authority to secure or to pay the principal of and interest on the bonds and notes issued by the authority pursuant to this article.

(18) Do all acts necessary and proper to carry out the powers expressly granted to the authority in this article. (1994, c. 61.)

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

Code of State Rules References. — Rule confirming existing practices and additional new procedures for open meetings, 144CSR3, effective November 4, 1999.

Editor's notes. — The Attorney General Opinions cited in the annotations to this section were rendered under prior law.

Adoption of rules and regulations. — The adoption of rules and regulations in accordance with subdivisions (5) and (6) of this section must necessarily be governed by § 29A-3-7(b). Op. Att'y Gen., July 27, 1976.

Exemption from purchasing requirements. — The legislature chose to exempt the water development authority from purchasing requirements of §§ 5A-3-1 et seq. under the exemptions provided by the legislature at subdivisions (11) and (12) of this section by specifically setting forth that exemption which supersedes the general requirement of § 5A-3-1 for agencies to comply with the purchasing requirements of the department of finance and administration. Op. Att'y Gen., Nov. 18, 1980, No. 19.

Loans to private sector. — The authority may not lend revenue bond proceeds to the private sector. Op. Att'y Gen., April 12, 1978.

Termination of loan contract. — The water development authority may legally terminate a loan contract entered into with a public service district provided that the authority complies with the requirements of the notice of termination as contained in the loan agreement. Op. Att'y Gen., Sept. 8, 1976.

Grant for facility in Virginia. — The water development authority may give a Step III project grant to the city of Bluefield, West Virginia, for the purpose of constructing a sewage treatment facility in Virginia. Op. Att'y Gen., Sept. 1, 1976.

§ 22C-1-7. Power of authority to collect service charges and exercise other powers of governmental agencies in event of default; power to require governmental agencies to enforce their rights.

In order to ensure that the public purposes to be served by the authority may be properly carried out and in order to assure the timely payment to the authority of all sums due and owing under loan agreements with governmental agencies, as referred to in section five of this article, notwithstanding any provision to the contrary elsewhere contained in this code, in event of any default by a governmental agency under such a loan agreement, the authority has, and may, at its option, exercise the following rights and remedies in addition to the rights and remedies conferred by law or pursuant to said loan agreement:

(1) The authority may directly impose, in its own name and for its own benefit service charges determined by it to be necessary under the circumstances upon all users of the water development project to be acquired or constructed pursuant to such loan agreement, and proceed directly to enforce and collect such service charges, together with all necessary costs of such enforcement and collection.

(2) The authority may exercise, in its own name or in the name of and as agent for the governmental agency, all of the rights, authority, powers and remedies of the governmental agency with respect to the water development project or which may be conferred upon the governmental agency by statute, rule, regulation or judicial decision, including, without limitation, all rights and remedies with respect to users of such water development project.

(3) The authority may, by civil action, mandamus or other judicial or administrative proceeding, compel performance by such governmental agency of all of the terms and conditions of such loan agreement including, without limitation, the adjustment and increase of service charges as required to repay the loan or otherwise satisfy the terms of such loan agreement, the enforcement and collection of such service charges and the enforcement by such governmental agency of all rights and remedies conferred by statute, rule, regulation or judicial decision. (1994, c. 61.)

Loans to private sector. — The authority may not lend revenue bond proceeds to the private sector. Op. Att'y Gen., April 12, 1978, *rendered under prior law*.

Authority. — This section authorizes the water development authority to directly impose on a public service district "in its own name and for its own benefit service charges determined by it to be necessary" when the public service district defaults on a loan made by the water development authority to the public service district; however, the water development authority's power to impose such service charges upon the public service district which operates a public utility is subject to the regulatory review and approval of the public service commission pursuant to § 24-2-1. State ex rel. Water Dev. Auth. v. Northern Wayne County Pub. Serv. Dist., 195 W. Va. 135, 464 S.E.2d 777 (1995).

§ 22C-1-8. Expenditure of funds for study and engineering of proposed projects.

With the approval and the consent of the board, either the director of the division of environmental protection or the commissioner of the bureau of public health, or both of them, shall expend, out of any funds available for the purpose, such moneys as are necessary for the study of any proposed water development project and may use its engineering and other forces, including consulting engineers and sanitary engineers, for the purpose of effecting such study. All such expenses incurred by the director or commissioner prior to the issuance of water development revenue bonds or notes under this article shall be paid by the director or commissioner and charged to the appropriate water development project and the director and commissioner shall keep proper records and accounts, showing the amounts so charged. Upon the sale of water development revenue bonds or notes for a water development project, the funds so expended by the director or commissioner, with the approval of the authority, in connection with such project, shall be repaid to the division of environmental protection or bureau of public health from the proceeds of such bonds or notes. (1994, c. 61.)

§ 22C-1-9. Authority empowered to issue water development revenue bonds, renewal notes and refunding bonds; requirements and manner of such issuance.

The authority is hereby empowered to issue from time to time water development revenue bonds and notes of the state in such principal amounts as the authority deems necessary to pay the cost of or finance, in whole or in part, by loans to governmental agencies, one or more water development projects, but the aggregate amount of all issues of bonds and notes outstanding at one time for all projects authorized hereunder shall not exceed that amount capable of being serviced by revenues received from such projects.

The authority may, from time to time, issue renewal notes, issue bonds to pay such notes and whenever it deems refunding expedient, refund any bonds by the issuance of water development revenue refunding bonds by the state pursuant to the provisions of section twenty of this article. Except as may otherwise be expressly provided in this article or by the authority, every issue of its bonds or notes are obligations of the authority payable out of the revenues and reserves created for such purposes by the authority, which are pledged for such payment, without preference or priority of the first bonds issued, subject only to any agreements with the holders of particular bonds or notes pledging any particular revenues. Such pledge is valid and binding from the time the pledge is made and the revenues so pledged and thereafter received by the authority are immediately subject to the lien of such pledge without any physical delivery thereof or further act and the lien of any such pledge is valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the authority irrespective of whether such parties have notice thereof.

All such bonds and notes shall have and are hereby declared to have all the qualities of negotiable instruments.

The bonds and notes shall be authorized by resolution of the authority, bear such date and mature at such time, in the case of any such note or any renewals thereof not exceeding five years from the date of issue of such original note, and in the case of any such bond not exceeding fifty years from the date of issue, as such resolution may provide. The bonds and notes shall bear interest at such rate, be in such denominations, be in such form, either coupon or registered, carry such registration privileges, be payable in such medium of payment, at such place and be subject to such terms of redemption as the authority may authorize. The bonds and notes of the authority may be sold by the authority, at public or private sale, at or not less than the price the authority determines. The bonds and notes shall be executed by the chair and vice-chair of the authority, both of whom may use facsimile signatures. The official seal of the authority or a facsimile thereof shall be affixed thereto or printed thereon and attested, manually or by facsimile signature, by the secretary-treasurer of the authority, and any coupons attached thereto shall bear the signature or facsimile signature of the chair of the authority. In case any officer whose signature, or a facsimile of whose signature, appears on any bonds, notes or coupons ceases to be such officer before delivery of such bonds or notes, such signature or facsimile is nevertheless sufficient for all purposes the same as if he or she had remained in office until such delivery and in case the seal of the authority has been changed after a facsimile has been imprinted on such bonds or notes such facsimile seal will continue to be sufficient for all purposes.

Any resolution authorizing any bonds or notes or any issue thereof may contain provisions (subject to such agreements with bondholders or noteholders as may then exist, which provisions shall be a part of the contract with the holders thereof) as to pledging all or any part of the revenues of the authority to secure the payment of the bonds or notes or of any issue thereof; the use and disposition of revenues of the authority; a covenant to fix, alter and collect rentals and other charges so that pledged revenues will be sufficient to pay the costs of operation, maintenance and repairs, pay principal of and interest on bonds or notes secured by the pledge of such revenues and provide such reserves as may be required by the applicable resolution or trust agreement; the setting aside of reserve funds, sinking funds or replacement and improvement funds and the regulation and disposition thereof; the crediting of the proceeds of the sale of bonds or notes to and among the funds referred to or provided for in the resolution authorizing the issuance of the bonds or notes; the use, lease, sale or other disposition of any water development project or any other assets of the authority; limitations on the purpose to which the proceeds of sale of bonds or notes may be applied and pledging such proceeds to secure the payment of the bonds or notes or of any issue thereof; notes issued in anticipation of the issuance of bonds, the agreement of the 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 or notes; the terms

upon which additional bonds or notes may be issued and secured; the refunding of outstanding bonds or notes; the procedure, if any, by which the terms of any contract with bondholders or noteholders may be amended or abrogated, the amount of bonds or notes the holders of which must consent thereto and the manner in which such consent may be given; limitations on the amount of moneys to be expended by the authority for operating, administrative or other expenses of the authority; securing any bonds or notes by a trust agreement; and any other matters, of like or different character, which in any way affect the security or protection of the bonds or notes.

In the event that the sum of all reserves pledged to the payment of such bonds or notes are less than the minimum reserve requirements established in any resolution or resolutions authorizing the issuance of such bonds or notes, the chair of the 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 authority to be pledged for payment of such bonds or notes: Provided, That the Legislature is not required to make any appropriation so requested, and the amount of such deficiencies is not a debt or liability of the state.

Neither the members of the authority nor any person executing the bonds or notes are liable personally on the bonds or notes or be subject to any personal liability or accountability by reason of the issuance thereof. (1994, c. 61.)

Cross references. — As to authorized limit on borrowing, § 22C-1-27.

Loans to private sector. — The authority may not lend revenue bond proceeds to the private sector. Op. Att'y Gen., April 12, 1978, *rendered under prior law.*

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).

§ 22C-1-10. Trustee for bondholders; contents of trust agreement.

In the discretion of the authority, any water development revenue bonds or notes or water development revenue refunding bonds issued by the authority under this article may be secured by a trust agreement between the authority and a corporate trustee, which trustee may be any trust company or banking institution having the powers of a trust company within or without this state.

Any such trust agreement may pledge or assign revenues of the authority to be received, but shall not convey or mortgage any water development project or any part thereof. Any such trust agreement or any resolution providing for the issuance of such bonds or notes 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 nine [§ 22C-1-9] of this article and covenants setting forth the duties of the authority in relation to the acquisition of property, the construction, improvement, maintenance, repair, operation and insurance of the water development project the cost of which is paid, in whole or in part, from the proceeds of such bonds or notes, the rentals or other charges to be imposed for the use or services of any water development project, provisions

with regard to the payment of the principal of and interest, charges and fees on loans made to governmental agencies from the proceeds of such bonds or notes, the custody, safeguarding, and application of all moneys and provisions for the employment of consulting engineers in connection with the construction or operation of such water development project. Any banking institution or trust company incorporated under the laws of this state which may act as depository of the proceeds of bonds or notes or of revenues shall furnish such indemnifying bonds or pledge such securities as are required by the authority. Any such 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. Such trust agreement may contain such other provisions as the 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 a part of the cost of the operation of the water development project. Any such trust agreement or resolution authorizing the issuance of water development revenue bonds may provide the method whereby the general administrative overhead expenses of the authority will be allocated among the several projects acquired or constructed by it as a factor of the operating expenses of each such project. (1994, c. 61.)

§ 22C-1-11. Trust agreements for related responsibilities; reimbursements.

Notwithstanding any other provision of this code to the contrary, when the authority acts in the capacity of fiscal agent, authorizing authority or some other capacity for any agency, department, instrumentality or public corporation of the state which is issuing or purchasing bonds or notes, the authority may, in the exercise of its responsibilities, enter into trust agreements with one or more trust companies or banking institutions having trust powers, located within or without the state, with respect to the receipt, investment, handling, payment and delivery of funds of such agency, department, instrumentality or public corporation. The authority is entitled to reimbursement for the expenses of the authority incident to performing such services, including the fees and expenses of third parties providing services to the authority with respect thereto, from the proceeds of bonds or notes or of the revenues derived by such agency, department, instrumentality or public corporation. (1994, c. 61.)

§ 22C-1-12. Legal remedies of bondholders and trustees.

Any holder of water development revenue bonds issued under the authority of this article or any of the coupons appertaining thereto 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 such 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 authorizing the issuance of such bonds, and may enforce and compel the performance of all duties required by this article, or by the trust agreement or resolution, to be performed by the authority or any officer thereof, including the fixing, charging and collecting of sufficient rentals or other charges. (1994, c. 61.)

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).

§ 22C-1-13. Bonds and notes not debt of state, county, municipality or of any political subdivision; expenses incurred pursuant to article.

Water development revenue bonds and notes and water development revenue refunding bonds issued under authority of this article and any coupons in connection therewith are not 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, and the holders or owners thereof have no right to have taxes levied by the Legislature or taxing authority of any county, municipality or any other political subdivision of this state for the payment of the principal thereof or interest thereon, but such bonds and notes are payable solely from the revenues and funds pledged for their payment as authorized by this article unless the notes are issued in anticipation of the issuance of bonds or the bonds are refunded by refunding bonds issued under authority of this article, which bonds or refunding bonds are payable solely from revenues and funds pledged for their payment as authorized by this article. All such bonds and notes shall contain on the face thereof a statement to the effect that the bonds or notes, 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.

All expenses incurred in carrying out the provisions of this article are payable solely from funds provided under authority of this article. This article does not authorize the authority to incur indebtedness or liability on behalf of or payable by the state or any county, municipality or political subdivision thereof. (1994, c. 61.)

§ 22C-1-14. Use of funds by authority; restrictions thereon.

All moneys, properties and assets acquired by the authority, whether as proceeds from the sale of water development revenue bonds or as revenues or otherwise, shall be held by it in trust for the purposes of carrying out its powers and duties, and shall be used and reused in accordance with the purposes and provisions of this article. Such moneys shall at no time be commingled with other public funds. Such moneys, except as otherwise provided in any resolution authorizing the issuance of water development revenue bonds or in any trust agreement securing the same, or except when invested pursuant to

section fifteen [§ 22C-1-15] of this article, shall be kept in appropriate depositories and secured as provided and required by law. The resolution authorizing the issuance of such bonds of any issue or the trust agreement securing such bonds shall provide that any officer to whom, or any banking institution or trust company to which, such moneys are paid shall act as trustee of such moneys and hold and apply them for the purposes hereof, subject to the conditions this article and such resolution or trust agreement provide. (1994, c. 61.)

Editor's notes. — The Attorney General Opinions cited in the annotations to this section were rendered under prior law.

Legislative intent. — The legislature, by enacting this section, intended to bring the revenues of the authority within the exception stated in § 12-2-2 and thus, the use of moneys or revenues received by the authority is controlled by the provisions of this section. Op. Att'y Gen., Dec. 2, 1975.

Retention and use of moneys collected by authority. — Any moneys collected by the authority in the form of rent, service charges or use charges, as a result of any water development project, are to be retained by the authority for its use in accordance with the provisions of this section. Op. Att'y Gen., Dec. 2, 1975.

All moneys or revenues acquired by the authority, whether as revenue from water development projects or otherwise, should be retained by the authority, when paid to the authority as repayment of loans and grants, for its use and reuse in accordance with the provisions of this article. Op. Att'y Gen., Dec. 2, 1975.

Loans to private sector. — The authority may not lend revenue bond proceeds to the private sector. Op. Att'y Gen., April 12, 1978.

§ 22C-1-15. Investment of funds by authority.

The authority is hereby authorized and empowered to invest any funds not needed for immediate disbursement in any of the following securities:

(1) Direct obligations of or obligations guaranteed by the United States of America;

(2) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for cooperatives; federal intermediate credit banks; federal home loan bank system; Export-Import Bank of the United States; federal land banks; the Federal National Mortgage Association or the Government National Mortgage Association;

(3) Public housing bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America; or temporary notes issued by public agencies or municipalities or preliminary loan notes issued by public agencies or municipalities, in each case, fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

(4) Certificates of deposit secured by obligations of the United States of America;

(5) Direct obligations of or obligations guaranteed by the state of West Virginia;

(6) Direct and general obligations of any other state within the territorial United States, to the payment of the principal of and interest on which the full faith and credit of such state is pledged: Provided, That at the time of their

purchase, such obligations are rated in either of the two highest rating categories by a nationally recognized bond-rating agency; and

(7) Any fixed interest bond, note or debenture of any corporations organized and operating within the United States: Provided, That such corporation shall have a minimum net worth of fifteen million dollars and its securities or its parent corporation's securities are listed on one or more of the national stock exchanges: Provided, however, That (i) such corporation has earned a profit in eight of the preceding ten fiscal years as reflected in its statements, and (ii) such corporation has not defaulted in the payment of principal or interest on any of its outstanding funded indebtedness during its preceding ten fiscal years, and (iii) the bonds, notes or debentures of such corporation to be purchased are rated "AA" or the equivalent thereof or better than "AA" or the equivalent thereof at least two or more nationally recognized rating services such as Standard and Poor's, Dun & Bradstreet or Moody's. (1994, c. 61.)

§ 22C-1-16. Rentals and other revenues from water development projects owned by the authority; contracts and leases of the authority; cooperation of other governmental agencies; bonds of such agencies.

This section applies to any water development project or projects which are owned, in whole or in part, by the authority. The authority may charge, alter and collect rentals or other charges for the use or services of any water development project, and contract in the manner provided by this section with one or more persons, one or more governmental agencies, or any combination thereof, desiring the use or services thereof, and fix the terms, conditions, rentals or other charges for such use or services. Such rentals or other charges are not subject to supervision or regulation by any other authority, department, commission, board, bureau or agency of the state, and such contract may provide for acquisition by such person or governmental agency of all or any part of such water development project for such consideration payable over the period of the contract or otherwise as the authority in its sole discretion determines to be appropriate, but subject to the provisions of any resolution authorizing the issuance of water development revenue bonds or notes or water development revenue refunding bonds of the authority or any trust agreement securing the same. Any governmental agency which has power to construct, operate and maintain public water or wastewater facilities may enter into a contract or lease with the authority whereby the use or services of any water development project of the authority will be made available to such governmental agency and pay for such use or services such rentals or other charges as may be agreed to by such governmental agency and the authority.

Any governmental agency or agencies or combination thereof may cooperate with the authority in the acquisition or construction of a water development project and shall enter into such agreements with the authority as are necessary, with a view to effective cooperative action and safeguarding of the respective interests of the parties thereto, which agreements shall provide for

such contributions by the parties thereto in such proportion as may be agreed upon and such other terms as may be mutually satisfactory to the parties, including, without limitation, the authorization of the construction of the project by one of the parties acting as agent for all of the parties and the ownership and control of the project by the authority to the extent necessary or appropriate for purposes of the issuance of water development revenue bonds by the authority. Any governmental agency may provide such contribution as is required under such agreements by the appropriation of money or, if authorized by a favorable vote of the electors to issue bonds or notes or levy taxes or assessments and issue notes or bonds in anticipation of the collection thereof, by the issuance of bonds or notes or by the levying of taxes or assessments and the issuance of bonds or notes in anticipation of the collection thereof, and by the payment of such appropriated money or the proceeds of such bonds or notes to the authority pursuant to such agreements.

Any governmental agency, pursuant to a favorable vote of the electors in an election held for the purpose of issuing bonds to provide funds to acquire, construct or equip, or provide real estate and interests in real estate for a public water or wastewater facility, whether or not the governmental agency at the time of such an election had the authority to pay the proceeds from such bonds or notes issued in anticipation thereof to the authority as provided in this section, may issue such bonds or notes in anticipation of the issuance thereof and pay the proceeds thereof to the authority in accordance with an agreement between such governmental agency and the authority: Provided, That the legislative authority of the governmental agency finds and determines that the water development project to be acquired or constructed by the authority in cooperation with such governmental agency will serve the same public purpose and meet substantially the same public need as the facility otherwise proposed to be acquired or constructed by the governmental agency with the proceeds of such bonds or notes. (1994, c. 61.)

§ 22C-1-17. Maintenance, operation and repair of projects; reports by authority to governor and Legislature.

Each water development project, when constructed and placed in operation, shall be maintained and kept in good condition and repair by the authority or if owned by a governmental agency, by such governmental agency, or the authority or such governmental agency shall cause the same to be maintained and kept in good condition and repair. Each such project owned by the authority shall be operated by such operating employees as the authority employs or pursuant to a contract or lease with a governmental agency or person. All public or private property damaged or destroyed in carrying out the provisions of this article and in the exercise of the powers granted hereunder with regard to any project shall be restored or repaired and placed in its original condition, as nearly as practicable, or adequate compensation made therefor out of funds provided in accordance with the provisions of this article.

As soon as possible after the close of each fiscal year, the authority shall make an annual report of its activities for the preceding fiscal year to the

governor and the Legislature. Each such report shall set forth a complete operating and financial statement covering the authority's operations during the preceding fiscal year. The authority shall cause an audit of its books and accounts to be made at least once each fiscal year by certified public accountants and the cost thereof may be treated as a part of the cost of construction or of operations of its projects. (1994, c. 61.)

§ 22C-1-18. Water development bonds lawful investments.

The provisions of sections nine and ten [§§ 12-6-9, repealed, and 12-6-10], article six, chapter twelve of this code to the contrary notwithstanding, all water development revenue bonds issued pursuant to this article are lawful investments for the West Virginia state board of investments [investment management board] and are also lawful investments for banking institutions, societies for savings, building and loan associations, savings and loan associations, deposit guarantee associations, trust companies, insurance companies, including domestic for life and domestic not for life insurance companies. (1994, c. 61.)

Editor's notes. — Former § 12-6-9, referred to in this section, concerned loans to the state, purpose for which moneys transferred could be disbursed and expended, terms and conditions for repayment, and the creation of a special account in the state treasury, and was repealed by Acts 1996, c. 258.

For construction of state board of investments as investment management board, see § 12-6-2.

§ 22C-1-19. Purchase and cancellation of notes or bonds.

The authority, subject to such agreements with noteholders or bondholders as may then exist, has the power, out of any funds available therefor, to purchase notes or bonds of the authority.

If the notes or bonds are then redeemable, the price of such purchase shall not exceed the redemption price then applicable plus accrued interest to the next interest payment date thereon. If the notes or bonds are not then redeemable, the price of such purchase shall not exceed the redemption price applicable on the first date after such purchase upon which the notes or bonds become subject to redemption plus accrued interest to such date. Upon such purchase such notes or bonds shall be canceled. (1994, c. 61.)

§ 22C-1-20. Refunding bonds.

Any bonds issued hereunder and at any time outstanding may at any time and from time to time be refunded by the authority by the issuance of its refunding bonds in such amount as it may deem necessary to refund the principal of the bonds so to be refunded, together with any unpaid interest thereon; to provide additional funds for the purposes of the authority; and any premiums and commissions necessary to be paid in connection therewith. Any such refunding may be effected whether the bonds to be refunded have matured or thereafter mature, either by sale of the refunding bonds and the application of the proceeds thereof for the redemption of the bonds to be refunded thereby, or by exchange of the refunding bonds for the bonds to be

refunded thereby: Provided, That the holders of any bonds so to be refunded shall not be compelled without their consent to surrender their 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 bonds issued under the authority of this article are payable from the revenues out of which the bonds to be refunded thereby were payable, or from other moneys or the principal of and interest on or other investment yield from, investments or proceeds of bonds or other applicable funds and moneys, including investments of proceeds of any refunding bonds, and are subject to the provisions contained in section nine [§ 22C-1-9] of this article and shall be secured in accordance with the provisions of sections nine and ten [§§ 22C-1-9 and 22C-1-10] of this article. (1994, c. 61.)

§ 22C-1-21. Exemption from taxation.

The exercise of the powers granted to the 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 a public purpose. As the operation and maintenance of water development projects are essential governmental functions, the authority is not required to pay any taxes or assessments upon any water development project or upon any property acquired or used by the authority or upon the income therefrom. Such bonds and notes and all interest and income thereon are exempt from all taxation by this state, or any county, municipality, political subdivision or agency thereof, except inheritance taxes. (1994, c. 61.)

§ 22C-1-22. Acquisition of property by authority — Acquisition by purchase; governmental agencies authorized to convey, etc., property.

The authority may acquire by purchase, whenever it deems such purchase expedient, any land, property, rights, rights-of-way, franchises, easements and other interests in lands it deems necessary or convenient for the construction and operation of any water development project upon such terms and at such prices it considers reasonable and can be agreed upon between the authority and the owner thereof, and take title thereto in the name of the state.

All governmental agencies, notwithstanding any contrary provision of law, may lease, lend, grant or convey to the authority, at its request, upon such terms as the proper authorities of such governmental agencies deem reasonable and fair and without the necessity for an advertisement, auction, order of court or other action or formality, other than the regular and formal action of the governmental agency concerned, any real property or interests therein, including improvements thereto or personal property which is necessary or convenient to the effectuation of the authorized purposes of the authority, including public roads and other real property or interests therein, including

improvements thereto or personal property already devoted to public use. (1994, c. 61.)

§ 22C-1-23. Same — Acquisition under subdivision (10), section six of this article; property of public utilities and common carriers; relocation, restoration, etc., of highways and public utility facilities.

The authority may acquire, pursuant to subdivision (10), section six [§ 22C-1-6(10)] of this article, any land, rights, rights-of-way, franchises, easements or other property necessary or proper for the construction or the efficient operation of any water development project.

This section does not authorize the authority to take or disturb property or facilities belonging to any public utility or to a common carrier, which property or facilities are required for the proper and convenient operation of such public utility or common carrier, unless provision is made for the restoration, relocation or duplication of such property or facilities elsewhere at the sole cost of the authority.

When the authority finds it necessary to change the location of any portion of any public road, state highway, railroad or public utility facility in connection with the construction of a water development project, it shall cause the same to be reconstructed at such location as the unit or division of government having jurisdiction over such road, highway, railroad or public utility facility deems most favorable. Such construction shall be of substantially the same type and in as good condition as the original road, highway, railroad or public utility facility. The cost of such reconstruction, relocation or removal and any damage incurred in changing the location of any such road, highway, railroad or public utility facility shall be paid by the authority as a part of the cost of such water development project.

When the authority finds it necessary that any public highway or portion thereof be vacated by reason of the acquisition or construction of a water development project, the authority shall request the commissioner of the division of highways, in writing, to vacate such highway or portion thereof if the highway or portion thereof to be vacated is part of the state road system, or, if the highway or portion thereof to be vacated is under the jurisdiction of a county or a municipality, the authority shall request the governing body of such county or municipality to vacate such public road or portion thereof. The authority shall pay to the commissioner of the division of highways or to the county or municipality, as the case may be, as part of the cost of such water development project, any amounts required to be deposited with any court in connection with proceedings for the determination of compensation and damages and all amounts of compensation and damages finally determined to be payable as a result of such vacation.

The authority may make reasonable rules for the installation, construction, maintenance, repair, renewal, relocation and removal of railroad or public utility facilities in, on, over or under any water development project. Whenever

the authority determines that it is necessary that any such facilities installed or constructed in, on, over or under property of the authority pursuant to such rules be relocated, the railroad or public utility owning or operating such facilities shall relocate or remove them in accordance with the order of the authority. The cost and expenses of such relocation or removal, including the cost of installing such facilities in a new location, the cost of any lands or any rights or interests in lands and the cost of any other rights acquired to accomplish such relocation or removal, may be paid by the authority as a part of the cost of such water development project. In case of any such relocation or removal of facilities, the railroad or public utility owning or operating them, and its successors or assigns, may maintain and operate such facilities, with the necessary appurtenances in the new location in, on, over or under the property of the authority for as long a period and upon the same terms as it had the right to maintain and operate such facilities in their former location. (1994, c. 61.)

§ 22C-1-24. Financial interest in contracts prohibited; penalty.

No officer, member or employee of the authority shall be financially interested, directly or indirectly, in any contract of any person with the authority, or in the sale of any property, real or personal, to or from the authority. This section does not apply to contracts or purchases of property, real or personal, between the authority and any governmental agency. If any officer, member or employee of the authority has such financial interest in a contract or sale of property prohibited hereby, he or she is guilty of a misdemeanor, and, upon conviction thereof, shall be fined not more than one thousand dollars, or imprisoned in the county jail not more than one year, or both fined and imprisoned. (1994, c. 61.)

§ 22C-1-25. Meetings and records of authority to be kept public.

All meetings of the authority shall be open to the public and the records of the authority shall be open to public inspection at all reasonable times, except as otherwise provided in this section. All final actions of the authority shall be journalized and such journal shall also be open to the inspection of the public at all reasonable times. Any records or information relating to secret processes or secret methods of manufacture or production which may be obtained by the authority or other persons acting under authority of this article are confidential and shall not be disclosed. (1994, c. 61.)

§ 22C-1-26. Liberal construction of article.

The provisions of this article are hereby declared to be remedial and shall be liberally construed to effectuate its purposes and intents. (1994, c. 61.)

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 22C, ARTICLE 2 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

OCTOBER 27, 2003

Secretary of State

By: Administrative Assistant

§ 22C-1-27. Authorized limit on borrowing.

The aggregate principal amount of bonds and notes issued by the authority may not exceed five hundred million dollars outstanding at any one time: Provided, That before the authority issues bonds and notes in excess of four hundred million dollars the Legislature must pass a resolution authorizing this action: Provided, however, That in computing the total amount of bonds and notes which may at any one time be outstanding, the principal amount of any outstanding bonds or notes refunded or to be refunded either by application of the proceeds of the sale of any refunding bonds or notes of the authority or by exchange for any refunding bonds or notes, shall be excluded. (1994, c. 61; 1995, c. 252; 2000, c. 278.)

Effect of amendment of 2000. — Acts 2000, c. 278, effective March 11, 2000, substituted "authority may" for "authority shall", substituted "five hundred million dollars" for "three hundred million dollars" and inserted "That before ... Provided, however".

ARTICLE 2.

WATER POLLUTION CONTROL REVOLVING FUND ACT.

Sec.
22C-2-1. Definitions.
22C-2-2. Designation of division of environmental protection as state instrumentality for purposes of capitalization agreements with the United States environmental protection agency.
22C-2-3. West Virginia water pollution control revolving fund; disbursement of fund moneys; administration of the fund.
22C-2-4. Annual audit.
22C-2-5. Collection of money due to the fund.
22C-2-6. State construction grants program established; special fund.
22C-2-7. Environmental review of funded projects.
22C-2-8. Conflicting provisions.

Editor's notes. — The Water Pollution Control Revolving Fund Act was formerly compiled in §§ 20-5I-1 et seq.

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§ 22C-2-1. Definitions.

Unless the context in which used clearly requires a different meaning, as used in this article:

(a) "Authority" means the water development authority provided for in section four [§ 22C-1-4], article one of this chapter.

(b) "Cost" as applied to any project financed under the provisions of this article means the total of all costs incurred by a local entity that are reasonable and necessary for carrying out all works and undertakings necessary or incident to the accomplishment of any project including:

(1) Developmental, planning and feasibility studies, surveys, plans and specifications;

(2) Architectural, engineering, financial, legal or other special services;

(3) Acquisition of land and any buildings and improvements on the land or buildings, including the discharge of any obligations of the sellers of the land, buildings or improvements;

(4) Site preparation and development, including demolition or removal of existing structures, construction and reconstruction, labor, materials, machinery and equipment;

(5) The reasonable costs of financing incurred by the local entity in the course of the development of the project, carrying charges incurred before placing the project in service, interest on funds borrowed to finance the project to a date subsequent to the estimated date the project is to be placed in service, necessary expenses incurred in connection with placing the project in service, and the funding of accounts and reserves which the authority may require; and

(6) Other items that the division of environmental protection determines to be reasonable and necessary.

(c) "Fund" means the state water pollution control revolving fund provided for in this article as it may be expanded or modified from time to time pursuant to the clean water act, as amended, the federal safe drinking water act, as amended or by the executive order of the governor issued to comply with federal laws relating to the acts.

(d) "Instrumentality" means the division of environmental protection or the agency designated by an order of the governor as having the primary responsibility for administering the fund pursuant to the federal clean water act, as amended, and the federal safe drinking water act, as amended, or other federal laws.

(e) "Local entity" means any county, city, town, municipal corporation, authority, district, public service district, commission, banking institution or political subdivision in West Virginia.

(f) "Project" means any public water or wastewater treatment facility located or to be located in or outside this state by a local entity and includes:

(1) Sewage and wastewater collection, treatment and disposal facilities;

(2) Public water transportation, treatment and distribution facilities;

(3) Drainage facilities and projects;

(4) Administrative, maintenance, storage and laboratory facilities related to the facilities delineated in subdivisions (1), (2) and (3) of this subsection;

(5) Interests in land related to the facilities delineated in subdivisions (1), (2), (3) and (4) of this subsection; and

(6) Other projects allowable under federal law. (1994, c. 61; 1996, c. 257.)

§ 22C-2-2. Designation of division of environmental protection as state instrumentality for purposes of capitalization agreements with the United States environmental protection agency.

The division of environmental protection shall act as the instrumentality that is empowered to enter into capitalization agreements with the United States environmental protection agency, to accept capitalization grant awards

made under the federal clean water act, as amended, the safe drinking water act, as amended, and other federal laws and to otherwise manage the fund provided for in this article in accordance with the requirements of said federal laws. (1994, c. 61.)

§ 22C-2-3. West Virginia water pollution control revolving fund; disbursement of fund moneys; administration of the fund.

(a) Under the direction of the division of environmental protection, the water development authority shall establish, administer and manage a permanent and perpetual fund, to be known as the "West Virginia Water Pollution Control Revolving Fund." The fund shall be comprised of moneys appropriated to the fund by the Legislature, moneys allocated to the state by the federal government expressly for the purposes of establishing and maintaining a state water pollution control revolving fund, all receipts from loans made from the fund to local entities, all income from the investment of moneys held in the fund, and all other sums designated for deposits to the fund from any source, public or private. Moneys in the fund shall be used solely to make loans to local entities to finance or refinance the costs of a project: Provided, That moneys in the fund shall be utilized to defray the costs incurred by the authority and the division of environmental protection in administering the provisions of this article: Provided, however, That moneys in the fund shall be used to make grants for projects to the extent allowed or authorized by federal law.

(b) The director of the division of environmental protection, in consultation with the authority, shall promulgate legislative rules in accordance with the provisions of article three [§§ 29A-3-1 et seq.], chapter twenty-nine-a of this code, to:

(1) Govern the disbursement of moneys from the fund; and

(2) Establish a state water pollution control revolving fund program to direct the distribution of grants or loans from the fund to particular local entities and establish the interest rates and repayment terms of the loans.

(c) In order to carry out the administration and management of the fund, the authority is authorized to employ officers, employees, agents, advisers and consultants, including attorneys, financial advisers, engineers, other technical advisers and public accountants and, notwithstanding any provisions of this code to the contrary, to determine their duties and compensation without the approval of any other agency or instrumentality.

(d) The authority shall promulgate legislative rules in accordance with the provisions of article three [§§ 29A-3-1 et seq.], chapter twenty-nine-a of this code to govern the pledge of loans to secure bonds of the authority.

(e) All moneys belonging to the fund shall be kept in appropriate depositories and secured in conformance with this code. Disbursements from the fund shall be authorized for payment by the director of the authority or the director's designee. Any depository or officer of the depository to which moneys of the fund are paid shall act as trustee of the moneys and shall hold and apply them solely for the purposes for which the moneys are provided under this

article. Moneys in the fund shall not be commingled with other money of the authority. If not needed for immediate use or disbursement, moneys in the fund may be invested or reinvested by the authority in obligations or securities which are considered lawful investments for public funds under this code. (1994, c. 61; 1996, c. 257.)

Code of State Rules References. — State water pollution control revolving fund program, 47 CSR 31, effective May 4, 2000.

§ 22C-2-4. Annual audit.

The authority shall cause an audit of its books and accounts to be made at least once each fiscal year by certified public accountants, and the cost thereof may be defrayed as a part of the cost of construction of a project or as an administrative expense under the provisions of subsection (a), section three [§ 22C-2-3(a)] of this article. (1994, c. 61.)

§ 22C-2-5. Collection of money due to the fund.

In order to ensure the timely payment of all sums due and owing to the fund under a revolving fund loan agreement between the state and a local entity, and notwithstanding any provisions of this code to the contrary, the authority has and may, at its option, exercise the following rights and remedies in the event of any default by a local entity under a loan agreement:

(a) The authority may directly impose, in its own name and for its own benefit, service charges upon all users of a project funded by a loan distributed to a local entity pursuant to this article, and may proceed directly to enforce and collect the service charges, together with all necessary costs of the enforcement and collection.

(b) The authority may exercise, in its own name or in the name of and as the agent for a particular local entity, all of the rights, powers and remedies of the local entity with respect to the project or which may be conferred upon the local entity by statute, rule, regulation or judicial decision, including all rights and remedies with respect to users of the project funded by the loan distributed to that local entity pursuant to this article.

(c) The authority may, by civil action, mandamus or other judicial or administrative proceeding, compel performance by a local entity of all of the terms and conditions of the loan agreement between the state and that local entity including:

(1) The adjustment of service charges as required to repay the loan or otherwise satisfy the terms of the loan agreement;

(2) The enforcement and collection of service charges; and

(3) The enforcement by the local entity of all rights and remedies conferred by statute, rule, regulation or judicial decision.

The rights and remedies enumerated in this section are in addition to rights and remedies conferred upon the authority by law or pursuant to the loan agreement. (1994, c. 61; 1996, c. 257.)

§ 22C-2-6. State construction grants program established; special fund.

(a) The director of the division of environmental protection shall promulgate rules in accordance with the provisions of chapter twenty-nine-a [§§ 29A-1-1 et seq.] of this code to establish a state construction grants program that is designed to complement and supplement the state water pollution control revolving fund program established pursuant to subsection (b), section three [§ 22C-2-3(b)] of this article.

(b) The special fund designated "The West Virginia Construction Grants Fund" established in the state treasury is continued. The special fund shall be comprised of moneys appropriated to said fund by the Legislature, assessments on existing wastewater treatment facilities, and all other sums designated for deposit to the special fund from any source, public or private: Provided, That such assessments shall be made and collected in accordance with fee schedules to be established by legislative rules promulgated by the director of the division of environmental protection, in accordance with chapter twenty-nine-a of this code. Moneys in the special fund shall be used solely for the state construction grants program established under subsection (a) of this section: Provided, however, That moneys in the special fund may be utilized to defray the costs incurred by the division of environmental protection in administering the provisions of this section. (1994, c. 61.)

Code of State Rules References. — State construction grants program rule, 47CSR33, effective May 7, 1999.

§ 22C-2-7. Environmental review of funded projects.

(a) The division of environmental protection shall conduct an environmental review on each project funded under this article. The director of the division of environmental protection shall promulgate legislative rules in accordance with the provisions of article three [§§ 29A-3-1 et seq.], chapter twenty-nine-a of this code to implement the environmental review of funded projects: Provided, That the rules shall be consistent with the regulations promulgated by the United States environmental protection agency pursuant to the federal clean water act, as amended.

(b) The director of the division of environmental protection is authorized to direct a local entity, or its agent, to implement all measures that, in the judgment of the director, are necessary in order to mitigate or prevent adverse impacts to the public health, safety or welfare or to the environment that may result from a project funded under this article. The director is further authorized to require all projects to comply with all other appropriate federal laws and regulations that are required of the projects under the federal clean water act, as amended. (1994, c. 61; 1996, c. 257.)

Code of State Rules References. — State water pollution control revolving fund program, 47CSR31, effective May 4, 2000.

§ 22C-2-8. Conflicting provisions.

The provisions of this article shall be liberally construed to the end that its beneficial purposes may be effectuated. Insofar as the provisions of this article are inconsistent with the provisions of any other general, special or local law, the provisions of this article are controlling. (1994, c. 61.)

ARTICLE 3.

SOLID WASTE MANAGEMENT BOARD.

Sec.

22C-3-1. Short title.
22C-3-2. Legislative findings; declaration of policy and responsibility; purpose and intent of article.
22C-3-3. Definitions.
22C-3-4. Solid waste management board; organization of board; appointment and qualification of board members; their term of office, compensation and expenses; director of board.
22C-3-5. Board to designate and establish disposal sheds; construction, maintenance, etc., of disposal projects; loan agreements; compliance with federal and state law.
22C-3-6. Powers, duties and responsibilities of board generally.
22C-3-7. Development of state solid waste management plan.
22C-3-8. Power of board to collect service charges and exercise other powers of governmental agencies in event of default; power to require governmental agencies to enforce their rights.
22C-3-9. Development and designation of solid waste disposal sheds by board.
22C-3-10. Board empowered to issue solid waste disposal revenue bonds, renewal notes and refunding bonds; requirements and manner of such issuance.
22C-3-11. Establishment of reserve funds, replacement and improvement funds and sinking funds; fiscal agent; purposes for use of bond proceeds; application of surplus.
22C-3-12. Legal remedies of bondholders.
22C-3-13. Bonds and notes not debt of state, county, municipality or of any political subdivision; expenses incurred pursuant to article.
22C-3-14. Use of funds, properties, etc., by board; restrictions thereon.
22C-3-15. Audit of funds disbursed by the board and recipients thereof.
22C-3-16. Rentals, fees, service charges and other revenues from solid waste disposal projects; contracts and leases of board; cooperation of other governmental agencies; bonds of such agencies.
22C-3-17. Maintenance, operation and repair of projects; repair of damaged property; reports by board to governor and Legislature.
22C-3-18. Solid waste disposal revenue bonds lawful investments.
22C-3-19. Exemption from taxation.
22C-3-20. Governmental agencies authorized to convey property.
22C-3-21. Financial interest in contracts, projects, etc., prohibited; gratuities prohibited; penalty.
22C-3-22. Conduct of proceedings of board.
22C-3-23. Regulation of solid waste collectors and haulers to continue under public service commission; bringing about their compliance with solid waste disposal shed plan and solid waste disposal projects; giving testimony at commission hearings.
22C-3-24. Cooperation of board and enforcement agencies in collecting and disposing of abandoned household appliances and motor vehicles, etc.
22C-3-25. Liberal construction of article.

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

TO THE COUNTY COURT OF FAYETTE COUNTY, WEST VIRGINIA:

THE UNDERSIGNED, all legal voters residing within and owning real property within the limits of the territory described below, DO HEREBY PETITION the County Court of the County of Fayette, West Virginia, to create and establish a public service district in the County of Fayette, West Virginia, embracing the territorial limits described below, pursuant to the provisions of Chapter 147 of the Acts of the Legislature of West Virginia, Regular Session of 1953, constituting Article 13-a of Chapter 16 of the Code of West Virginia of 1931, as amended.

The name and corporate title of said public service district shall be the "Kanawha Falls Public Service District."

The territory to be embraced in said public service district shall be as follows:

"Beginning at a point in Kanawha River approximately 2000 feet below the mouth of Boomer Branch, thence N. 60° 00' E. 10,000 feet, S.35° 00' E. 4800 feet, S. 60° 00' W. 7000 feet, S. 51° 00' E. 9000 feet, N. 75° 00' E. 6000 feet, S. 70° 00' E. 3000 feet, N. 27° 00' E. 5000 feet, N. 10° 00' W. 12,000 feet, N. 40° 00' E. 15,000 feet, N. 30° 00' W. 14,000 feet, N. 52° 00' E. 4000 feet, N. 83° 00' E. 3000 feet to a point in Bells Creek a line between Nicholas and Fayette Counties, thence with and down Bells Creek S. 19° 00' E. 1000 feet, S. 19° 00' W. 2000 feet, S. 52° 00' E. 2000 feet, S. 45° 00' E. 1000 feet, S. 57° 00' W. 2000 feet, S. 45° 00' W. 1000 feet, S. 40° 00' E. 2000 feet to Gauley River, thence down the Gauley River S. 1° 00' W. 2000 feet, S. 16° 00' E. 1000 feet, S. 42° 00' E. 1000 feet, S. 58° 00' E. 3000 feet, S. 44° 00' E. 2000 feet, S. 12° 00' W. 1000 feet, S. 21° 00' W. 2000 feet, S. 34° 00' W. 2000 feet, S. 40° 00' W. 4000 feet, S. 35° 00' W. 3000 feet, S. 21° W. 1000 feet, S. 4° 00' E. 1000 feet, S. 36° 00' E. 2000 feet, S. 28° 00' E. 1000 feet, S. 1° 00' E. 1000 feet, thence leaving Gauley River S. 52° 00' E. 6000 feet, thence S. 31° 00' W. 3000 feet to New River thence down New River N. 51° 00' W. 6000 feet to mouth of Gauley River, (beginning of Kanawha River) thence down Kanawha River, S. 82° 00' W. 2000 feet, S. 62° 00' W. 2000 feet, S. 17° 00' W. 2000 feet, S. 18° 00' E. 3000 feet, S. 11° 00' W. 1000 feet, S. 32° 00' W. 1000 feet, S. 45° 00' W. 2000 feet, S. 28° 00' W. 1000 feet, S. 13° 00' W. 3000 feet, S. 45° 00' W. 1000 feet, S. 66° 00' W. 1000 feet, N. 85° 00' W. 3000 feet, thence leaving Kanawha River S. 20° 00' W. 2000 feet, N. 75° 00' W. 7000 feet, S. 20° 00' E. 1000 feet, N. 75° 00' W. 3000 feet, N. 20° 00' E. 3500 feet to Kanawha River, thence down Kanawha River N. 68° 00' W. 4000 feet, N. 40° 00' W 3000 feet, N. 12° 00' W. 2000 feet, N. 39° 00' W. 3500 feet the beginning, all being a portion of Kanawha and Falls District, and containing generally the communities of Boomer, Deepwater, Alloy, Falls View, Charlton Heights, Glen Ferris, Gauley Bridge, Brownsville, Belva and contiguous areas, all of which are in Fayette County, State of West Virginia."

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

The territory described above does not include within its limits the territory of any other public service district organized under the law hereinbefore referred to, nor does such territory include within its limits any city, incorporated town or other municipal corporation.

The undersigned petitioners hereby deposit with this petition the sum of $_____ to advance the cost of the publication of the notice of public hearing upon the creation and establishment of said public service district, which said sum is to be returned to petitioners from the proceeds of any bonds issued by said public service district if the same shall be created and established. If said public service district shall not be created, and established, then the cost of said publication of the notice of said public hearing shall be borne by petitioners, and neither the County of Fayette nor the County Court of said County, or any political subdivision, agency or instrumentality of said County shall have any liability therefor.

(Over)

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

	NAME	RESIDENCE	DESCRIPTION OF REAL PROPERTY OWNED BY PETITIONER IN PROPOSED DISTRICT	DATE OF SIGNING
1.	W.W. Jennings Jr.	Falls View, W.Va.	7 room house - 7 acre	Aug. 12, 1955
2.	Mrs. L. C. Wills	Falls View W.Va.	5 apt. one 4 House	Aug. 13, 1955
3.	C. B. Hanson	Falls View	2 Houses	Aug 13/55
4.	H M Huddleston	Falls View	1 House & Lot	Aug 13-55
5.	J. C. Young	Falls View W.Va.	1 House & 4 Lots	Aug 13th 1955
6.	Wm W. Duda	Falls View	1 Lot	8-13-55
7.	M. V. Davis	Falls View	2 Houses	8-13-55
8.	V Hewitt	Falls View	19 apt Filling Station 6 Houses	8-13-55
9.	Miles Plumley	Falls View	Barber Shop 4 Houses	8-13-55
10.	Ysauro Domingo	4 apts.	Store 8 Restaurant Bldg. 2 Houses	8-13-55
11.	A W Caincross		1 House & Lot Falls View	8-13-55
12.	Arch Huddleston	Falls View	House & Lot	8-13-55
13.	T. R. Boyer	Falls View	House	8-13-55
14.	E Adkins	Falls View	one house	8/13 55
15.	Wilson Huddleston	Falls View	(house)	8/15/55
16.	Sherman Johnson		(house)	8/15/55
17.	J. W. Pitz	Falls View	House & Store	8-15-55
18.	Josephine Baker	Falls View, Charlton Height	6 apt. store building & apt.	8-1
19.	James P. Huddleston	Falls View	1 House	8/1
20.	Roy E. Boyd	Falls View	1 House	8
21.	Robert Caincross	Falls View	3 houses	8-15
22.	Kenneth Huddleston	Falls View	2 houses	8/1

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

	NAME	RESIDENCE	DESCRIPTION OF REAL PROPERTY OWNED BY PETITIONER IN PROPOSED DISTRICT	DATE OF SIGNING
23.	Mrs. C.E. Davis	Falls View	1 House	8-15-55
24.	H.W. Davis	Falls View	1 House	8-15-55
25.	Harry A Carolli	Falls View	Store Building & apt.	8-15-55
26.	R K Gabbert	Falls View	N Va 1 House & Lot	8-15-55
27.	C W Stallard	[illegible]	Building Lot	8-15-55
28	John V Mather	Falls View	1 House	8-15-55
29	W.W. Davis Trustee	Falls View	Baptist Church	8-17-55
30.	Falls View Presbyterian Church			By O L May Clerk
31.	Raymond G. Petry	Falls View	House & Lot	8-20-55

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

	NAME	RESIDENCE	DESCEIPTION OF REAL PROPERTY OWNED BY PETITIONER IN PROPOSED DISTRICT	DATE OF SIGNING
32.	S H Hagaman	Gauley Bridge	Residence	Aug 18-55
33.	R. L. Oglesby	Gauley Bridge	Rent	Aug 18-55
34	C. W. Reinhart	Gauley Bridge	Residence	Aug 18, 195
35.	G D Carson Sr.		Residence	Aug 18.195
36.	Carson Drug Store	G D Carson Sr.	Rent	Aug 18.1951
37.	Carl Crawford	Gauley Bridge	"	"
38	Crawford Maytag	Gauley Bridge	"	"
39.	C G Lewis	Lewis Store Co G B	"	"
40.	E. N. Dressler	Gauley Bridge	Rent	"
41.	W. L. Crandall	" "	"	"
42.	Dr R. F. Atkins	Gauley Bridge, W.Va.		Aug. 18, 1955
43.	Mrs C. A. Conley	Gauley Bridge W Va	"	"
44.	Mrs Willie Black	Gauley Bridge	W Va	"
45.	Mrs. E L Neal	Gauley Bridge	W.Va.	
46.	Edward Neal	Gauley Bridge W Va	"	"
47.	J. Blackwell	Gauley Bridge W Va	"	"
48	John L. Ross	Gauley Bridge W Va	"	"
49	Winslow S. Waldo	Gauley Bridge, W Va	"	"
50.	Mary L. Waldo	Gauley Bridge, W Va		
51.	Geo Combs	" "	"	
52.	Joseph Martin	Gauley Cleaners	"	"
53.	Carroll Miller	Gauley Bridge	"	"
54.	Mrs. E. V. Miller	Gauley Bridge,	[illegible]	

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

	NAME	RESIDENCE	DESCRIPTION OF REAL PROPERTY OWNED BY PETITIONER IN PROPOSED DISTRICT	DATE OF SIGNING
55.	Gordon Billheim	Charlton Hts, WVa.	Lot & House Charlton Hts	August 9, 1955
	Eugene D. Imbrogno	Charlton Hts WVa.	Lot & House Charlton Hts WVa.	8-9-55
	M M Thurman		House & Lot Charlton Heights	8-12-55
	C M Bess	Charlton Hgts WVa	House & Lots	8/12/55
	Denny Allen	Montgomery WVa	3 Lots	8/25/55
	Neal Bain	Charlton Hgts WVa	House & Lot	8/25/55
	Secondo Dalporto	Montgomery	5 Acts	8/25/55
	Hugh Bosely		Charlton Heights, WVa	
	[illegible]		Charlton Heights, WVa	
	[illegible]		Charlton Heights, WVa	
	[illegible]		[illegible]	[illegible]
	[illegible]		[illegible]	[illegible]
	E S Montgomery		Charlton Heights	8/28/55
	[illegible]		Charlton Heights	
	M N McMorrow		House & Lot Charlton Heights	8/29/55
	W. H. Zinn		Charlton Heights, WVa.	
	G. M. Foley		Charlton Heights, WVa.	
72.	R. R. Winston		Charlton Heights WVa	
73.	W L Claiborne		Charlton Hts, WVa.	
74.	[illegible]		"	"
75.	[illegible]		Charlton Hts	
76.	R R Boone	M.D.	Charlton Heights WVa	
77.	W. A. Booten		Charlton Heights WVa	

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

	NAME	RESIDENCE	DESCRIPTION OF REAL PROPERTY OWNED BY PETITIONER IN PROPOSED DISTRICT	DATE OF SIGNING
78	Willis Hamlin	Boomer	House & Lot	8/13/55
79.	Joe Craffey	Boomer	House & lot	8-23-55
80	Russ Bond	Boomer	[illegible]	8-23-55
81.	Howard Viers	Boomer	House & lot	8/24/55
82.	Fred D Neil	Boomer	House & lot	8-24-55
83.	George Ratliff	Charlton Hts. Boomer	Lot House & lot	8-24-55
84.	Clarence W Thomas	Boomer	House & Lot	8-24-55
85.	D. H. Mount	Boomer	" "	8-25-55
86.	Felix Lorea	Boomer	" "	8-25-55
87.	David E. Nutter	Boomer	" "	8-25-55
88	Harry L. Graves	Boomer	" "	8-25-55
89	Robert Ayersman	Boomer	" "	8-25-55
90.	W. A. Laxton		" "	8-25-55
91.	James F. Nutter		" "	8-25-55
92.	Louis Ferris		" "	8-25-55
93.	Dave Fields		" "	8-25-55
94.	N H Bodgley		" "	8-25-55
95.	D. S. Kingsley	Boomer	" "	8-25-55
96.	A. M. McGraw			8-25-55
97.	O. C. Wiseman		" "	8-25-55
98.	John D. Tyrell		" "	8-25-55
99.	Lewis Richm			8-25-55

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

	NAME	RESIDENCE	DESCRIPTION OF REAL PROPERTY OWNED BY PETITIONER IN PROPOSED DISTRICT	DATE OF SIGNING
100.	[illegible]	Boomer	House & Lot	8-25-55
101.	[illegible]	Boomer	House & Lot	8-25-55
102	J. C. Adkins	Boomer	House & Lot	8-25-55
103	John Malcolm	Boomer, HOUSE 151		8-25-55
104	P. K. Burford	Boomer House 159		8-25-55
105	E. L. Baker	Boomer House 139		8-29-55
106	Mrs. A. H. Wilmoth	Boomer House 182		
107	Mr & Mrs. Carl Sadgar	Boomer House 155		
108	Mr + Mrs Mike Layton	Boomer House 152		
109	Charles D. Burford	Boomer, W. Va.	House 154	
110	Dewey Matheny	Boomer W Va	House 187	
111	Domenick Fish	Boomer W. Va.	House 189	
112	Mr & Mrs. Blosser	" "	"	1884
113	Mr. & Mrs. Joe Quick	Boomer, W. Va	House 181	
114	Reston Huffman	Boomer W. Va	House 178	
115	James R. Jordan	Boomer W. Va	House 156	

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

	NAME	RESIDENCE	DESCRIPTION OF REAL PROPERTY OWNED BY PETITIONER IN PROPOSED DISTRICT	DATE OF SIGNING
16.	Lewis Kuhn	Boomer	House & Lot	8/13/55
17.	Dave & Ethel Tampkin	Boomer	House & Lot	8/13/55
18	Allen Lakes	Fallsview	House & Lot	8-13-55
19.	W/A Browning	Boomer	Dayer's Restaurant	Fallsview 8/14/55

Telephone
Hillside 2-4156

Montgomery,
West Virginia

The Montgomery Herald

"SERVING THE UPPER KANAWHA VALLEY"

CERTIFICATE OF PUBLICATION Fee for publication $78.60

I, Robert K. Holliday, Editor of The Montgomery Herald, a weekly newspaper, published in the City of Montgomery, County of Fayette, State of West Virginia, do declare that the "Notice Of Public Hearing On Creation of Kanawha Falls Public Service District" herewith attached, was published in said newspaper in its issue dated the 15th day of September, 1955.

(SIGNED) Robert K. Holliday
Robert K. Holliday
Editor

SIGNED AND SWORN TO and before me this 28th day of September, 1955.

(SIGNED) Marjorie Merriam
Marjorie Merriam
Notary Public

My commission expires January 24, 1965.

NOTICE [illegible] CITY [illegible]

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

"BEGINNING at a point in Kanawha River approximtely 2000 feet below the mouth of Boomer Branch, thence N. 60o 00' E. 10,000 feet, S. 35o 00 E. 4800 feet, S. 60o 00' W. 7000 feet, S 51o 00 E. 9000 feet, N. 75o 00' E. 6000 feet, S. 70o 00 E. 3000 feet, N. 2"o 00' E. 5000 feet, N. 10o 00' W. 12,000 feet, N. 40o 00' E. 15,000 feet, N. 30o 00' W. 14,000 feet, N. 52o 00' E. 4000 feet, N. 83o 00 E. 3000 feet to a point in Bells Creek a line between Nicholas and Fayette Counties, thence with and down Bells Creek S. 19o 00 E. 1000 feet, S. 18o 00 W. 2000 feet, S. 52o 00' E. 2000 feet, S. 45o 00' E. 1000 feet, S. 57o 00' W. 2000 feet, S. 45o 00' W. 1000 feet, S. 40o 00 E. 2000 feet to Gauley River, thence down the Gauley River S. 1o 00 W. 2000 feet, S. 16o 00 E. 1000 feet, S. 42o 00' E. 1000 feet, S. 58o 00' E. 3000 feet, S. 44o 00' E. 2000 feet, S. 12o 00'. W. 1000 feet, S. 21o 00' W. 9000 feet, S. 34o 00' W. 2000 feet, S. 40o 00' W. 4000 feet, S. 35o 00' W. 3000 feet, S. 21o W. 1000 feet, S. 4o 00' E. 1000 feet, S. 35o 00' E. 2000 feet, S. 28o 00' E. 1000 feet, S. 1o 00' E. 1000 feet, thence leaving Gauley River S. 52o 00' E. 6000 feet, thence S. 31o 00' W. 3000 feet to New River thence down New River N. 51o 00' W. 6000 feet to mouth of Gauley River, (beginning of Kanawha River) thence down Kanawha River, S. 82o 00' W. 2000 feet, S. 62o 00' W. 2000 feet, S. 17o 00' W. 2000 feet, S. 18o 00' E. 2000 feet, S. 11o 00' W. 1000 feet, S. 32o 00' W. 1000 feet, S. 45o 00' W. 2000 feet, S. 28o 00' W. 1000 feet, S. 13o 00' W. 3000 feet, S. 45o 00' W. 1000 feet, S. 66o 00' W. 1000 feet, N. 85o 00' W. 3000 feet, thence leaving Kanawha River S. 20o 00' W. 2000 feet, N. 75o 00' W. 7000 feet, S. 20o 00' E. 1000 feet, N. 75o 00' W. 3000 feet, N. 20o 00' E. 3500 feet to Kanawha River, thence down Kanawha River N. 68o 00' W. 4000 feet, N. 46o 00' W. 3000 feet, N. 12o 00' W. 2000 feet, N. 39o 00' W. 3500 feet the beginning, all being a portion of Kanawha and Falls District, and containing generally the communities of Boomer, Deepwater, Alloy, Falls View, Charlton Heights, Glen Ferris, Gauley Bridge, Brownsville, Belva and contiguous areas, all of which are in Fayette County, State of West Virginia."

All persons residing in or owning or having any interest in property in said proposed public service district are hereby notified that the County Court of Fayette County will conduct a public hearing on September 29, 1955, at 10:00 o'clock A. M., in the County Court House at Fayetteville, West Virginia, at which time and place all interested persons may appear before the County Court and shall have an opportunity to be heard for and against the creation of the proposed public service district.

By Order of the County Court this 7th day of September, 1955.

Mrs. Lacy Neely
County Court Clerk.

Adopted by the County Court September 7, 1955.

E. W. Kelly
President.

Attest:
Mrs. Lacy Neely
Clerk.

L-1c-9-15

Fayetteville, West Virginia

September 29, 1955

The County Court of Fayette County, West Virginia, met in ~~regular~~ special session pursuant to law and to the rules of said Court at the County Court House, Fayetteville, West Virginia, at 10 o'clock A.M. The meeting was called to order and the roll being called there were present E. W. Kelly, President, presiding, and the following named Commissioners: Carl B. Vickers and Orval Kessler;

Absent: None.

*** *** ***

This being the date fixed by prior action of the County Court for conducting the public hearing on the creation of the proposed Kanawha Falls Public Service District, as contemplated and provided for in a resolution and order adopted by the County Court on September 7, 1955, the President announced that all persons residing in or owning or having any interest in property in such proposed public service district desiring to be heard for or against the creation of said district would be heard and all such interested persons desiring to be heard were given full opportunity.

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

"A RESOLUTION AND ORDER creating Kanawha Falls Public Service District in Fayette County, West Virginia,"

and moved that all rules otherwise requiring deferred consideration or several readings be suspended and said proposed resolution and order be adopted. Orval Kessler seconded the motion and after due consideration the President put the question on the motion and the roll being called, the

following voted:

Aye: E. W. Kelly, Carl B. Vickers and Orval Kessler;

Nay: None.

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

Carl B. Vickers introduced and caused to be read a proposed resolution and order, entitled:

"A RESOLUTION AND ORDER appointing members to the public service board of the Kanawha Falls Public Service District,"

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

Orval Kessler seconded the motion and after due consideration the President put the question on the motion and the roll being called, the following voted:

Aye: E. W. Kelly, Carl B. Vickers, Orval Kessler;

Nay: None.

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

*** *** ***

On motion and vote the meeting adjourned.

Earl Kelly
President

ATTEST:

Mrs Lacy Dudley
Clerk

A RESOLUTION AND ORDER creating Kanawha Falls Public Service District in Fayette County, West Virginia.

*** *** ***

WHEREAS, the County Court of Fayette County, West Virginia, did heretofore by a resolution and order adopted September 7, 1955, fix a date for a public hearing on the creation of the proposed Kanawha Falls Public Service District and in and by said resolution and order provide that all persons residing in or owning or having any interest in property in the proposed public service district might appear before the County Court at this meeting and have the opportunity to be heard for and against the creation of said district; and

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

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

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

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

Beginning at a point in Kanawha River approximately 2000 feet below the mouth of Boomer Branch, thence N. 60° 00' E. 10,000 feet, S.35° 00' E. 4800 feet, S. 60° 00' W. 7000 feet, S. 51° 00' E. 9000 feet, N. 75° 00' E. 6000 feet, S. 70° 00' E. 3000 feet, N. 27° 00' E. 5000 feet, N. 10° 00' W. 12,000 feet, N. 40° 00' E. 15,000 feet, N. 30° 00' W. 14,000 feet, N. 52° 00' E. 4000 feet, N. 83° 00' E. 3000 feet to a point in Bells Creek a line between Nicholas and Fayette Counties, thence with and down Bells Creek S. 19° 00' E. 1000 feet, S. 19° 00' W. 2000 feet, S. 52° 00' E. 2000 feet, S. 45° 00' E. 1000 feet, S. 57° 00' W. 2000 feet, S. 45° 00' W. 1000 feet, S. 40° 00' E. 2000 feet to Gauley River, thence down the Gauley River S. 1° 00' W. 2000 feet, S. 16° 00' E. 1000 feet, S. 42° 00' E. 1000 feet, S. 58° 00' E. 3000 ft, S. 44° 00' E. 2000 feet, S. 12° 00'

W. 1000 feet, S. 21° 00' W. 2000 feet, S. 34° 00' W. 2000 feet, S. 40° 00' W. 4000 feet, S. 35° 00' W. 3000 feet, S. 21° 00' W. 1000 feet, S. 4° 00' E. 1000 feet, S. 36° 00' E. 2000 feet, S. 28° 00' E. 1000 feet, S. 1° 00' E. 1000 feet, thence leaving Gauley River S. 52° 00' E. 6000 feet, thence S. 31° 00' W. 3000 feet to New River thence down New River N. 51° 00' W. 6000 feet to mouth of Gauley River, (beginning of Kanawha River) thence down Kanawah River, S. 82° 00' W. 2000 feet, S. 62° 00' W. 2000 feet, S. 17° 00' W. 2000 feet, S. 18° 00' E. 3000 feet, S. 11° 00' W. 1000 feet, S. 32° 00' W. 1000 feet, S. 45° 00' W. 2000 feet, S. 28° 00' W. 1000 feet, S. 13° 00' W. 3000 feet, S. 45° 00' W. 1000 feet, S. 66° 00' W. 1000 feet, N. 85° 00' W. 3000 feet, thence leaving Kanawha River S. 20° 00' W. 2000 feet, N. 75° 00' W. 7000 feet, S. 20° 00' E. 1000 feet, N. 75° 00' W. 3000 feet, N. 20° 00' E. 35000 feet to Kanawha River, thence down Kanawha River N. 68° 00' W. 4000 feet, N. 40° 00' W. 3000 feet, N. 12° 00' W. 2000 feet, N. 39° 00' W. 3500 feet the beginning, all being a portion of Kanawha and Falls District, and containing generally the communities of Boomer, Deepwater, Alloy, Falls View, Charlton Heights, Glen Ferris, Gauley Bridge, Brownsville, Belva and contiguous areas, all of which are in Fayette County, State of West Virginia.

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

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

ADOPTED BY THE COUNTY COURT September 29, 1955

E. R. Kelly
President

ATTEST:

Mrs Lacy Kelly
Clerk

A RESOLUTION AND ORDER appointing members to the Public Service Board of the Kanawha Falls Public Service District.

*** *** ***

WHEREAS, the County Court of Fayette County, West Virginia, did heretofore by resolution and order adopted September 29, 1955 create the Kanawha Falls Public Service District; and

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

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

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

Section 1. That the County Court of Fayette County, West Virginia, hereby finds and determines that W. W. Jennings, Jr, Clyde Rinehart, and W. G. Fitzgerald, are persons residing within the Kanawha Falls Public Service District, and the aforesaid persons are hereby appointed as members of the public service board of said district and their respective terms of office shall be as follows:

W. W. Jennings, Jr, for a term of six years from the first day of the month in which this resolution and order is adopted;

Clyde Rinehart, for a term of four years from the first day of the month in which this resolution and order is adopted; and

W. G. Fitzgerald, for a term of two years from the first day of the month in which this resolution and order is adopted.

Section 2. The aforesaid persons shall meet as soon as practicable, at the office of the Clerk of said County Court and shall qualify by taking an oath of office, and thereafter said appointees constituting the initial public service board of the Kanawha Falls Public Service District shall meet and organize in compliance with the provisions of Article 13A of Chapter 16 of the West Virginia Code.

ADOPTED BY THE COUNTY COURT Sept 29, 1955

E. N. Kelly
President

ATTEST:

Miss Lacy Neely
Clerk

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

I, Mrs Lacy Neely, hereby certify that I am the duly qualified and acting Clerk of the County Court of Fayette County, West Virginia, and that the foregoing constitutes a true, correct and complete transcript of the proceedings of said County Court as had under date of Sept 29, 1955, and resolutions and orders then adopted relating to the creation of Kanawha Falls Public Service District, and appointment of members to the public service board of said district.

IN WITNESS WHEREOF, I have hereunto affixed my official signature and seal of said Court at Fayetteville, West Virginia this Sept 29, 1955.

Mrs Lacy Neely
County Court Clerk

IN THE COUNTY COURT OF FAYETTE COUNTY, WEST VIRGINIA

RE: KANAWHA FALLS PUBLIC SERVICE DISTRICT

P E T I T I O N

Your petitioner, Kanawha Falls Public Service District, respectfully shows unto the Court that it was created pursuant to Chapter 16, Article 13A, of the Code of West Virginia, on September 29, 1955, by the action of this Court and that its boundaries were established as follows:

> Beginning at a point in Kanawha River approximately 2000 feet below the mouth of Boomer Branch, thence N 60-00 E 10,000 feet, S 35-00 E 4800 feet, S 60-00 W 7000 feet, S 51-00 E 9000 feet, N 75-00 E 6000 feet, S 70-00 E 3000 feet, N 27-00 E 5000 feet, N 10-00 W 12,000 feet, N 40-00 E 15,000 feet, N 30-00 W 14,000 feet, N 52-00 E 4000 feet, N 83-00 E 3000 feet to a point in Bells Creek a line between Nicholas and Fayette Counties, thence with and down Bells Creek S 19-00 E 1000 feet, S 19-00 W 2000 feet, S 52-00 E 2000 feet, S 45-00 E 1000 feet, S 57-00 W 2000 feet, S 45-00 W 1000 feet, S 40-00 E 2000 feet to Gauley River, thence down the Gauley River S 1-00 W 2000 feet, S 16-00 E 1000 feet, S 42-00 E 1000 feet, S 58-00 E 3000 feet, S 44-00 E 2000 feet, S 12-00 W 1000 feet, S 21-00 W 2000 feet, S 34-00 W 2000 feet, S 40-00 W 4000 feet, S 35-00 W 3000 feet, S 21-00 W 1000 feet, S 4-00 E 1000 feet, S 36-00 E 2000 feet, S 28-00 E 1000 feet, S 1-00 E 1000 feet, thence leaving Gauley River S 52-00 E 6000 feet, thence S 31-00 W 3000 feet to New River, thence down New River N 51-00 W 6000 feet to mouth of Gauley River, (beginning of Kanawha River) thence down Kanawha River, S 82-00 W 2000 feet, S 62-00 W 2000 feet, S 17-00 W 2000 feet, S 18-00 E 3000 feet, S 11-00 W 1000 feet, S 32-00 W 1000 feet, S 45-00 W 2000 feet, S 28-00 W 1000 feet, S 13-00 W 3000 feet, S 45-00 W 1000 feet, S 66-00 W 1000 feet, N 85-00 W 3000 feet, thence leaving Kanawha River S 20-00 W 2000 feet, N 75-00 W 7000 feet, S 20-00 E 1000 feet, N 75-00 W 3000 feet, N 20-00 E 35,000 feet to Kanawha River, thence down Kanawha River N 68-00 W 4000 feet, N 40-00 W 3000 feet, N 12-00 W 2000 feet, N 39-00 W 3500 feet to the beginning, all being a portion of Kanawha and Falls District, and containing generally the communities of Boomer, Deepwater, Alloy, Falls View, Charlton Heights, Glen Ferris, Gauley Bridge, Brownsville, Belva and contiguous areas, all of which are in Fayette County, State of West Virginia.

Your petitioner says that the portion of its territorial boundary lying to the south of Kanawha River does not follow or conform to natural boundary lines or magisterial district lines. That your petitioner has not since its establishment operated any water or sewage facilities to that portion of its territorial boundary lying to the south of Kanawha River.

The extension of any of its present existing facilities to the area aforesaid, or the establishment of an independent water processing facility therein, is not feasible. The population thereof is small, and is considerably scattered. There are no sizeable industries or other concerns which would demand any sizeable quantities of water. The revenue that would be produced by an extension of any existing water facility, or the establishment of an independent one, would not be sufficient to defray the expense thereof.

The facilities which are being operated by your petitioner to the north of Kanawha River were, when acquired, in a state of considerable disrepair and antiquated. Much repair and replacement has been necessary. Much remains to be done in order to maintain existing services. The revenue derived by your petitioner from the operation of its facilities has had to be applied to the matters aforesaid. Future revenues will of necessity have to be applied to now needed repair and replacement of existing facilities, and such as will develop in future.

Your petitioner says that no surplus exists, or will exist, from the revenue of existing facilities which could be applied to supplement revenues from the extension or establishment of facilities to the south of Kanawha River.

Because of the limited amount of revenue available the members of the Board of Kanawha Falls Public Service District

have been required to devote a very substantial portion of their time to the conducting of the affairs of your petitioner. A further extension thereof such as would be entailed by establishment of further facilities would not be possible.

There is pending before the Public Service Commission of West Virginia a complaint filed by Deepwater Citizens Committee, an Association of persons, of Deepwater, West Virginia, being Case No. 5340, by which it is sought to compel your petitioner to extend or establish water facilities to Deepwater, West Virginia, lying to the south of Kanawha River.

Your petitioner says that it would be to the best interest of Kanawha Falls Public Service District that its boundaries be re-established in such manner that the present portion thereof which lies south of Kanawha River be not included within its boundaries, and that its boundaries be fixed as follows:

> Beginning at a point in Kanawha River approximately 2000 feet below the mouth of Boomer Branch, thence N 60-00 E 10,000 feet, S 35-00 E 4800 feet, S 60-00 W 7000 feet, S 51-00 E 9000 feet, N 75-00 E 6000 feet, S 70-00 E 3000 feet, N 27-00 E 5000 feet, N 10-00 W 12,000 feet, N 40-00 E 15,000 feet, N 30-00 W 14,000 feet, N 52-00 E 4000 feet, N 83-00 E 3000 feet to a point in Bells Creek a line between Nicholas and Fayette Counties, thence with and down Bells Creek S 19-00 E 1000 feet, S 19-00 W 2000 feet, S 52-00 E 2000 feet, S 45-00 E 1000 feet, S 57-00 W 2000 feet, S 45-00 W 1000 feet, S 40-00 E 2000 feet to Gauley River, thence down the Gauley River S 1-00 W 2000 feet, S 16-00 E 1000 feet, S 42-00 E 1000 feet, S 58-00 E 3000 feet, S 44-00 E 2000 feet, S 12-00 W 1000 feet, S 21-00 W 2000 feet, S 34-00 W 2000 feet, S 40-00 W 4000 feet, S 35-00 W 3000 feet, S 21-00 W 1000 feet, S 4-00 E 1000 feet, S 36-00 E 2000 feet, S 28-00 E 1000 feet, S 1-00 E 1000 feet, thence leaving Gauley River S 52-00 E 6000 feet, thence S 31-00 W 3000 feet to New River, thence down New River N 51-00 W 6000 feet to mouth of Gauley River (beginning of Kanawha River), thence down Kanawha River, S 82-00 W 2000 feet, S 62-00 W 2000 feet, S 17-00 W 2000 feet, S 18-00 E 3000 feet, S 11-00 W 1000 feet, S 32-00 W 1000 feet, S 45-00 W 2000 feet, S 28-00 W 1000 feet, S 13-00 W 3000 feet, S 45-00 W 1000 feet, S 66-00 W 1000 feet, N 85-00 W 3000 feet, thence down Kanawha River with its various meanders to the point of beginning, all being a portion of Falls District and containing generally the communities of Boomer, Alloy, Falls View, Charlton Heights, Glen Ferris, Gauley Bridge, Brownsville, Belva and contiguous areas, all of which are in Fayette County, State of West Virginia.

WHEREFORE, your petitioner prays that this Court set a date for hearing hereon and do cause notice to be given to all persons who would be affected by the re-establishment of the boundaries of Kanawha Falls Public Service District as aforesaid, by publication thereof in a newspaper of general circulation in Fayette County, West Virginia, at least ten (10) days prior to the date of such hearing, and that the Court do re-establish the boundaries of your petitioner, Kanawha Falls Public Service District along the lines set forth in the paragraph hereof immediately preceding, and grant unto your petitioner other appropriate relief.

Respectfully submitted,

KANAWHA FALLS PUBLIC SERVICE DISTRICT

By _____

MAHAN, HIGGINS, THRIFT & GRANEY

By _____
Attorney for Petitioner

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

Before the undersigned Notary Public in and for the County and State aforesaid, this day personally appeared W. W. JENNINGS, JR., who being by me first duly sworn says that he is a member of the Board of Kanawha Falls Public Service District and has knowledge of the facts set forth in the foregoing petition, and that the facts and allegations therein contained are true except so far as they are therein stated to be upon information, and that insofar as they are therein stated to be upon information, he believes them to be true.

_____

Taken, subscribed and sworn to before me this 20th day of March, 1962.

My commission expires March 5, 1969.

_____
NOTARY PUBLIC

IN THE COUNTY COURT OF FAYETTE COUNTY, WEST VIRGINIA

IN RE: PETITION KANAWHA FALLS PUBLIC SERVICE DISTRICT

This 28th day of March, 1962, came the petitioners by R. J. Thrift, Jr., their attorney, and tendered and asked leave to file their duly verified petition, whereby petitioners pray for a re-establishment of the boundary lines of the Kanawha Falls Public Service District in such manner as not to include within its boundaries that portion of its present territory which lies to the south of Kanawha River, and further, the petitioners move that the Court set a date for hearing upon the matters raised by said petition.

The petition appearing proper, it is ordered filed and the Court fixes the 1st day of ~~April~~ MAY, 1962, as the date for hearing thereon and the time of hearing at 9:30 A.M. The Clerk of this Court shall cause a notice to be published in a newspaper of general circulation in Fayette County, West Virginia of said hearing for one week, at least ten days before the date set for hearing, all of which is accordingly ADJUDGED, ORDERED and DECREED.

PRESIDENT

COMMISSIONER

COMMISSIONER

IN THE CIRCUIT COURT OF FAYETTE COUNTY, WEST VIRGINIA

UPON PETITION

IN RE: KANAWHA FALLS PUBLIC SERVICE DISTRICT

On the 1st day of May, 1962, at 9:30 a.m. in the County Court Room of the Court House at Fayetteville, Fayette County, West Virginia, the County Court of Fayette County, West Virginia will have a public hearing, which all having any interest therein are invited to attend upon the petition of Kanawha Falls Public Service District, wherein it is prayed that the County Court of Fayette County, West Virginia re-establish the boundaries of said Kanawha Falls Puplic Service District in such manner that the present portion thereof which lies south of Kanawha River be not included within its boundaries and that its boundaries be fixed, as follows:

Beginning at a point in Kanawha River approximately 2000 feet below the mouth of Boomer Branch thence N 60-00 E 10,000 feet, S 35-00 E 4800 feet, S 60-00 W 7000 feet, S 51-00 E 9000 feet, N 75-00 E 6000 feet, S 70-00 E 300 ft., N 27-00 E 5000 feet, N 10-00 W 12,000 feet, N 40-00 E 15,000 feet, N 80-00 W 14,000 feet, N 52-00 E 4000 feet, N 83-00 E 8000 feet to a point in Bells Creek a line between Nicholas and Fayette Counties, thence with and down Bells Creek S 19-00 E 1000 feet, S 19-00 W 2000 feet, S 52-00 E 2000 feet, S 45-00 E 1000 feet, S 57-00 W 2000 feet, S 15-00 W 1000 feet, S 40-00 E 2000 feet to Gauley River, thence down the Gauley River S 1-00 W 200 feet, S 16-00 E 1000 feet, S 42-00 E 1000 feet, S 58-00 E 3000 feet, S 44-00 E 2000 feet, S 12-00 W 1000 feet, S 21-00 W 2000 feet, S 34-00 W 2000 feet, S 40-00 W 4000 feet, S 85-00 W 3000 feet, S 22-00 W 1000 feet, S 4-00 E 1000 feet, S 86-00 E 2000 feet, S 28-00 E 1000 feet, S 01-00 E 1000 feet, thence leaving Gauley River S 52-00 E 6000 feet, thence S 31-00 W 3000 feet to New River, thence down New River N 51-00 W 6000 feet to mouth of Gauley River (beginning on Kanawha River) thence down Kanawha River S 82-00 W 2000 feet, S 62-00 W 2000 feet, S 17-00 W 2000 feet, S 18-00 E 8000 feet, S 17-00 W 1000 feet, S 82-00 W 1000 feet, S 46-00 W 2000 feet, S 38-00 W 1000 feet, S 13-00 W 3000 feet, S 45-00 W 1000 feet, S 66-00 W 1000 feet, N 85-00 W 3000 feet, thence down Kanawha River with its various meanders to the point of beginning, all being a portion of Falls District, and containing generally the communities of Boomer, Alloy, Falls View, Charleston Heights, Glen Ferris, Gauley Bridge, Brownsville, Belva and contiguous areas, all of which are in Fayette County, State of West Virginia.

CERTIFICATE OF PUBLICATION

The State Sentinel

State of West Virginia,
County of Fayette, ss

I, Marie Haskell Secretary of

THE STATE SENTINEL, a weekly newspaper published at Fayetteville, W. Va. upon my oath do state that an

NOTICE

printed copy of which is hereto attached was published in said newspaper on the date, or dates, shown below:

April 4, 1962

and if required by law, a clipping of such publication was posted at the front door of the Court House of said County on the day following the first publication thereof.

Marie Haskell

Subscribed and sworn to before me this 6 day of April, 1962

Notary Public

My commission expires July 11, 1965.

Publisher's bill, $23.24

Certificate to be delivered to:

R. J. Thrift Jr.

All who may consider that their interests would be adversely affected by the re-establishment of the boundaries of Kanawha Falls Public Service District in the manner above set forth are hereby notified to attend and defend.

Mrs. Lacy Neely
Clerk of The County Court
Fayette County, West Virginia

4-4-1T

IN THE COUNTY COURT OF FAYETTE COUNTY, WEST VIRGINIA

RE: KANAWHA FALLS PUBLIC SERVICE DISTRICT

O R D E R

This matter came on to be further heard on this 6th day of February, 1963, upon the petition of Kanawha Falls Public Service District heretofore regularly anddduly filed; upon the notice regularly and duly given in manner and form required by law more than ten days prior to the date of the original hearing herein by publication in The State Sentinel, a newspaper of general circulation in Fayette County, West Virginia, publisher's certificate whereof is regularly and duly filed in the record of this proceeding; upon the appearance of Deepwater Citizens Committee, an association of persons of Deepwater, West Virginia, in person, and by Gordon Billheimer, their attorney, and upon the various proceedings had herein upon said petition and upon the orders of continuance of this case and notices given in pursuance thereof; and upon all orders made and entered in relation hereto, and this cause having been set down for hearing upon this date.

It appearing to the Court that the object and purpose of petitioners' petition is to re-establish its boundaries in such manner that the portion thereof which lies to the south of Kanawha River be not included within its boundaries and territorial limit and that the same be expressly excluded therefrom and that this will be accomplished by re-establishing the boundaries of said Kanawha Falls Public Service District according to the metes and bounds description set forth in said petition and as prayed for therein:

And it further appearing to the Court that the best interests of Kanawha Falls Public Service District and of those citizens living south of Kanawha River and in particular in the general area which comprises the community of Deepwater, would be served by granting the prayer of said petition for the reasons set forth in said petition and otherwise, it is, accordingly, ORDERED that the boundaries of Kanawha Falls Public Service District be, and the same are hereby re-established and defined in manner and form as follows:

> Beginning at a point in Kanawha River approximately 2000 feet below the mouth of Boomer Branch, thence N 60-00 E 10,000 feet, S 35-00 E 4800 feet, S 60-00 W 7000 feet, S 51-00 E 9000 feet, N 75-00 E 6000 feet, S 70-00 E 3000 feet, N 27-00 E 5000 feet, N 10-00 W 12,000 feet, N 40-00 E 15,000 feet, N 30-00 W 14,000 feet, N 52-00 E 4000 feet, N 83-00 E 3000 feet to a point in Bells Creek a line between Nicholas and Fayette Counties, thence with and down Bells Creek S 19-00 E 1000 feet, S 19-00 W 2000 feet, S 52-00 E 2000 feet, S 45-00 E 1000 feet, S 57-00 W 2000 feet, S 45-00 W 1000 feet, S 40-00 E 2000 feet to Gauley River, thence down the Gauley River S 1-00 W 2000 feet, S 16-00 E 1000 feet, S 42-00 E 1000 feet, S 58-00 E 3000 feet, S 44-00 E 2000 feet, S 12-00 W 1000 feet, S 21-00 W 2000 feet, S 34-00 W 2000 feet, S 40-00 W 4000 feet, S 35-00 W 3000 feet, S 21-00 W 1000 feet, S 4-00 E 1000 feet, S 36-00 E 2000 feet, S 28-00 E 1000 feet, S 1-00 E 1000 feet, thence leaving Gauley River S 52-00 E 6000 feet, thence S 31-00 W 3000 feet to New River, thence down New River N 51-00 W 6000 feet to mouth of Gauley River (beginning of Kanawha River), thence down Kanawha River, S 82-00 W 2000 feet, S 62-00 W 2000 feet, S 17-00 W 2000 feet, S 18-00 E 3000 feet, S 11-00 W 1000 feet, S 32-00 W 1000 feet, S 45-00 W 2000 feet, S 28-00 W 1000 feet, S 13-00 W 3000 feet, S 45-00 W 1000 feet, S 66-00 W 1000 feet, N 85-00 W 3000 feet, thence down Kanawha River with its various meanders to the point of beginning, all being a portion of Falls District and containing generally the communities of Boomer, Alloy, Falls View, Charlton Heights, Glen Ferris, Gauley Bridge, Brownsville, Belva and contiguous areas, all of which are in Fayette County, State of West Virginia.

The intent and purpose hereof is that the portion of territory lying within the boundaries of Kanawha Falls Public Service District as originally defined, which lie to the south of Kanawha River be, and the same is now hereby withdrawn from the

territorial limits of said Kanawha Falls Public Service District and shall no longer be considered a part thereof.

ORDER

ENTER

C. M. Vickers
Commissioner

Orval Kessler
Commissioner

Arno Stallard
Commissioner

OK for Gordon Bellheim for Deepwater Citizens Committee

IN THE COUNTY COMMISSION OF FAYETTE COUNTY, WEST VIRGINIA

In re:

RECEIVED 9 1989

ENLARGING THE BOUNDARIES OF THE KANAWHA FALLS PUBLIC SERVICE DISTRICT PURSUANT TO ARTICLE 13A OF CHAPTER 16 OF THE CODE OF WEST VIRGINIA, AS AMENDED

ORDER

On this the 4th day of January, 1989, came Jack Thompson, Attorney at Law, on behalf of Gordon Billheimer, Attorney of record for Kanawha Falls Public Service District, a domestic corporation, pursuant to a Petition previously filed and an Order setting the date for a public hearing pursuant notice which was published in the Montgomery Herald, Montgomery, Fayette County, West Virginia, on December 7, 1988, a copy of said Notice and the Certificate of Publication having been tendered to the Commission on this date, and further pursuant to notice properly posted within the area of the proposed boundary changes.

Whereupon, counsel moved that the Fayette County Commission approve the enlargement of the boundaries of the Kanawha Falls Public Service District pursuant to the aforesaid Petition, which Petition contained a legal description of the territory proposed to be encompassed by the enlargement of the boundaries together with a map showing the proposed boundary changes.

Whereupon, John L. Witt, President, inquired as to whether or not there was anyone present who opposed the proposed boundary change, and there being no one present in opposition to said change, John H. Lopez, Commissioner, moved for the approval of the boundary change pursuant to the previously filed Petition, and Gene Carte, Jr., Commissioner, seconded said motion, and after due consideration, the President put the question on the motion and the roll being called, the following voted:

Aye: Gene Carte, Jr., John H. Lopez, Jr., and John L. Witt

Nay: None.

Whereupon, the President declared the motion duly carried and said Order duly adopted on motion and vote.

Therefore, it is ORDERED that the boundaries of the Kanawha Falls Public Service District, a domestic corporation, are hereby enlarged to encompass the following:

> Beginning at a point in the Kanawha River approximately 2000 feet below the mouth of Boomer Branch, being the same point that the original Kanawha Falls Public Service District boundary began; thence N 31° W, 5100 feet more or less to a point on the east bank of the said river, said point being the southern most point in the Longacre Addition to the City of Smithers as enacted September 13, 1972; thence, with said Smithers boundary N 28° 20' E, 1147 feet; thence S 50° 20' E, 6080 feet more or less to a point on the original boundary of the Kanawha Falls Public Service District; thence S, 60° W, 3000 feet to the point of the beginning, containing 254 acres, more or less.

John L. Witt
JOHN L. WITT, PRESIDENT

Attest: H. E. Janney
CLERK

Submitted by:

Jack Thompson
Attorney at Law
311 Washington Street
Montgomery, WV 25136
442-5161 or 949-1981

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

In Testimony Whereof, I hereunto place my hand and affix my seal of said Commission this the 8th day of June, 1989

H. E. JANNEY, Clerk
By Linda Johnson Deputy

The County Commission of Fayette County, West Virginia, met this day in regular session held this 4th day of January, 1989, at 10:00 a.m. pursuant to the call of John L. Witt, President, Gene Carte, Jr., Commissioner, and John H. Lopez, Commissioner, said call including:

> "To consider the Petition of Kanawha Falls Public Service District asking for the enlargement of certain boundary lines of Kanawha Falls Public Service District, in the area therein described, and to hear the protest, if any, or comments of citizens affected, if any, within the area so encompassed, and to enter a proper Order, etc., all of which was pursuant to publication of a notice of said hearing."

The meeting was called to order and the roll being called, there was present, John L. Witt, President, presiding, and the following named Commissioners: John H. Lopez and Gene Carte, Jr.

And were absent: None.

John L. Witt, President, asked whether or not there were any persons there to comment upon the Petition, and there being none, received a copy of the legal notice published in the Montgomery Herald and the publication certificate, then considered the vote upon the relief requested in the Petition, and John H. Lopez, Commissioner, then moved that the Commission approve the boundary enlargement as outlined in the aforesaid Petition.

After due consideration, the President put the question on the motion and the roll being called, the following voted:

Aye: Gene Carte, Jr., John H. Lopez, and John L. Whitt

Nay: None

Whereupon, the President declared the motion duly carried and said Order was duly adopted on motion and vote.

CLERK

PRESIDENT

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

I, Howard Janney, hereby certify that I am the duly qualified Clerk of the County Commission of Fayette County, West Virginia, and that the foregoing constitutes a true, correct and complete transcript of the proceedings of said County Commission relating to the enlarging of the boundaries of the Kanawha Falls Public Service District as had under date of January 4, 1989, and a resolution and order then adopted relating to the proposed enlargement of the boundaries of the Kanawha Falls Public Service District, all as shown by the official records in my office.

IN WITNESS WHEREOF, I have hereunto affixed my official signature and the seal of said Commission at Fayette, West Virginia, this January 4, 1989.

(SEAL)

COUNTY COMMISSION CLERK
FAYETTEVILLE, WEST VIRGINIA

ORIGINAL

ENTERED
O.R. 89-B Page

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: May 5, 1989

FINAL
5/25/89

CASE NO. 89-081-WS-PC

FAYETTE COUNTY COMMISSION, a public corporation.
Petition for permission to enlarge boundaries of the Kanawha Falls Public Service District.

ADMINISTRATIVE LAW JUDGE'S DECISION

PROCEDURE

On January 4, 1989, the Fayette County Commission, a public corporation, Fayette County, adopted an order enlarging certain boundary lines of the Kanawha Falls Public Service District to provide water and sewer service to additional areas in Fayette County.

In accordance with the provisions in West Virginia Code §16-13A-2, it is necessary for the Public Service Commission to schedule a hearing in Fayette County for the purpose of completing compliance with the requirements of said Code provision.

By order entered March 29, 1989, this matter was set for a hearing to be held in the County Commissioner's Office, Fayette County Court House, Fayetteville, West Virginia, on April 20, 1989. The hearing was held as scheduled. Appearing on behalf of the Petitioner was Ms. Charlotte Holley, Administrator of the Fayette County Commission. Appearing on behalf of the Commission Staff was Ron Robertson, Jr., Esquire, Staff Attorney, Charles Knurek, Public Service District Division, and David Hippchen, Staff Engineer.

No parties appeared in protest to the petition.

By Joint Staff Memorandum dated March 21, 1989, Mr. Ronald Robertson, Jr., Esquire, Staff Attorney, advised that his review of the case indicates that the County Commission had substantially complied with the requirements of West Virginia Code §16-13A-2 and he recommended approval of the enlarging of the boundaries of the District.

FINDINGS OF FACT

1. The Fayette County Commission filed a petition requesting the Commission's approval to enlarge the existing boundaries of the Kanawha Falls Public Service District to provide water and sewer service to additional areas in Fayette County.

2. The Commission Staff has reviewed the procedure followed by the Fayette County Commission in this case and found it to be in substantial compliance with the Code provisions and recommended approval. (See Joint Staff Memorandum dated March 21, 1989).

3. By order entered March 29, 1989, a hearing was set to be held in this matter at the Fayette County Court House, Fayetteville, on April 20, 1989.

4. At the hearing held on April 20, 1989, no one appeared to make protest to the petition of the Fayette County Commission to the enlarging of the boundary lines of the Kanawha Falls Public Service District. (Tr., p. 4).

CONCLUSION OF LAW

The Administrative Law Judge is of the opinion and finds that, since the Fayette County Commission is in substantial compliance with the required provisions as set forth in West Virginia Code §16-13A-2, and at the public hearing held on April 20, 1989, no parties appeared in protest to the petition of the Commission, the petition of the Fayette County Commission to enlarge the boundary lines of the Kanawha Falls Public Service District to provide water and sewer services to additional areas in Fayette County. can be granted.

ORDER

IT IS, THEREFORE, ORDERED that the petition of the Fayette County Commission, a public corporation, Fayette County, to enlarge certain boundary lines of the Kanawha Falls Public Service District to provide water and sewer service to additional areas in Fayette County, 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 sill 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:mal

IN THE COUNTY COMMISSION OF FAYETTE COUNTY, WEST VIRGINIA

PETITION FOR ENLARGING OF THE BOUNDARIES OF THE
KANAWHA FALLS PUBLIC SERVICE DISTRICT, FOR SEWAGE TREATMENT ONLY

TO THE COUNTY COMMISSION OF FAYETTE AND KANAWHA COUNTIES, WEST VIRGINIA:

The Kanawha Falls Public Service District a Public Corporation previously created by the County Commission of Fayette County, West Virginia, does hereby petition the County Commission of Fayette County, West Virginia, and the County Commission of Kanawha County, West Virginia, to expand and enlarge its boundaries with territorial limitations as described below, pursuant to the provisions of Chapter 16, Article 13A, Section 2 of the Code of West Virginia as amended.

The proposed enlargement of the existing public service district boundaries is described as follows:

> Beginning at a point with approximate latitude N 38° 10' 01" and longitude W 81° 18' 07", more or less, which is the northern most corner shared by the Longacre Addition to the City of Smithers and the Addition to the Kanawha Falls Public Service District as enacted January 4, 1989, and proceeding in a northerly direction along the corporate boundary of the City of Smithers approximately 9,500 feet, more or less, to the northernmost point of said corporate boundary some 300 feet northwest of State Route 2 and also some 600 feet north of the intersection of State Route 2 and State Route 2/2, thence, southerly along said corporate boundary approximately 4,200 feet, more or less, to a point on the Kanawha County - Fayette County line, thence, northerly approximately 5,400 feet to a point on the ridge on the north side of Canoe Hollow with approximate coordinates of N 38° 11' 46" latitude and W 81° 17' 53" longitude, more or less, thence northwesterly into Kanawha County approximately 2,700 feet crossing Horse Fork of Burnett Hollow to a point on the ridge located on the west side of Horse Fork having approximate coordinates of N 38° 12' 02" and W 81° 18' 25", more or less, thence parallel to said county line approximately 2,000 feet, more or less, to a point on the ridge north of Burnett Hollow with approximate coordinates of N 38° 12' 18" latitude and W 81° 18' 11" longitude, more or less, thence approximately 3,600 feet due east to a point on said county line with approximate coordinates of N 38° 12' 18" latitude and W 18° 17' 27" longitude, more or less, thence northerly some 41,000 feet, more or less, along said county line to the point where the boundaries for Kanawha County and Fayette County and Nicholas County and Clay County converge; thence with Fayette County - Nicholas County line down Bell Creek 11,880 feet, more or less thence S 52° 00' W 4,500 feet, more or less; thence S 30° 00' E 14,800 feet thence S 40° 00' W 11,880 feet, more or less, to a point located 1.15 miles west of Gauley River having a latitude of N 38° 10' 56" and longitude W 81° 12' 58" known as the beginning point for the boundary of Gauley River Public Service

District which is the most western corner shared by Gauley River Public Service District and the original boundary of Kanawha Falls Public Service District thence some 51,000 feet, more or less, along the original boundary of Kanawha Falls Public Service District to the point of beginning.

There is attached hereto as Exhibit "A" a map of the proposed extension of boundaries.

The extension in Fayette County lies wholly in Valley District. The extension in Kanawha County lies wholly in Cabin Creek District.

All territory encompassed by the proposed enlargement of the Kanawha Falls Public Service District is in the counties of Fayette and Kanawha, West Virginia. The purpose for the expansion of the boundaries of the public service district is to extend sewage treatment service within such territory and outside of such territory to the extent permitted by law. The new boundary encompasses the location for the Mt. Olive Correctional Facility, presently under construction and also the unincorporated areas of Cannelton and Carbondale. It is expected that the District will also serve Smithers, West Virginia.

Your petitioner prays that:

1. The County Commission will take cognizance of this matter;

2. Set a date for a public hearing not less than twenty (20) days nor more than forty (40) days from the date of acceptance of this petition for filing;

3. To notify the Clerk of the Kanawha County Commission that the District shall extend into that county to give them an opportunity to set a proper hearing. Order notice to be published as a Class 1 legal advertisement designating the time, date and place of said public hearing together with the posting of five (5) similar notices to be placed in conspicuous places within the proposed territorial extension, and that notice be given to the Public Service Commission of West Virginia at the proper time of the intentions of the Fayette County Commission and it have such other orders as this Court may desire.

4. If approved, notify the Public Service Commission of West Virginia of the proposed boundary enlargement.

KANAWHA FALLS PUBLIC SERVICE DISTRICT,

BY: Joe J Lowery
COMMISSIONER

GORDON BILLHEIMER
BILLHEIMER & ARMSTRONG
Counsel for the Petitioner
311 Washington Street
Montgomery, WV 25136
(304) 442-5161

VERIFICATION

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

The undersigned, after first being duly sworn, does state that he has read the foregoing Petition and knows the contents therein are true except insofar as they are therein stated to be upon information, and so far as they are therein stated to be upon information, he believes them to be true.

KANAWHA FALLS PUBLIC SERVICE DISTRICT,

BY: Joe J Crosby
COMMISSIONER

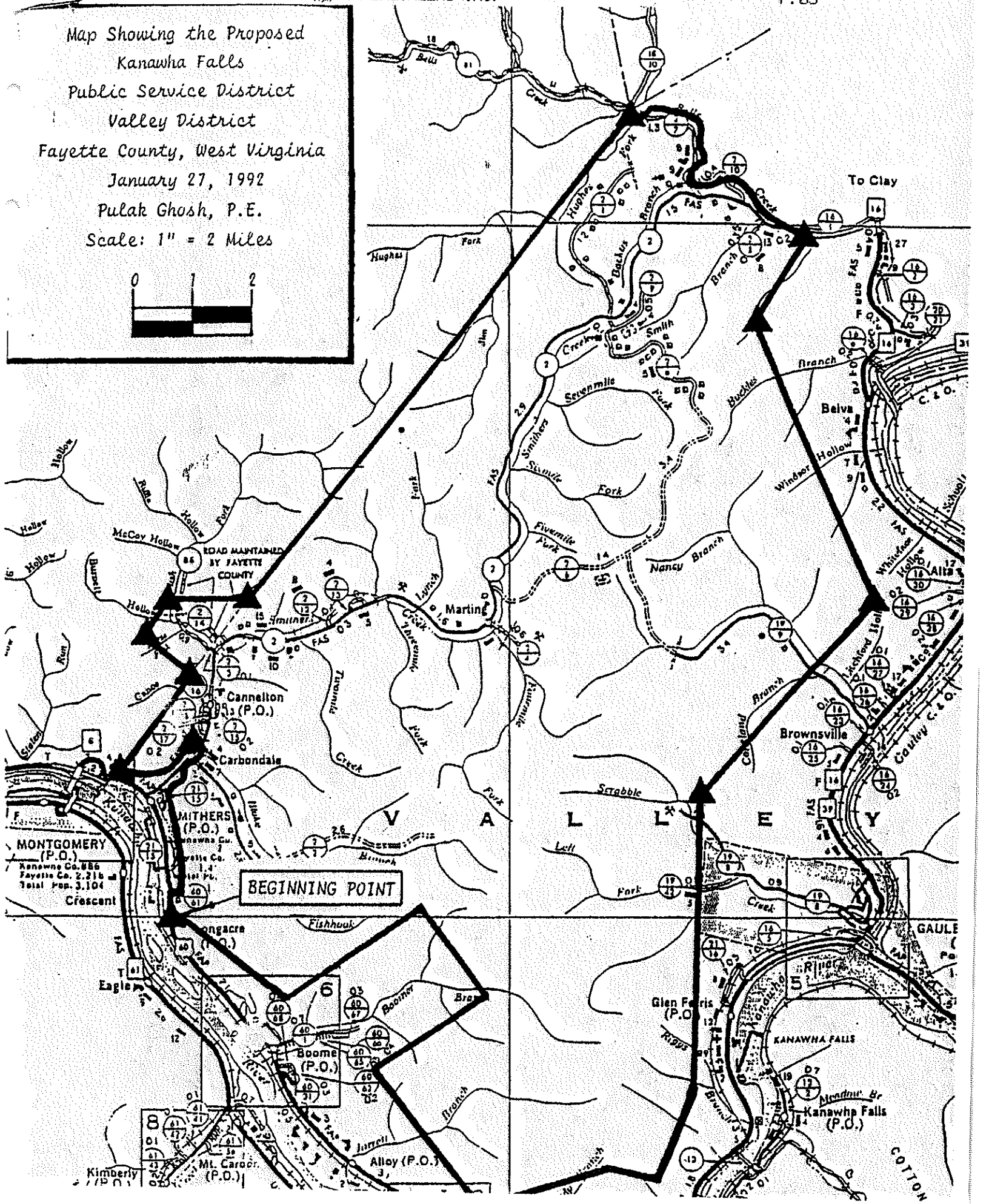
Taken, subscribed and sworn to before me, the undersigned Notary Public, in my said State and County, this the 21st day of November, 1992.

My Commission expires:

OFFICIAL SEAL
GORDON BILLHEIMER
NOTARY PUBLIC, STATE OF WEST VIRGINIA
MY COMMISSION EXPIRES 02 - 10 - 93
311 WASHINGTON STREET
MONTGOMERY, WEST VIRGINIA 25136
FAYETTE COUNTY

Gordon B Billheimer
NOTARY PUBLIC

SAVED AS: C:\WP51\MISC\KFPSD2.PET


Map Showing the Proposed
Kanawha Falls
Public Service District
Valley District
Fayette County, West Virginia
January 27, 1992
Pulak Ghosh, P.E.
Scale: 1" = 2 Miles
0 1 2
BEGINNING POINT
To Clay
Belva
Marting
Cannelton (P.O.)
Carbondale
MITHERS (P.O.)
MONTGOMERY (P.O.)
Crescent
Eagle
Boomer (P.O.)
Alloy (P.O.)
Mt. Carbon (P.O.)
Kimberly
Brownsville
Glen Ferris (P.O.)
KANAWHA FALLS
Kanawha Falls (P.O.)
ROAD MAINTAINED BY FAYETTE COUNTY
V A L L E Y
Hughes Fork
Smith Creek
Sevenmile Fork
Smithers Creek
Sixmile Fork
Fivemile Fork
Nancy Branch
Buckles Branch
Windsor Hollow
Lynch Creek
Twomile Creek
Scrabble Creek
Left Fork Creek
Fishhook
Boomer Branch
Jarrett Branch
Riggs Branch
Kanawha River
Cotton
Gauley
Alta
Lichford Hollow
Whitefield Hollow
Cleveland Branch
McCoy Hollow
Burnett Hollow
Rufus Hollow
Hollow
Run
Slaten
Canoe
Bells Creek
Hughes Fork
Bachus Branch
Smith Creek
Sixmile Fork
Fivemile Fork
Lynch Creek
Twomile Creek
Blake Branch
Kanawha Co.
Fayette Co.
Total Pop. 3,104
Kanawha Co. 886
Fayette Co. 2,216
Total Pop. 3,104

IN THE COUNTY COMMISSION OF FAYETTE COUNTY, WEST VIRGINIA

A RESOLUTION AND ORDER FIXING A DATE OF HEARING ON THE ENLARGING OF THE BOUNDARIES OF THE KANAWHA FALLS PUBLIC SERVICE DISTRICT WITHIN FAYETTE AND KANAWHA COUNTIES, WEST VIRGINIA; AND PROVIDING FOR THE PUBLICATION OF A NOTICE OF SUCH HEARING

WHEREAS, there has hereto been filed in the Office of the Clerk of the County Commission of Fayette County, West Virginia, a Petition to this County Commission for the enlarging of the boundaries of the Kanawha Falls Public Service District to provide for sewage treatment within Fayette and Kanawha Counties, West Virginia; and

WHEREAS, said County Commission Clerk has presented such Petition to this County Commission at this meeting; and

WHEREAS, pursuant to the provisions of Article 13A of Chapter 16 of the Code of West Virginia, this County Commission is required to fix a date of hearing on the enlarging of the boundaries of the Kanawha Falls Public Service District;

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

1. The County Commission of Fayette County, West Virginia, hereby finds and declares that there has been filed in the Office of the County Commission Clerk and presented by said County Commission Clerk to this County Commission a Petition for enlarging the boundaries of the Kanawha Falls Public Service District within Valley District, Fayette County, West Virginia, which Petition contains a description sufficient to identify the territory to be embraced within the proposed public service district enlargement, and said County Commission further finds and declares that said Petition in all respects meets the requirements of Article 13A of Chapter 16 of the Code of West Virginia.

2. That said Petition, among other things, states as follows:

   a. That the name of the corporate title of said public service district is the Kanawha Falls Public Service District.

   b. The territory to be embraced by the proposed boundary changes shall be as follows:

Beginning at a point with approximate latitude N 38° 10' 01" and longitude W 81° 18' 07", more or less, which is the northern most corner shared by the Longacre Addition to the City of Smithers and the Addition to the Kanawha Falls Public Service District as enacted January 4, 1989, and proceeding in a northerly direction along the corporate boundary of the City of Smithers approximately 9,500 feet, more or less, to the northernmost point of said corporate boundary some 300 feet northwest of State Route 2 and also some 600 feet north of the intersection of State Route 2 and State Route 2/2, thence, southerly along said corporate boundary approximately 4,200 feet, more or less, to a point on the Kanawha County - Fayette County line, thence, northerly approximately 5,400 feet to a point on the ridge on the north side of Canoe Hollow with approximate coordinates of N 38° 11' 46" latitude and W 81° 17' 53" longitude, more or less, thence northwesterly into Kanawha County approximately 2,700 feet crossing Horse Fork of Burnett Hollow to a point on the ridge located on the west side of Horse Fork having approximate coordinates of N 38° 12' 02" and W 81° 18' 25", more or less, thence parallel to said county line approximately 2,000 feet, more or less, to a point on the ridge north of Burnett Hollow with approximate coordinates of N 38° 12' 18" latitude and W 81° 18' 11" longitude, more or less, thence approximately 3,600 feet due east to a point on said county line with approximate coordinates of N 38° 12' 18" latitude and W 18° 17' 27" longitude, more or less, thence northerly some 41,000 feet, more or less, along said county line to the point where the boundaries for Kanawha County and Fayette County and Nicholas County and Clay County converge; thence with Fayette County - Nicholas County line down Bell Creek 11,880 feet, more or less thence S 52° 00' W 4,500 feet, more or less; thence S 30° 00' E 14,800 feet thence S 40° 00' W 11,880 feet, more or less, to a point located 1.15 miles west of Gauley River having a latitude of N 38° 10' 56" and longitude W 81° 12' 58" known as the beginning point for the boundary of Gauley River Public Service District which is the most western corner shared by Gauley River Public Service District and the original boundary of Kanawha Falls Public Service District thence some 51,000 feet, more or less, along the original boundary of Kanawha Falls Public Service District to the point of beginning.

There is attached hereto as Exhibit "A" a map of the proposed extension of boundaries.

The extension in Fayette County lies wholly in Valley District. The extension in Kanawha County lies wholly in Cabin Creek District.

c. The purpose for enlarging the boundaries of the public service district is to construct, maintain, operate, improve and extend properties supplying sewage service within such territory to serve the Mount Olive Correctional Facility, Cannelton and Carbondale, West Virginia, and to make a connection to serve Smithers, West Virginia.

3. That on the 15th day of December, 1992, at the hour of 10:00 o'clock a.m., this County Commission shall meet in the County Courthouse at Fayetteville, West Virginia, for the purpose of

conducting a public hearing on the proposed enlarging of the boundaries of said public service district at which time and place all persons residing in, owning, or having any interest in property in the area encompassed by the boundary enlargement may appear before this County Commission and shall have the opportunity to be heard for or against the boundary enlargement of the said district, and at such hearing, this County Commission shall consider and determine the feasibility of the proposed boundary enlargement of the public service district.

4. That the County Commission Clerk is hereby authorized and directed to cause notice of such hearing in substantially the form hereinafter set out to be published on the 2nd day of December, 1992, in the Montgomery Herald, a newspaper of general circulation in Fayette County.

5. That the County Commission Clerk is hereby authorized and directed, in addition to the above notice of publication, to cause notice of such hearing in substantially the form hereinafter set forth to be posted in at least five (5) conspicuous places in the area proposed to be encompassed by the boundary enlargement on or before the 5th day of December, 1992.

6. That the Clerk of this Commission shall notify the Clerk of the Kanawha County Commission of the Petition and Order so that a proper hearing my be had in that County.

ADOPTED BY THE COUNTY COMMISSION: November 25, **1992.**

John L. Witt
PRESIDENT

SAVED AS: C:\WP51\MISC\KFPSD2.ORD

NOTICE OF PUBLIC HEARING ON ENLARGING ITS BOUNDARIES OF KANAWHA FALLS PUBLIC SERVICE DISTRICT

NOTICE IS HEREBY GIVEN that a legally sufficient petition has been filed with the Clerk of the County Commission of Fayette County, West Virginia, and has been presented to the County Commission of Fayette County, for the purpose of enlarging the boundaries of the **KANAWHA FALLS PUBLIC SERVICE DISTRICT** for constructing or acquiring by purchase or otherwise providing for the maintenance, operation, improvement and extension of public service properties supplying **SEWER** services within said boundary enlargement, and also outside said district to the extent permitted by law; and have the following described boundaries:

> Beginning at a point with approximate latitude N 38° 10' 01" and longitude W 81° 18' 07", more or less, which is the northern most corner shared by the Longacre Addition to the City of Smithers and the Addition to the Kanawha Falls Public Service District as enacted January 4, 1989, and proceeding in a northerly direction along the corporate boundary of the City of Smithers approximately 9,500 feet, more or less, to the northernmost point of said corporate boundary some 300 feet northwest of State Route 2 and also some 600 feet north of the intersection of State Route 2 and State Route 2/2, thence, southerly along said corporate boundary approximately 4,200 feet, more or less, to a point on the Kanawha County - Fayette County line, thence, northerly approximately 5,400 feet to a point on the ridge on the north side of Canoe Hollow with approximate coordinates of N 38° 11' 46" latitude and W 81° 17' 53" longitude, more or less, thence northwesterly into Kanawha County approximately 2,700 feet crossing Horse Fork of Burnett Hollow to a point on the ridge located on the west side of Horse Fork having approximate coordinates of N 38° 12' 02" and W 81° 18' 25", more or less, thence parallel to said county line approximately 2,000 feet, more or less, to a point on the ridge north of Burnett Hollow with approximate coordinates of N 38° 12' 18" latitude and W 81° 18' 11" longitude, more or less, thence approximately 3,600 feet due east to a point on said county line with approximate coordinates of N 38° 12' 18" latitude and W 18° 17' 27" longitude, more or less, thence northerly some 41,000 feet, more or less, along said county line to the point where the boundaries for Kanawha County and Fayette County and Nicholas County and Clay County converge; thence with Fayette County - Nicholas County line down Bell Creek 11,880 feet, more or less thence S 52° 00' W 4,500 feet, more or less; thence S 30° 00' E 14,800 feet thence S 40° 00' W 11,880 feet, more or less, to a point located 1.15 miles west of Gauley River having a latitude of N 38° 10' 56" and longitude W 81° 12' 58" known as the beginning point for the boundary of Gauley River Public Service District which is the most western corner shared by Gauley River Public Service District and the original boundary of Kanawha Falls Public Service District thence some 51,000 feet, more or less, along the original boundary of Kanawha Falls Public Service District to the point of beginning.

The extension in Fayette County lies wholly in Valley District. The extension in Kanawha County lies wholly in Cabin Creek District.

The purpose for enlarging the boundaries of the public service district is to construct, maintain, operate, improve and extend properties supplying sewage service within such territory to serve the Mount Olive Correctional Facility, Cannelton and Carbondale, West Virginia, and to make a connection to serve Smithers, West Virginia.

All persons residing in or owning or having any interest in property in the area to be encompassed by the proposed boundary enlargement are hereby notified that the County Commission of Fayette County will conduct a public hearing on December 15, 1992, at ten o'clock a.m. (10:00 a.m.) in the County Courthouse in Fayetteville, West Virginia, at which time and place all interested persons may appear before the County Commission and shall have an opportunity to be heard for and against the proposed boundary changes.

By order of the County Commission this 25th day of November, 1992.

HOWARD JANNEY
COUNTY COMMISSION CLERK

A F F I D A V I T

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

The undersigned, Gordon Billheimer, after first being duly sworn does state that he is the attorney for the Kanawha Falls Public Service District and that he is representing the Kanawha Falls Public Service District before the County Commission of Fayette County, West Virginia, in a petition to enlarge the boundaries of the Kanawha Falls Public Service District for an additional sewer project to include the community of Cannelton in Fayette and Kanawha Counties.

By statute, the Notice of the Commissioner's hearing date must be published in a newspaper of general circulation and must be posted in a public place in five different locations within the District.

The undersigned does state that he has posted the Notice of Hearing to be held on December 15, 1992, before the Fayette County Commission in the following places as of November 25, 1992:

1. Front door, Fayette County Courthouse, Fayetteville, West Virginia.
2. Kanawha Falls Public Service District Office in Gauley Bridge, West Virginia
3. Town Hall, Smithers, West Virginia
4. Cannelton Post Office, Cannelton, West Virginia.
5. Assemblies of God, Cannelton, West Virginia.
6. Town Hall, Gauley Bridge, West Virginia.

He further states that he posted a copy of said notice on November 30, 1992, at the front door of the City Hall of the City of Montgomery, West Virginia, and further, this affiant saith not.

GORDON BILLHEIMER

Taken, subscribed and sworn to before me this the 14th day of December, 1992.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
REGINA WAGNER
P. O. BOX 462
SMITHERS, WV 25186
My Commission Expires September 30, 2002

Regina Wagner
NOTARY PUBLIC

IN THE COUNTY COMMISSION OF FAYETTE COUNTY, WEST VIRGINIA

IN RE:

ENLARGING THE BOUNDARIES OF THE KANAWHA FALLS PUBLIC SERVICE DISTRICT PURSUANT TO ARTICLE 13A OF CHAPTER 16 OF THE CODE OF WEST VIRGINIA, AS AMENDED

O R D E R

On this the 15th day of December, 1992, came the Kanawha Falls Public Service District, a public corporation, pursuant to a Petition previously filed and an Order setting the date for a public hearing pursuant to notice which was published in the Montgomery Herald, a newspaper of general circulation in Montgomery, Fayette County, West Virginia, on December 2, 1991, a copy of said Notice and the Certificate of Publication having been tendered to the Commission on this date, and further pursuant to five notices conspicuously posted within the area of the Public Service District. Such posting was certified to the Commission by an affidavit of Gordon Billheimer, counsel for the Public Service District.

Whereupon, Gordon Billheimer, counsel for the Public Service District moved that the Fayette County Commission approve the enlargement of the boundaries of the Kanawha Falls Public Service District pursuant to the aforesaid Petition, which Petition contained a legal description of the territory proposed to be encompassed by the enlargement of the boundaries together with a map showing the proposed boundary changes. Mr. Billheimer informed the Court that the District wished to enlarge its boundaries to provide sewage treatment to the Mount Olive Correctional Facility, the area of Cannelton and the City of Smithers.

Whereupon, John L. Witt, President, inquired as to whether or not there was anyone present who opposed the proposed boundary change and there being no one present in opposition to said change, John H. Lopez, Commissioner, moved for the approval of the boundary change pursuant to the previously filed Petition, and Gene Carte, Jr., Commissioner, seconded said motion, and after many questions and much deliberation, the President put the questions on the motion and the roll being called, the following voted:

Aye: Gene Carte, Jr., John H. Lopez and John L. Witt

Nay: None

Whereupon, the President declared the motion duly carried and said Order duly adopted on motion and vote.

Therefore, it is ORDERED that the boundaries of the Kanawha Falls Public Service District, a public corporation, are hereby enlarged to encompass the following:

> Beginning at a point with approximate latitude N 38° 10' 01" and longitude W 81° 18' 07", more or less, which is the northern most corner shared by the Longacre Addition to the City of Smithers and the Addition to the Kanawha Falls Public Service District as enacted January 4, 1989, and proceeding in a northerly direction along the corporate boundary of the City of Smithers approximately 9,500 feet, more or less, to the northernmost point of said corporate boundary some 300 feet northwest of State Route 2 and State Route 2/2, thence southerly along said corporate boundary approximately 4,200 feet, more or less, to a point on the Kanawha County - Fayette County line, thence, northerly approximately 5,400 feet to a point on the ridge located on the north side of Canoe Hollow with approximate coordinates of N 38° 12' 02" and W 81° 18' 25", more or less, thence parallel to said county line approximately 2,000 feet, more or less, to a point on the ridge north of Burnett Hollow with approximate coordinates of N 38° 12' 18" latitude and W 81° 18' 11" longitude, more or less, thence approximately 3,600 feet due east to a point on said county line with approximate coordinates of N 38° 12' 18" latitude and W 18° 17' 27" longitude, more or less, thence northerly some 41,000 feet, more or less, along said county line to the point where some boundaries for Kanawha County and Fayette County and Nicholas County and Clay County converge thence with Fayette County - Nicholas County line down Belle Creek 11,800 feet, more or less, thence S 52° 00' W 4,500 feet, more or less, thence S 30° 00' E 14,800 feet thence S 40° 00' W 11,880 feet, more or less, to a point located 1.15 miles west of Gauley River having a latitude of N 38° 10' 56" and longitude W 81° 12' 58" known as the beginning point for the boundary of Gauley River Public Service District which is the most western corner shared by Gauley River Public Service District and the original boundary of Kanawha Falls Public Service District thence some 51,000 feet, more or less, along the original boundary of Kanawha Falls Public Service District to the point of beginning.

All territory encompassed by the proposed enlargement of the Kanawha Falls Public Service District is in the counties of Fayette and Kanawha, West Virginia. The purpose for the expansion of the boundaries of the public service district is to extend sewage treatment service within such territory and outside of such territory to the extent permitted by law.

It is ORDERED that a certified copy of this Order be sent to the Public Service Commission pursuant to West Virginia Code 16-13A-2 and also a copy to the County Commission of Kanawha County.

John L. Witt
JOHN L. WITT, PRESIDENT

ATTEST: M E Janney
CLERK

Submitted by:

Gordon Billheimer
Attorney at Law
Counsel for Kanawha Falls
Public Service District
311 Washington Street
Montgomery, WV 25136
(304) 442-5161

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: June 7, 1993

CASE NO. 92-1163-PSD-PC

FAYETTE AND KANAWHA COUNTY COMMISSIONS, political subdivisions, Fayette and Kanawha Counties.
Petition to expand boundaries of Kanawha Falls Public Service District to provide sewer service to new prison at Mt. Olive and to the "Bull Push" area of Kanawha County.

RECOMMENDED DECISION

PROCEDURE

On December 3, 1992, the Fayette and Kanawha County Commissions (County Commissions), political subdivisions, Fayette and Kanawha Counties, filed a joint application with the Public Service Commission, pursuant to West Virginia Code §24-2-12 and §16-13A-2, for permission to enlarge and expand the boundaries of Kanawha Falls Public Service District (District) in order to provide sewer service to the new prison site at Mt. Olive and to the "Bull Push" area of Kanawha County. The proposed extension in Fayette County lies wholly in Valley District, and the proposed extension in Kanawha County lies wholly in Cabin Creek District.

On December 22, 1992, the Commission Referral Order was entered, referring this matter to the Division of Administrative Law Judges (ALJ Division) and requiring the ALJ Division to render a recommended decision on or before July 23, 1993. Pursuant thereto, on January 29, 1993, the Administrative Law Judge (ALJ) issued a Procedural Order establishing a procedural schedule to be followed in the processing and resolution of this matter, including an April 28, 1993 hearing date. By Procedural Order issued April 7, 1993, the hearing in this matter was rescheduled to be held on May 3, 1993. The April 7, 1993 Procedural Order required the Notice of Hearing attached thereto to be published at least ten days prior to the May 3, 1993 hearing date.

On May 3, 1993, the hearing was held as scheduled before the ALJ. The Kanawha County Commission appeared by counsel, Betty L. Caplan, Esquire. The Fayette County Commission did not appear. The Kanawha Falls Public Service District appeared by counsel, Gordon Billheimer, Esquire. Commission Staff appeared by counsel, Staff Attorney Cassius H. Toon, Esquire. No one appeared in opposition to the application.

EVIDENCE

No evidence was presented at the hearing. However, reference was made to the Final Joint Staff Memorandum, dated April 27, 1993, and filed in this proceeding on April 28, 1993, by Staff Attorney Toon. Attached thereto was the Final Memorandum, dated April 13, 1993, from Senior Utilities Analyst Geert Bakker, Public Service District Division. Together, these Memoranda comprised Staff's final recommendation in this matter. Staff thereupon recommended approval of the application. Staff noted that proper publication of the Notice of Filing had been made. At the hearing, affidavits of publication were also recognized which indicated that the Notice of Hearing had been published as directed on April 21, 1993, in The Montgomery Herald, a newspaper published and of general circulation in Fayette County, and on April 15, 1993, in the Charleston Gazette, a newspaper published and of general circulation in Kanawha County.

DISCUSSION

Upon consideration of all of the above, the ALJ will approve the joint application made by the Kanawha County Commission and the Fayette County Commission, pursuant to Code §24-2-12 and §16-13A-2, for permission to enlarge and expand the boundaries of the Kanawha Falls Public Service District, since Staff has recommended approval thereof; since the Notice of Filing and Notice of Hearing were duly published as directed; and since no one appeared at the hearing in opposition to the proposed modification of the District's boundaries.

FINDINGS OF FACT

1. The Fayette and Kanawha County Commissions jointly filed an application with the Commission, pursuant to Code §24-2-12 and §16-13A-2, for permission to enlarge and expand the boundaries of Kanawha Falls Public Service District in order to provide sewer service to the new prison site at Mt. Olive and to the "Bull Push" area, in Valley District of Fayette County and in Cabin Creek District of Kanawha County. (See, Application filed December 2, 1992).

2. The Notice of Filing was duly published on December 2, 1992, in The Montgomery Herald and on December 5, 1992, in the Charleston Gazette. (See, Affidavits of Publication filed December 19, 1992; Final Joint Staff Memorandum, with Attachment, filed April 28, 1993).

3. The Notice of Hearing was duly published on April 21, 1993, in The Montgomery Herald and on April 15, 1993, in the Charleston Gazette. (See, Affidavits of Publication presented at the May 3, 1993 hearing).

4. No one appeared at the hearing in opposition to the application. No letters of opposition are lodged in the Commission's file. (See, Tr., generally; Commission's case file).

5. Commission Staff has recommended approval of the joint application. (See Final Joint Staff Memorandum, with Attachment, filed April 28, 1993).

CONCLUSION OF LAW

For all of the reasons set forth in Findings of Fact Nos. 2, 3, 4 and 5, it is reasonable to approve the application.

ORDER

IT IS, THEREFORE, ORDERED that the joint application filed with the Commission on December 3, 1992, by the Kanawha County Commission and the Fayette County Commission, pursuant to Code §24-2-12 and §16-13A-2, for permission to enlarge and expand the boundaries of the Kanawha Falls Public Service District in order to provide sewer service to the new prison site at Mt. Olive, Fayette County, and to the "Bull Push" area of Kanawha County, 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.

Ronnie Z. McCann
Administrative Law Judge

RZM:dfs

FAYETTE COUNTY COMMISSION

On this the 26th day of August, 1998, it appearing to the Fayette County Commission that the term of Roger Wagner, II of Charlton Heights, West Virginia, as a Board Member of the Kanawha Falls Public Service District will expire on September 1, 1998 and upon recommendation of the Commission it is hereby ordered that Roger Wagner, II be reappointed to the Kanawha Falls Public Service District, said term to expire September 1, 2004.

John L. Witt, President

John H. Lopez, Commissioner

Gene Carte, Jr., Commissioner

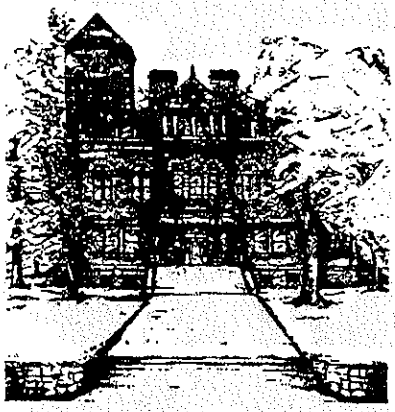
FAYETTE COUNTY COMMISSION

On this the 15th day of August, 2001, it appearing to the Fayette County Commission that the term of Nancy K. Ferrell of Boomer, West Virginia, as a Board Member of the Kanawha Falls Public Service District will expire on September 1, 2001 and upon recommendation of the Commission it is hereby ordered that Nancy K. Ferrell be reappointed to the Kanawha Falls Public Service District, said term to expire September 1, 2007.

John L. Witt, President

John H. Lopez, Commissioner

Matthew D. Wender, Commissioner



FAYETTE COUNTY COMMISSION

FAYETTEVILLE, WV 25840-0307
TELEPHONE (304) 574-4290
FAX (304) 574-4255

JOHN H. LOPEZ
SMITHERS, WV
COMMISSIONER

MATTHEW D. WENDER
OAK HILL, WV
PRESIDENT

KENNETH L. ESKEW
FAYETTEVILLE, WV
COMMISSIONER

CHARLOTTE N. HOLLY, C.P.A.
ADMINISTRATOR

July 28, 2003

Mr. Alfred "Al" Lynch, Member
Kanawha Falls Public Service District
Post Office Box 45
Boomer, West Virginia 25152

Dear Al:

Thank you for accepting our appointment of you to serve as a member of the Kanawha Falls Public Service District for a term of office ending September 1, 2009. Enclosed is the Constitutionally required Oath of Office which you must take, sign, and date before the Clerk of the Fayette County Commission as soon as possible. If you prefer, you may appear before a notary public to take the oath and return the signed, dated and notarized oath to this office in the enclosed self-addressed envelope.

We appreciate your willingness to serve.

Sincerely yours,

Matthew D. Wender, President

John H. Lopez, Commissioner

Kenneth L. Eskew, Commissioner

FCC:jch

Enclosures

OFFICIAL OATH

STATE OF WEST VIRGINIA,

COUNTY OF FAYETTE, ss:

I DO SOLEMNLY SWEAR THAT I WILL perform the duties of Board member, Kanawha Falls Public Service District, Fayette County, West Virginia, for the term ending Sept. 1, 2004,

IN SAID COUNTY AND STATE TO THE BEST OF MY SKILL AND JUDGMENT:

SO HELP ME GOD.

Roger Wagner

Roger Wagner

SUBSCRIBED AND SWORN TO BEFORE ME IN MY SAID COUNTY AND STATE THIS 17th DAY OF October, 2001.

Penny A Woods

Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
PENNY A. WOODS
Elkem Metals Company
P. O. Box 613
Alloy, WV 25002-0613
My Commission Expires April 16, 2010

OFFICIAL OATH

STATE OF WEST VIRGINIA,

COUNTY OF FAYETTE, ss:

I DO SOLEMNLY SWEAR THAT I WILL perform the duties of Board of Directors, Kanawha Falls PSD, Fayette County, West Virginia, for the term beginning Sept. 1, 2001, for a six-year term,

IN SAID COUNTY AND STATE TO THE BEST OF MY SKILL AND JUDGMENT:

SO HELP ME GOD.

Nancy K. Ferrell

Nancy K. Ferrell

SUBSCRIBED AND SWORN TO BEFORE ME IN MY SAID COUNTY AND STATE THIS 10 DAY OF Oct., 20 01.

Kelvin E. Holliday

Kelvin E. Holliday
Fayette Co. Clerk

OFFICIAL OATH OF OFFICE

STATE OF WEST VIRGINIA,
COUNTY OF FAYETTE, SS:

I, ALFRED F. LYNCH, do solemnly swear that I will support the Constitution of the United States of America and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of KANAWHA FALLS PUBLIC SERVICE DISTRICT in and for the County of Fayette, West Virginia, to the best of my skill and judgment: **SO HELP ME GOD.**

8-6-03
Date

Alfred Lynch
Signature

Taken, sworn to and subscribed to before me this 6 day of August, 2003 by Donna Kauff

My Commission expires 2-10-2010

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
DONNA KAUFF
RT. 3, BOX 354
FAYETTEVILLE, WV 25840
My commission expires February 10, 2010

Donna Kauff
Notary Public

RULES OF PROCEDURE

KANAWHA FALLS PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

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

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

Section 3. The official seal of the District shall consist of 2 concentric circles between which circles shall be inscribed Kanawha Falls 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 January in each year and shall end on December 31 of such 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 Fayette 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 Fayette 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
The Montgomery Herald	P.O. Box 240 Montgomery, WV 25136
Charleston Gazette	1001 Virginia Street East Charleston, WV 25301

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 Fayette 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 4th day of November, 2003.

W R Wagner Jr
Chairperson and Member

Alfred Lynch
Member

Nancy L. Ferrell
Member

CERTIFICATION

Certified a true copy of the Rules of Procedure duly adopted by the Board of Kanawha Falls Public Service District on November 4, 2003.

Dated this 6th day of November, 2003.

[SEAL]

Nancy K. Perrell
Secretary

10/15/03
006699/00303

Kanawha Falls Public Service District
July 10,2003

The Kanawha Falls PSD Board met for the monthly business meeting in the Gauley Bridge office on Thursday, July 10, at 5:00 PM. Attending were: Roger Wagner, Chairman, Nancy Ferrell and Alfred Lynch, Board Members, Wyatt Hanna, Attorney, Paul Ghosh, Ghosh Engineers, Duane Tyree, Sewer Supervisor, and Linda Dubee.

The meeting was called to order by Mr. Wagner. Mrs. Ferrell made a motion which was seconded by Mr. Lynch to accept the minutes of the June meeting. After reviewing financial statements prepared by Adkins & Young, Mr. Lynch seconded a motion by Mrs. Ferrell to accept invoices submitted for payment in both departments. All in favor.

The next item of business was the election of officers. It was moved by Mrs. Ferrell and seconded by Mr. Lynch that officers remain the same. All in favor. Positions are: Mr. Wagner-Chairman, Mrs. Ferrell-Secretary, and Mr. Lynch-Treasurer.

Mr. Ghosh presented Payment Resolution #13 which amounted to $31,989.06. Contract I, Mid Atlantic Storage Systems-$27,532.98 and Ghosh Engineers-$4,456.08. Mrs. Ferrell seconded a motion by Mr. Lynch approving Resolution #13 and authorized the Chairman to sign on behalf of the District. All in favor.

Demolition of the Glen Ferris tank is approximately 50% complete. All tanks are on line with the exception of the Gauley high service tank which will be on line once the telemetry is connected. Mr. Ghosh reminded the group that the 10% retainage is still being held.

Mr. Hanna reported that Jim Layne, attorney for Smithers, has requested two revisions to the operating agreement prepared by Mr. Hanna. He asked that paragraph 2, sentence 2, include the word "City's" before the word "introduction" and that the first sentence in paragraph 7 read "The City and the Board shall provide the District with the total number of gallons of water billed its customers for the previous month by the 20th day of each month, or five days following receipt of this information by the City, whichever is later." Mr. Hanna saw no problem with the amendments and advised the Board to accept the revised agreement.

Therefore, Mrs. Ferrell made the motion to approve the revised agreement and authorize Mr. Hanna to submit the agreement to the PSC for review and approval. Mr. Lynch seconded the motion with all in favor. Mr. Hanna will move to reopen the certificate case and ask for expedited treatment. Approval should not be a problem.

Mr. Ghosh announced approval to bid the Smithers project has been received from USRD and DEP. Dates will be scheduled once Mr. Cunningham returns from vacation. Bid opening should be around mid August which means work could begin in November.

A complaint concerning damanged clothing and a request for a bill adjustment was received from Mrs. Harry Graves. Due to the fact that Mr. Preast has been working with Mrs. Graves and is aware of the situation, Mrs. Ferrell made a motion to refer the matter to Mr. Preast and authorize him to make an appropriate settlement amount. Mr. Lynch seconded the motion with all in favor.

Mr. Wagner said measures need to be taken to prevent future problems at the Graves residence. Members of the volunteer fire department open the hydrants causing the water to be dirty.

Mr. Lynch seconded a motion by Mrs. Ferrell authorizing Mr. Hanna to draft a letter to the fire department stating that prior approval, except in an emergency, needs to be obtained from the District before opening hydrants and that the fire department will be responsible for damages that might occur.

Due to a request from Mrs. Dubee, the Board agreed that Mr. Preast's salary could be taken from the water account until finances improve in the sewer department. Mr. Hanna said the adjustment should be made before the end of the year to balance out the two departments. Several pumps have been purchased or repaired in the sewer department which has created a financial burden in that department. Mr. Tyree said pump expenses should now be on the decline.

There being no further discussion, Mrs. Ferrell seconded a motion by Mr. Lynch to adjourn the meeting at 5:30 PM.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: April 24, 2003

FINAL
5-14-03

CASE NO. 00-1256-PSD-S-CN

KANAWHA FALLS PUBLIC SERVICE DISTRICT
and TOWN OF SMITHERS.
Certificate application to upgrade the
District's wastewater treatment plant
and improvements to the Town's sewer system.

RECOMMENDED DECISION

On November 21, 2002, the Commission entered an order converting the proceeding from a prefiling to an application for a certificate of convenience and necessity. The proposed project involves upgrading the Kanawha Falls Public Service District's (PSD) treatment plant and other system upgrades to extend its main line to connect to the Town of Smithers' (Town) sewer system. The project also involves certain improvements to the Town's sewer collection system.

On November 21, 2002, the Commission ordered the PSD and the Town to publish notice of its filing in Kanawha and Fayette Counties. The Commission also referred the matter establishing a decision due date of June 23, 2003.

On December 24, 2002, Elkem Metals Company-Alloy LP (Elkem) protested the filing. Earlier, on September 13, 2000, Elkem had moved to intervene in the proceeding while it was still in the prefiling stage. No action was taken by the Commission on the motion to intervene.

By Procedural Order issued December 26, 2002, Elkem's motion to intervene was granted and the matter was set for hearing on March 3, 2003, in Smithers. The Order also required the PSD and the Town to publish notice of the hearing.

The hearing was held as scheduled. H. Wyatt Hanna III, Esquire, appeared on behalf of the PSD. James W. Lane, Esquire, appeared on behalf of the Town. Mark E. Kauffelt, Esquire, appeared on behalf of Elkem. Ronald E. Robertson, Jr., Esquire, appeared on behalf of Staff.

EVIDENCE

The PSD project consists of increasing the capacity of its treatment plant, upgrading its sludge handling system and upgrading pump stations. (Tr. 10). The PSD's project is necessary even without Smithers because the plant is running near capacity. (Tr. 11). The plans and specifications for the project have been approved by the West Virginia Division of Environmental Protection (DEP). (Tr. 11).

The Town's treatment plant is very old and in very poor condition. (Tr. 11, 12). It no longer meets its discharge permit. (Tr. 12). The Town plans to abandon its treatment plant and pump its effluent to the PSD. (Tr. 12). The Town also plans to upgrade existing pump stations and attempt to separate its sanitary sewer from its storm sewer. (Tr. 12). The project will install some new storm sewer lines and some new sanitary sewer lines. (Tr. 12). The DEP has a consent order requiring the Town to make the improvements that are part of this application. (Tr. 12, 13). Various studies have been done by various agencies which concluded that the Town should do away with its own treatment plant and become a customer of the PSD. (Tr. 13). Mr. Ghosh, a Professional Engineer, has examined various alternatives for the Town, including upgrading its old treatment plant, and has also concluded that it is in the best interest of everyone to abandon the old plant. (Tr. 13, 14).

The Town's portion of the project will cost $4,437,000. (Tr. 14). It has received a $1,319,000 Rural Utilities Service (RUS) Grant; a $500,000 RUS Loan for forty years at 4.5%; a $1,023,000 West Virginia Infrastructure Council (WVIC) Grant; an $800,000 WVIC Loan for thirty-nine years at no interest; and a $45,000 grant from the Mountaineer Gaming Resort[1]. (Tr. 15; Staff Ex. 1).

The PSD's portion of the project will cost $2,850,000. (Tr. 16). $750,000 is from the Town paid for with a Small Cities Block Grant (SCBG) and $110,000 is from a Water Development Authority (WDA) loan for twenty years at 5.8% interest. (Tr. 16; Staff Ex. 1). The PSD is also borrowing $1,990,400 from the State Revolving Fund (SRF) over thirty years at .5% interest. (Staff Ex. 1). All the funding has been committed and documentation supplied to the Commission. (Tr. 17).

The project is necessary and was originally started in approximately 1991, when the Mount Olive State Penitentiary was constructed. (Tr. 18). Some of its funding dates back to the early 1990s. (Tr. 18). Mr. Ghosh believes that the project is long overdue. (Tr. 18).

The Armstrong Public Service District is another resale customer of the PSD. (Tr. 19). There is an inflow and infiltration (I&I) problem with Armstrong. (Tr. 19, 60, 62). Armstrong is billed from its water meters. (Tr. 62). During rains, the flow from Armstrong can be so high that it blows tops off manholes. (Tr. 63).

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[1]The Mountaineer Gaming Resort was required by the DEP to make a private grant as a part of an enforcement action. (Tr. 15).

The PSD is in noncompliance with reserve requirements on previous bonds. (Tr. 26). The $110,000 loan from the WDA is necessary to bring the PSD into compliance with previous loan documents. (Tr. 27). The PSD will prefund reserve accounts associated with the new indebtedness to the SRF. (Tr. 27). Rates were developed with the same percentage increase across-the-board. (Tr. 36).

The Town has already enacted a rate ordinance that will enable it to pay for the debt service and other costs associated with the project. (Tr. 41, 42). The new ordinance is sufficient to allow the Town to continue to maintain and operate its collection system. (Tr. 42). The Town is already charging its customers the higher rates. (Tr. 42). The Town's portion of the project has more than 50% grant funding. (Tr. 44).

Staff is recommending approval of the certificate. (Tr. 51). Staff believes that both parts of the project are necessary. (Tr. 50, 51, 59, 60, 74). The project is necessary to allow the Town to expand its system. (Tr. 60).

Elkem's present sewage flow meter is not accurate. (Tr. 52). The 50% allocation factor used for Elkem assumes that 50% of the water that Elkem purchases is returned to the sewer system. (Tr. 53). The discretionary meters tend to show that an average of 41% is returned. (Tr. 53). The 41% would not take into account any I&I that goes through Elkem's collection system. (Tr. 54).

Staff found the Town's estimates of O & M expenses reasonable. (Tr. 56). The Town has a permit from the West Virginia Office of Environmental Health Services to construct the project. (Tr. 56). The cost per customer of the project is $2,196. (Tr. 57). Staff believes that cost to be reasonable. (Tr. 57). Staff believes that the PSD's estimates are necessary and reasonable. (Tr. 57). The PSD has been issued an NPDES Permit for the project. (Tr. 58). The plans and specifications are in line with the Commission's requirements and rules. (Tr. 59). It would be more costly for the Town to build a new treatment plant of its own than to become a customer of the PSD. (Tr. 60).

Staff believes that the Town's funding packages are very favorable. (Tr. 74). Staff believes that the Town's rate ordinance will be sufficient to pay for the project and all of its ongoing expenses. (Tr. 76). Staff believes that the ordinance will place the Town in compliance with its bond ordinance and the required cash flow coverage factor. (Tr. 76).

The project will require that the PSD receive a 6.3% increase in revenue. (Tr. 77). Staff applied the increase across-the-board. (Tr. 78). Staff recommends doing a rate study of the PSD about 18 months after the project is completed. (Tr. 81, 82).

The Town needs 115% debt service coverage and its new ordinance will result in 122.86% coverage. (Tr. 84, 85). After a 6.3% rate increase for the PSD, its coverage will be 115.36%. (Tr. 86). It is required under the bond ordinance to have a 115% coverage. (Tr. 85). Once the WDA's loan has its reserve funded, the required coverage will drop to 110%. (Tr. 86).

Staff believes the project is financially feasible. (Tr. 90). Staff did not do a class cost of service study in this case because it is not typically the practice in certificate cases. (Tr. 93). In the PSD's last rate case, Staff promised to do a class cost of service study in the certificate case. (Tr. 95, 96; Elkem Exhibit No. 1).

Elkem paid the PSD $98,778.10 in 2002. (Tr. 104). Elkem's bill assumed that 50% of the water it consumed did not return to the sanitary sewer system. (Tr. 105). A modification from 50% to 41% would result in a $17,500 reduction. (Tr. 105, 106).

Robert Weimer is Maintenance Manager at Elkem. (Tr. 113). Elkem has installed meters on several of its processes that consume water, but do not return it to the sewer. (Tr. 114). Much of the water is used for cooling and is returned to the river outflows. (Tr. 114). Mr. Weimer reads these exclusionary meters. (Tr. 114). Exclusionary meters would indicate that Elkem returns less than 41% of its water to the sanitary sewer. (Tr. 119). Elkem believes that its sewer flow meter is inaccurate. (Tr. 123, 124). The sewer flow meter uses ultrasonic technology. (Tr. 131). An ultrasonic frequency wave goes across the flow, attempting to measure its height. (Tr. 112).

Michael Griffith is a CPA. (Tr. 133). Mr. Griffith calculated Elkem's rate based on only 41% of its purchased water returning to the sanitary sewer. (Tr. 134). Mr. Griffith's rates from Elkem would produce about $90,000. (Tr. 134).

Mr. Ghosh believes that ultrasonic sewage meters are "very, very bad." (Tr. 143). They tend to get clogged on solids, increasing the level on the pipes which artificially raises the meters' readings. (Tr. 143, 144).

On April 18, 2003, well after the hearing, the PSD and Elkem filed an agreement which resolved their dispute. (See filing of April 18, 2003). The agreement calls for Elkem to continue to be charged based on the assumption that 50% of the water purchased from the PSD returns to the sewer system. (Id.). The agreement requires the PSD to exclude any water sold to Elkem for its proposed "emergency furnace cooling water tank" from billing for sewer since none of that water will enter the sanitary sewer system. (Id.). The agreement allows either party to seek a different billing method at a later date or in a later proceeding. (Id.).

DISCUSSION

All issues between Elkem and the PSD have been resolved by the settlement agreement filed with the Commission on April 18, 2003. The agreement is reasonable and should be approved by the Commission.

A certificate of convenience and necessity should be issued for both parts of the joint project. The project is needed. The financing is reasonable. The plans and specifications are in conformance with Commission rules and regulations.

FINDINGS OF FACT

1. The PSD project consists of increasing the capacity of its treatment plant, upgrading its sludge handling system and upgrading pump stations. (Tr. 10; Application).

2. The PSD's project is necessary even without Smithers because the plant is running near capacity. (Tr. 11).

3. The plans and specifications for the project have been approved by the DEP. (Tr. 11).

4. The Town's treatment plant is very old, in very poor condition and no longer meets its discharge permit. (Tr. 12).

5. The Town plans to abandon its treatment plant and pump its effluent to the PSD. (Tr. 12).

6. The Town also plans to upgrade existing pump stations and attempt to separate its sanitary sewer from its storm sewer. (Tr. 12).

7. The Town is under a consent order involving the DEP which requires it to make the improvements that are part of this application. (Tr. 12, 13).

8. It is in the best interest of everyone for the Town to abandon the old plant. (Tr. 13, 14).

9. The Town's project is going to cost $4,437,000. (Tr. 14). The proposed financing is: a $1,319,000 RUS Grant; a $500,000 RUS Loan for forty years at 4.5%; a $1,023,000 WVIC Grant; an $800,000 WVIC Loan for thirty-nine years at no interest; and a $45,000 grant from the Mountaineer Gaming Resort. (Tr. 15; Staff Ex. 1).

10. The Town's portion of the financing is over 50% grant funding. (Tr. 44).

11. The PSD's portion of the project will cost $2,850,000. (Tr. 16). The proposed financing is: a $750,000 from the Town paid for with a SCBG, a $110,000 WDA loan for twenty years at 5.8% interest, and a $1,990,400 SRF loan over thirty years at .5% interest. (Tr. 16; Staff Ex. 1).

12. Staff believes that the funding packages are very favorable. (Tr. 74).

13. The Town has already enacted a rate ordinance that will enable it to pay for the debt service and other costs associated with the project. (Tr. 41, 42). The new ordinance is sufficient to allow the Town to continue to maintain and operate its collection system. (Tr. 42, 76). The Town is already charging its customers the higher rates. (Tr. 42).

14. Staff is recommending approval of the certificate. (Tr. 51).

15. Staff believes that both parts of the project are necessary. (Tr. 50, 51, 59, 60, 74). The project is necessary to allow the Town to expand its system. (Tr. 60).

16. The Town has a permit from the West Virginia Office of Environmental Health Services to construct the project. (Tr. 56).

17. The cost per customer for the Town of the project is $2,196, which Staff believes reasonable. (Tr. 57).

18. The PSD has been issued an NPDES Permit for the project. (Tr. 58).

19. Staff believes that the plans and specifications are in line with the Commission's requirements and rules. (Tr. 59).

20. It would be more costly for the Town to build a new treatment plant of its own than to become a customer of the PSD. (Tr. 60).

21. The project will require that the PSD receive a 6.3% increase in revenue. (Tr. 77). Staff applied the increase across-the-board. (Tr. 78).

22. Staff recommends doing a rate study of the PSD about 18 months after the project is completed. (Tr. 81, 82).

23. All issues between Elkem and the PSD have been resolved by a settlement agreement. (See agreement filed April 18, 2003).

CONCLUSIONS OF LAW

1. The public convenience and necessity require both portions of the project.

2. The proposed financing for both the PSD and the Town is reasonable and should be approved.

3. The joint application for a certificate of convenience and necessity should be granted.

4. The Staff-proposed rates for the PSD are reasonable and should be approved for use by the PSD upon substantial completion of the project.

5. The PSD and Town should be required to seek Commission approval should the project's scope or the proposed financing change for any reason.

6. The settlement agreement between Elkem and the PSD is reasonable and should be approved.

ORDER

IT IS, THEREFORE, ORDERED that the joint application by the Kanawha Falls Public Service District and the Town of Smithers filed on November 21, 2002, for a certificate of convenience and necessity to construct upgrades, replacements and extensions of sewer facilities be, and hereby is, granted.

IT IS FURTHER ORDERED that the Kanawha Falls Public Service District's proposed financing for the project, consisting of a $750,000 from the Town paid for with a SCBG, a $110,000 WDA loan for twenty years at 5.8% interest, and a $1,990,400 SRF loan over thirty years at .5% interest, is hereby approved.

IT IS FURTHER ORDERED that the Town of Smithers' proposed financing for the project, consisting of a $1,319,000 RUS Grant; a $500,000 RUS Loan for forty years at 4.5%; a $1,023,000 WVIC Grant; an $800,000 WVIC Loan for thirty-nine years at no interest; and a $45,000 grant from the Mountaineer Gaming Resort, is hereby approved.

IT IS FURTHER ORDERED that the Kanawha Falls Public Service District and the Town of Smithers file a copy of the engineer's certified tabulation of bids with the Commission within ten days of the bid opening date for each construction contract awarded under the project.

IT IS FURTHER ORDERED that, should the scope or financing of the project change for any reason, the Kanawha Falls Public Service District and the Town of Smithers are hereby required to seek Commission approval before commencing construction.

IT IS FURTHER ORDERED that the attached rates are hereby approved for use by the Kanawha Falls Public Service District upon substantial completion of the project. The PSD shall file an original and five copies of a tariff within thirty days of the date that this order becomes a final order of the Commission.

IT IS FURTHER ORDERED that the Kanawha Falls Public Service District file for a rate review eighteen months after the project is complete.

IT IS FURTHER ORDERED that the settlement agreement filed on April 18, 2003, between the Kanawha Falls Public Service District and Elkem Metals-Alloy LP, be, and 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 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 the 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 fifteen (15) day time period, unless it is ordered stayed 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.

K. A. George

Keith A. George
Administrative Law Judge

KAG:pst
001256ab.wpd

KANAWHA FALLS PUBLIC SERVICE DISTRICT
Case No. 00-1256-PSD-S-CN

APPROVED RATES

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service and sale for resale sewer service.

RATE

First 3,000 gallons of water used per month $8.15 per 1,000 gallons
All Over 3,000 gallons of water used per month $4.15 per 1,000 gallons

MINIMUM CHARGE - SEWER

No bill will be rendered for less than $16.30 per month, which is the equivalent of 2,000 gallons of usage with a 5/8" meter.

FLAT RATE CHARGE (Customers with non-metered water supply)

Equivalent of 3,500 gallons of water usage or $26.52 per month.

RESALE RATE

All wastewater for resale to Armstrong PSD, Deepwater PSD and Smithers will be billed in accordance with the approved rate of $3.10 per 1,000 gallons used per month.

BULK RATE

All wastewater from Elkem Metals Company will be treated at the approved rate of $4.20 per 1,000 gallons used per month.

PRISON AUTHORITY

$2.82 per 1,000 gallons used per month
Minimum bill $12,690 per month. (Based on consumption of 4,500 M gallons used per month)

DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full when due, ten percent (10%) will be added to the net amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

Public Service Commission
of West Virginia
Charleston

TAP FEE

The following charges are to be made whenever the utility installs a new tap to serve an applicant.

A tap fee of $50.00 will be charged to customers applying for service before construction is completed adjacent to the customer's 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 the applicant's premises that is associated with a certificate proceeding.

A tap fee of $300 will be charged to customers applying for service outside of a certificate proceeding before the Commission for each new tap to the system.

LEAK ADJUSTMENT

$0.60 per 1,000 gallons of water is to be used when a bill reflects unusual water 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.

RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the sewer utility up to a maximum of $15.00 will be imposed upon any customer whose check for payment of charges is returned by the bank due to insufficient funds.

SURCHARGE FORMULA TO BE APPLIED IN THE CASES OF USERS PRODUCING UNUSUAL WASTE

The charge for the treatment of unusual waste will be calculated on the basis of the following formula.

$$Ci = VoVi + BoBi + SoSi$$

Ci = charge to unusual users per year
Vo = average unit cost of transport and treatment chargeable to volume, in dollars per gallon
Vi = volume of wastewater from unusual users, in gallons per year
Bo = average unit cost of treatment, chargeable to Biochemical Oxygen Demand (BOD) in dollars per pound
Bi = weight of BOD from unusual users, in pounds per year
So = average unit cost of treatment (including sludge treatment) chargeable to total solids in dollars per pound
Si = weight of total solids from unusual users, in pounds per year

Public Service Commission
of West Virginia
Charleston

When an unusual user is to be served, a preliminary study of its wastes, and the cost of transport and treatment thereof, will be made. Waste containing materials which, in the judgement of the Kanawha Falls Public Service District, should not be introduced into the sewer system need not be handled by it. The results of the preliminary study will be used to determine the feasibility of the proposed sewer service and the charge therefore, based upon the formula set out above.

Thereafter, unusual sewage will be monitored on a regular basis and at the conclusion of each fiscal year, based on the investigation aforesaid and audit of the Kanawha Falls Public Service District records, new cost figures will be calculated for use in the above formula. The cost of establishing the monitoring facilities shall be paid by the unusual user. Based on these audited figures, additional billings covering the past fiscal year will be made for payment by each unusual user, or refund given by the Kanawha Falls Public Service District, as the case may be. Such audited figures will then be used for the preliminary billing for the next fiscal year, at the end of which an adjustment will be made as aforesaid.

APPLICABLE INSIDE AND OUTSIDE OF THE CORPORATE LIMITS OF THE KANAWHA FALLS PUBLIC SERVICE DISTRICT

Where the amount of sanitary sewage discharged in the Kanawha Falls waste treatment system by certain industrial plant or plants cannot be accurately determined by the use of the plant's water meter or meters, and said plant cannot install a flow meter to measure such waste, a special formula will be used whereby such plant or plants will pay the Kanawha Falls Public Service District a sewer charge calculated at fifty (50) gallons of water per employee at the plant each working day.

The monthly bill for sewer charges to Elkem Metals shall be based on 50% of Elkem Metal's measured water usage each month.

Public Service Commission
of West Virginia
Charleston

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 14th day of October, 2003,

CASE NO. 00-1256-PSD-S-CN (REOPENED)

KANAWHA FALLS PUBLIC SERVICE DISTRICT
and TOWN OF SMITHERS

Petition to reopen for Commission approval of an operating agreement executed by the City of Smithers, Sanitary Board of the City of Smithers and the District pursuant to the WV Division of Environmental Protection, State Revolving Fund program. (Filed 8/8/03).

COMMISSION ORDER

A Recommended Decision was entered on April 24, 2003, (Final May 14, 2003) which granted a joint application by the Kanawha Falls Public Service District (District) and the Town of Smithers (Smithers) for a certificate of convenience and necessity to construct upgrades, replacements and extensions of sewer facilities. The decision further approved the District's proposed financing for the project, consisting of $750,000 from Smithers, paid for with a Small Cities Block Grant (SCBG); a $110,000 Water Development Authority (WDA) loan for twenty years at 5.8% interest; and a $1,990,400 State Revolving Fund (SRF) loan over thirty years at .5% interest. Smithers' proposed financing for the project was also approved and consisted of a $1,319,000 Rural Utilities Services (RUS) Grant, a $500,000 RUS loan for forty years at 4.5%, a $1,023,000 West Virginia Infrastructure and Jobs Development Council (WVIJDC) Grant, an $800,000 WVIJDC loan for thirty-nine years at no interest and a $45,000 grant from the Mountaineer Gaming Resort. Should the scope or financing of the project change for any reason, the District and Smithers were ordered to seek Commission approval before commencing construction. Further, the rates attached to the Recommended Decision were approved for use by the District upon substantial completion of the project.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

7B

From:H. WYATT HANNA, III 304 744 8157 10/15/2003 13:09 #282 P.005

On August 8, 2003, the District filed a Petition to Reopen this case for approval of an Operating Agreement among the City of Smithers, the Sanitary Board of the City of Smithers and the District. The District, requesting expedited treatment, stated its belief the proposed agreement is fair, reasonable and in the public interest.

On September 4, 2003, the District filed a Further Petition to Reopen, stating that the project bids for the District and Smithers were opened and resulted in a project overrun. The District requested approval of additional funding and a reduction in the project scope.

On September 10, 2003, Commission Legal Staff (Legal Staff) filed its Initial Joint Staff Memorandum, attaching thereto an Initial and Final Internal Memorandum from the Engineering and the Water and Wastewater Division (Technical Staff). Technical Staff explained that the proposed operating agreement outlines each utility's responsibilities and duties regarding the construction and operation of its respective projects. Having reviewed the agreement in full, Technical Staff said it is reasonable and does not unduly benefit one party more than the other. The agreement was said to be in the best interest of both parties, as well as its customers, and should be approved.

Legal Staff recommended approval of the Operating Agreement pursuant to W. Va. Code § 24-2-12, without approving the specific terms and conditions. Furthermore, Legal Staff noted that any unresolvable issue(s) among the three parties to the operating agreement should be brought back to the Commission for resolution. With respect to the second request to reopen for approval of a reduction in project scope and additional funding, Legal Staff indicated that it was awaiting additional information from the utilities.

On September 12, 2003, the District filed a copy of a binding letter of commitment from the WVIJDC for a grant in the amount of $270,400 with regard to this project.

A Final Joint Staff Memorandum was filed on October 2, 2003. Technical Staff's Further Final Internal Memorandum, attached thereto, indicated a project cost overrun for the District of $1,093,600 and a project cost overrun for Smithers of $996,995. With regard to the engineering review, Technical Staff stated that the total cost for Smithers' portion of the project is $4,392,000. The entire customer base will be affected by the project and the cost per customer is $2,196, which Technical Staff found to be reasonable. The total cost for the District is $3,641,700. Likewise, the entire customer base will be affected and the cost per customer is $291, which Staff also found to be reasonable.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

From:H. WYATT HANNA, III 304 744 3157 10/15/2003 13:09 #232 P.006

Technical Staff noted that the change in the scope of the project eliminates some of the separation of the sanitary and storm sewers in Smithers, but without the revised project scopes and project budgets, this project could not go forward. Smithers would be required to construct a new treatment plant, which would cost more than connecting Smithers' collection system to the treatment facility of the District. The sewer rates for the residents of Smithers or the District's customers will not be affected by the change in the scope of project budgets.

With regard to the financial review, Technical Staff said that the scope of Smithers' project regarding construction has been revised so that the costs now fall in line with the original funding committed. Thus, Smithers' project will not require additional funding nor result in an increase to its previously adopted and approved rates.

The scope of the District's project regarding construction and funding were both revised. The adjusted project, now estimated at approximately $3,641,700, will be funded by an increase in the amount of the contribution from Smithers and an additional grant of $270,400 from the WVIJDC. This additional grant funding will not require an increase to the District's previously approved rates. Consequently, Technical Staff recommended that the further petition to reopen the joint certificate case for approval to revise the costs of the District's and Smithers' respective projects to $3,641,700 and $4,392,000 be granted. This approval includes the changes in the scope of their respective projects related to the facilities to be constructed and the acceptance of an additional WVIJDC grant of $270,400. The District and Smithers are to notify the Commission when their Engineer has performed the substantial completion inspection.

The Legal Division concurred with Technical Staff and recommended approval of the additional $270,400 grant from the WVIJDC to be accepted by the District pursuant to W. Va. Code § 16-13A-24.

DISCUSSION

First, W. Va. Code § 24-2-12 requires a public utility to receive permission from the Commission prior to entering into transactions with other utilities, in pertinent part as follows:

> Unless the consent and approval of the public service commission of West Virginia is first obtained:
>
> (a) No public utility . . . may enter into any contract with any other utility to operate any line or plant of any other utility subject thereto. . .

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

From:H. WYATT HANNA, III 304 744 8157 10/15/2008 13:09 #252 P.007

* * *

> The commission may grant its consent in advance . . . . . upon proper showing that the terms and conditions thereof are reasonable and that neither party thereto is given an undue advantage over the other, and [the terms and conditions] do not adversely affect the public in this state.
>
> [T]he commission . . . shall, if the public will be convenienced thereby, enter such order as it may deem proper and as the circumstances may require, attaching thereto such conditions as it may deem proper, consent to the entering into or doing of the things herein provided, without approving the terms and conditions thereof, and thereupon it shall be lawful to do the things provided for in such order.

The Commission finds persuasive Staff's position that the Operating Agreement is reasonable and does not unduly benefit one party more than the other. Further, Staff is persuasive in that the agreement is in the best interest of all parties, as well as its customers, and should be approved. Therefore, the Commission shall approve the Operating Agreement pursuant to W. Va. Code § 24-2-12, without approving the specific terms and conditions thereof. Furthermore, it is directed that any unresolvable issue(s) among the three parties to the operating agreement should be brought back to the Commission for resolution.

Second, by statute, a public service district is required to obtain the Commission's permission to accept a grant, as follows:

> Any public service district . . . is authorized . . . to accept . . . grants . . . for the purpose of paying part or all of the costs of construction or acquisition of water systems . . . .

W. Va. Code § 16-13A-24.

> . . . a public service district may not . . . exercise any of the powers conferred by the provisions of [W. Va. Code § 16-13A-24], without the prior consent and approval of the public service commission . . . .

W. Va. Code § 16-13A-25.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

From:H. WYATT HANNA, III 304 744 3157 10/15/2003 13:09 #232 P.008

The Commission shall grant its consent for the District to accept the $270,400 grant from the WVIJDC. The revised costs of the District's and Smithers' respective projects to $3,641,700 and $4,392,000 are also approved. This approval includes the changes in the scope of their respective projects related to the facilities to be constructed.

FINDINGS OF FACT

1. On August 8, 2003, the District filed a Petition to Reopen this case for approval of an Operating Agreement among the City of Smithers, the Sanitary Board of the City of Smithers and the District.

2. On September 4, 2003, the District filed a Further Petition to Reopen requesting approval of a reduction in project scope and additional funding as a result of a bid overrun.

3. On September 10, 2003, Legal Staff filed its Initial Joint Staff Memorandum, attaching thereto an Initial and Final Internal Memorandum from the Engineering and the Water and Wastewater Division. Having reviewed the agreement in full, Technical Staff said it is reasonable and does not unduly benefit one party more than the other. The agreement was said to be in the best interest of all parties, as well as its customers, and should be approved.

4. Legal Staff recommended approval of the Operating Agreement among the City, the Sanitary Board of the City and the District pursuant to W. Va. Code § 24-2-12, without approving the specific terms and conditions. Furthermore, Legal Staff noted that any unresolvable issue(s) among the three parties to the operating agreement should be brought back to the Commission for resolution.

5. On September 12, 2003, the District filed a copy of a binding letter of commitment from the WVIJDC for a $270,400 grant for this project.

6. A Final Joint Staff Memorandum was filed on October 2, 2003. Technical Staff's Further Final Internal Memorandum, attached thereto, indicated a project cost overrun for the District of $1,093,600 and a project cost overrun for Smithers of $996,995.

7. With regard to the engineering review, Technical Staff stated that the total cost for Smithers' portion of the project is $4,392,000. The entire customer base will be affected by the project and the cost per customer is $2,196, which Technical Staff found to be reasonable. The total cost for the PSD is $3,641,700. Likewise, the entire customer

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

From:H. WYATT HANNA, III 304 744 9157 10/15/2003 13:10 #232 P.009

base will be affected and therefore, the cost per customer is $291, which Staff found to be reasonable.

8. With regard to the financial review, Technical Staff said that the scope of Smithers' project regarding construction has been revised so that the costs now fall in line with the original funding committed. Thus, Smithers' project will not require additional funding nor result in an increase to its previously adopted and approved rates.

9. The scope of the District's project and funding were both revised. The adjusted project is now estimated at approximately $3,641,700, which will be funded by an increase in the amount of the contribution from Smithers[1] and an additional grant of $270,400 from the WVIJDC. This additional grant funding will not require an increase to the District's previously approved rates.

10. Technical Staff recommended that the District and Smithers' further petition to reopen the joint certificate case for approval to revise the costs of their respective projects to $3,641,700 and $4,392,000 be granted. This approval includes the changes in the scope of their respective projects related to the facilities to be constructed and the acceptance of an additional WVIJDC grant of $270,400. The District and Smithers are to notify the Commission when their Engineer has performed the substantial completion inspection.

11. The Legal Division concurred with Technical Staff and recommended approval for the additional $270,400 grant from the WVIJDC to be accepted by the District pursuant to W. Va. Code § 16-13A-24.

CONCLUSIONS OF LAW

1. It is reasonable to approve the Operating Agreement pursuant to W. Va. Code § 24-2-12, without approving the specific terms and conditions thereof.

2. Pursuant to W. Va. Code § 16-13A-24, it is reasonable to grant consent for the District to accept the $270,400 grant from the WVIJDC.

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[1]After various adjustments, as detailed in the Further Final Internal Memorandum filed on October 2, 2003, Technical Staff indicated that Smithers will be able to increase their contribution to the District for construction of its project from $720,000 to $1,270,812.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

From:H. WYATT HANNA, III 304 744 3157 10/15/2003 13:10 #282 P.010

3. The revised costs of the District's and Smithers' respective projects to $3,641,700 and $4,392,000 are approved, as well as the changes in the scope of the District's and Smithers' respective projects related to the facilities to be constructed.

ORDER

IT IS, THEREFORE, ORDERED that the Petition to Reopen, filed on behalf of the Kanawha Falls Public Service District on August 8, 2003, as revised on September 4, 2003, is hereby granted.

IT IS FURTHER ORDERED that the Operating Agreement among the City of Smithers, the Sanitary Board of the City of Smithers, and the Kanawha Falls Public Service District is hereby approved, without approving the specific terms and conditions thereof.

IT IS FURTHER ORDERED that the Kanawha Falls Public Service District's revised project funding in the amount of $270,400, in the form of an additional grant from the West Virginia Infrastructure and Jobs Development Council, is hereby approved.

IT IS FURTHER ORDERED that the revised project costs and scope of the Kanawha Falls Public Service District's and the Town of Smithers' respective projects are hereby approved.

IT IS FURTHER ORDERED that in the event of any change to the funding, terms of financing, plans, or scope of the approved project, the Kanawha Falls Public Service District shall petition the Commission to reopen this proceeding for approval of the same.

IT IS FURTHER ORDERED that upon entry of this order, this case shall be removed from the Commission's docket of active cases.

IT IS FURTHER ORDERED that the Commission's Executive Secretary serve a copy of this order upon all parties of record by United States First Class Mail and upon Commission Staff by hand delivery.

TBS/ljm
001256cc.wpd

A True Copy, Teste:

Sandra Squire

Sandra Squire
Executive Secretary

From:H. WYATT HANNA, III 304 744 3157 10/15/2003 13:10 #282 P.011

West Virginia Infrastructure & Jobs Development Council

Public Members:
Russell L. Isaacs, Chairman
Cottageville
Henry Harmon, Vice Chairman
Hurricane
Dwight Calhoun
Petersburg
C. R. "Rennie" Hill, III
Beckley

300 Summers Street, Suite 980
Charleston, West Virginia 25301
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Katy Mallory, PE
Executive Secretary

Katy.Mallory@verizon.net

December 4, 2002

Mr. Billy Preast, General Manager
Kanawha Falls Public Service District
P.O. Box 448
Gauley Bridge, West Virginia 25085

Re: Kanawha Falls Public Service District
Sewer Project 97S-329

Dear Mr. Preast:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") has reviewed the Kanawha Falls Public Service District's (the "District") revised preliminary application regarding its proposed project to construct a treatment unit to treat sewage from the Town of Smithers; add a bar screen and belt filter press to process; replace the Boomer pump station and construct a new river crossing (the "Project").

Based on the findings of the Sewer Technical Review Committee, the Infrastructure Council has determined that the Project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. The District should carefully review the enclosed comments of the Sewer Technical Review Committee as the District may need to address certain issues raised in said comments as it proceeds with the Project.

Upon consideration of the preliminary application, the Infrastrucnure Council recommends that the District utilize the $750,000 Small Cities Block Grant from the Town of Smithers, pursue the $1,990,400 Clean Water State Revolving Fund loan and a $110,000 Water Development Authority loan to fund this $2,850,000 project. Please contact the Department of Environmental Protection office at 558-0641 and the Water Development Authority office at 558-3612 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.**

If you have any questions regarding this matter, please contact Katy Mallory at 558-4607.

Sincerely,

Russell L. Isaacs

RLI/km

cc: Mike Johnson, DEP (w/o enclosure)
Debbie Legg, WVDO (w/o enclosure)
Bernie Yonkosky, WDA (w/o enclosure)
Region IV Planning & Development Council
William Cunningham, Ghosh Engineers, Inc.

SRF-BPA-1
(02/03/03)

BOND PURCHASE AGREEMENT

THIS WATER POLLUTION CONTROL REVOLVING FUND BOND PURCHASE AGREEMENT (the "Bond Purchase Agreement"), made and entered into in several counterparts, by and among the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), the WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION (the "DEP"), and the local government designated below (the "Local Government").

KANAWHA FALLS PUBLIC SERVICE DISTRICT
(Local Government)

W I T N E S S E T H:

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

WHEREAS, pursuant to the provisions of Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (the "Act"), the State of West Virginia (the "State") has established a state water pollution control revolving fund program (the "Program") to acquire bonds of particular local governments pursuant to the Clean Water Act;

WHEREAS, under the Act the DEP is designated the instrumentality to enter into capitalization agreements with the United States Environmental Protection Agency ("EPA") to accept capitalization grant awards (U.S. General Services Administration; Catalog of Federal Domestic Assistance, 32nd Edition § 66.458 (1998)) and DEP has been awarded capitalization grants to partially fund the Program;

WHEREAS, the Local Government meets the "disadvantaged community" provisions of the SRF Regulations.

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the Local Government, DEP and the Authority hereby agree as follows:

ARTICLE I

Definitions

1.1 Except where the context clearly indicates otherwise, the terms "Authority," "cost," "fund," "local government," and "project" have the definitions and meanings ascribed to them in the Act or in the SRF Regulations.

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

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

1.4 "Local Bonds" means the revenue bonds to be issued by the Local Government pursuant to the provisions of the Local Statute, as hereinafter defined, and to be purchased by the Authority with money held in the Fund, all in accordance with the provisions of this Bond Purchase Agreement.

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

1.6 "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.

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

1.8 "Project" means the wastewater treatment facility project hereinabove referred to, to be constructed or being constructed by the Local Government in whole or in

2.4 The Local Government agrees that the Authority and DEP and their respective 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 Local Government further agrees that the Authority and DEP and their respective duly authorized agents 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 DEP with respect to the System pursuant to the pertinent provisions of the Act.

2.5 The Local Government 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 Local Government shall permit the Authority and DEP, acting by and through their Directors or 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 Local Government shall submit to the Authority and DEP such documents and information as it 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 Local Bonds proceeds or of any State and federal grants or other sources of financing for the Project.

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

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

2.8 The Local Government shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority and DEP and shall verify or have verified such insurance prior to commencement of construction. Until the Project facilities are completed and accepted by the Local Government, the Local Government or (at the option of the Local Government) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form)

2.12 The Local Government, 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 B and incorporated herein by reference, and forward a copy by the 10th of each month to the DEP and the Authority.

2.13 The Local Government, during construction of the Project, shall complete Payment Requisition Forms, the form of which is attached hereto as Exhibit C and incorporated herein by reference, and forward such forms to DEP in compliance with the Local Government's construction schedule.

ARTICLE III

Conditions to Purchase of Local Bonds; Issuance of Local Bonds

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

(a) The Local Government shall have delivered to the Authority and DEP a report listing the specific purposes for which the proceeds of the Local Bonds will be expended and the procedures as to the disbursement of bond proceeds, including an estimated monthly draw schedule;

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

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

(d) The Local Government shall either have received bids or entered into contracts for the construction of the Project, which are in an amount and otherwise compatible with the plan of financing described in the Application; provided that, if the proceeds of the Local Bonds will refund an interim construction financing, the Local Government must either be constructing or have constructed its Project for a cost and as

(j) 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 and DEP shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the financing of wastewater treatment projects and satisfactory to the Authority and DEP, to such effect, such certificate to be in form and substance satisfactory to the Authority and DEP, and evidence satisfactory to the Authority and DEP of such irrevocably committed grants.

3.2 Subject to the terms and provisions of this Bond Purchase Agreement, the rules and regulations promulgated by the Authority and DEP, including the SRF Regulations, 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 purchase the Local Bonds of the Local Government and the Local Government shall issue and sell the Local Bonds to the Authority, and in furtherance thereof it is agreed that the Local Government shall sell to the Authority and the Authority shall purchase 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 Local Bonds shall be secured and shall be repaid in the manner hereinafter provided in this Bond Purchase Agreement.

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Local Government by written notice to the Authority, which written notice shall be given not less than ten (10) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority, DEP and the Local Government. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Closing." Notwithstanding the foregoing, the Date of Closing shall in no event occur more than ninety (90) days after the date of execution of this Bond Purchase Agreement by the Authority or such later date as is agreed to in writing by DEP.

3.5 The Local Government understands and acknowledges that it is one of several local governments which have applied to the Authority and DEP for financing of wastewater treatment projects and that the obligation of the Authority to purchase the Local

otherwise concurrently with the issuance thereof 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 Local Government has existing outstanding indebtedness which has greater coverage or renewal and replacement fund requirements, then the greater requirements will prevail until said existing indebtedness is paid in full.

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by a pledge of either the net or gross revenues of the System as provided 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;

(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 Local Government will not grant any franchise to provide any services which would compete with the System;

(xi) That the Local Government 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 DEP, which report shall include a statement that the Local Government is in compliance with the terms and provisions of the Local Act and this Bond Purchase Agreement and that the Local Government's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

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

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

The Local Government hereby represents and warrants that the Local Act has been or shall be duly adopted or enacted 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 nationally recognized bond counsel acceptable to the Authority in substantially the form of legal opinion attached hereto as Exhibit G.

4.2 The Local Bonds shall be secured by the pledge and assignment by the Local Government, as effected by the Local Act, of the fees, charges and other revenues of the Local Government from the System.

4.3 At least five percent (5%) of the proceeds of the Local Bonds will be advanced on the Date of Closing. The remaining proceeds of the Local Bonds shall be advanced by the DEP monthly as required by the Local Government to pay Costs of the Project, provided, however, if the proceeds of the Local Bonds will be used to repay an interim financing, the proceeds will be advanced on a schedule mutually agreeable to the Local Government, the DEP and the Authority. The Local Bonds shall not bear interest during the construction period but interest shall commence accruing on the completion date as defined in the SRF Regulations, provided that the annual repayment of principal and payment of interest shall begin not later than one (1) year after the completion date. The repayment of principal and interest on the Local Bonds shall be as set forth on Schedule Y 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.

4.4 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 Local Government. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series.

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

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

6.1 The Local Government hereby acknowledges to the Authority and DEP its understanding of the provisions of the Act, vesting in the Authority and DEP certain powers, rights and privileges with respect to wastewater treatment projects in the event of default by the Local Government in the terms and covenants of this Bond Purchase Agreement, and the Local Government hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Local Government shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Bond Purchase Agreement.

6.2 The Local Government hereby warrants and represents that all information provided to the Authority and DEP in this Bond Purchase 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 purchasing and receiving the Local Bonds, the Authority and DEP shall have the right to cancel all or any of their obligations under this Bond Purchase Agreement if (a) any representation made to the Authority and DEP by the Local Government in connection with the issuance of the Local Bonds shall be incorrect or incomplete in any material respect or (b) the Local Government 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, the SRF Regulations or this Bond Purchase Agreement.

6.3 The Local Government hereby agrees to repay on or prior to the Date of Closing any moneys due and owing by it to the Authority or any other lender for the planning or design of the Project, provided that such repayment shall not be made from the proceeds of the Local Bonds.

6.4 The Local Government 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 Local Government fails to make any such rebates as required, then the Local Government 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.

6.5 Notwithstanding Section 6.4, the Authority and DEP may at any time, in their sole discretion, cause the rebate calculations prepared by or on behalf of the Local

7.6 By execution and delivery of this Bond Purchase Agreement, notwithstanding the date hereof, the Local Government 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.

7.7 This Bond Purchase Agreement shall terminate upon the earlier of:

(i) written notice of termination to the Local Government from either the Authority or DEP;

(ii) 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 DEP if the Local Government has failed to deliver the Local Bonds to the Authority;

(iii) termination by the Authority and DEP pursuant to Section 6.2 hereof; or

(iv) payment in full of the principal of and interest on the Local Bonds and of any fees and charges owed by the Local Government to the Authority or DEP; provided that the amount of the Local Bonds purchased under this Bond Purchase Agreement in any succeeding fiscal year is contingent upon funds being appropriated by the State legislature or otherwise being available to purchase the Local Bonds. In the event funds are not appropriated or otherwise available to purchase all of the Local Bonds, the responsibility of the Authority and DEP to purchase the Local Bonds is terminated; provided further that the obligation of the Local Government to repay the outstanding amount of the Local Bonds is not terminated due to such non-funding on any balance of the Local Bonds. The DEP agrees to use its best efforts to have the amount contemplated under this Bond Purchase Agreement included in its budget. Non-appropriation or non-funding of the Loan shall not be considered an event of default under this Bond Purchase Agreement.

EXHIBIT A

FORM OF PERFORMANCE CERTIFICATE

[To Be Provided By DEP]

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

Item 1 — You will need a copy of the current fiscal year budget adopted by the Local Government 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 Local Government 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 Local Government.

The Local Government 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

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 meaning set forth in the bond _____ adopted or enacted by the Issuer on _____, and the Bond Purchase Agreement by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "DEP"), 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 the DEP and any change orders approved by the Issuer, the DEP 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

EXHIBIT E

SPECIAL CONDITIONS

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

B. AUDIT REQUIREMENT (Supplement to Article IV 4.1 (b) (xi)) - The Local Government that receives $300,000 or more (in federal funds) in a fiscal year must obtain audits in accordance with the Single Audit Act and the applicable OMB Circular or any successor thereto. Financial statement audits are required once all funds have been received by the Local Government.

EXHIBIT G

OPINION OF BOND COUNSEL FOR LOCAL GOVERNMENT

[To Be Dated as of Date of Closing]

West Virginia Water Development Authority
180 Association Drive
Charleston, WV 25311

West Virginia Department of Environmental Protection
1560 Kanawha Boulevard, East
Charleston, WV 25311

Ladies and Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a bond purchase agreement dated ____, ___, including all schedules and exhibits attached thereto (the "Bond Purchase Agreement"), among the Local Government, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), and (ii) the issue of a series of revenue bonds of the Local Government, dated _____, ___ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Bond Purchase Agreement. The Local Bonds are issued in the principal amount of $_____, in the form of one bond, registered as to principal only to the Authority, with principal payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning _____ 1, ____, and ending ____ 1, ____, all as set forth in the "Schedule Y" attached to the Bond Purchase 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 Local Government on _____, as supplemented by the supplemental resolution duly adopted by the Local Government on _____

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,

Kanawha Falls PSD

Loan of $1,990,400
0% Interest Rate, 0.5% Admininstrative Fee, 30 Years
Closing Date: November 6, 2003

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2003	-	-	-
3/01/2004	-	-	-
6/01/2004	-	-	-
9/01/2004	-	-	-
12/01/2004	-	-	-
3/01/2005	-	-	-
6/01/2005	16,587.00	-	16,587.00
9/01/2005	16,587.00	-	16,587.00
12/01/2005	16,587.00	-	16,587.00
3/01/2006	16,587.00	-	16,587.00
6/01/2006	16,587.00	-	16,587.00
9/01/2006	16,587.00	-	16,587.00
12/01/2006	16,587.00	-	16,587.00
3/01/2007	16,587.00	-	16,587.00
6/01/2007	16,587.00	-	16,587.00
9/01/2007	16,587.00	-	16,587.00
12/01/2007	16,587.00	-	16,587.00
3/01/2008	16,587.00	-	16,587.00
6/01/2008	16,587.00	-	16,587.00
9/01/2008	16,587.00	-	16,587.00
12/01/2008	16,587.00	-	16,587.00
3/01/2009	16,587.00	-	16,587.00
6/01/2009	16,587.00	-	16,587.00
9/01/2009	16,587.00	-	16,587.00
12/01/2009	16,587.00	-	16,587.00
3/01/2010	16,587.00	-	16,587.00
6/01/2010	16,587.00	-	16,587.00
9/01/2010	16,587.00	-	16,587.00
12/01/2010	16,587.00	-	16,587.00
3/01/2011	16,587.00	-	16,587.00
6/01/2011	16,587.00	-	16,587.00
9/01/2011	16,587.00	-	16,587.00
12/01/2011	16,587.00	-	16,587.00
3/01/2012	16,587.00	-	16,587.00
6/01/2012	16,587.00	-	16,587.00
9/01/2012	16,587.00	-	16,587.00
12/01/2012	16,587.00	-	16,587.00
3/01/2013	16,587.00	-	16,587.00
6/01/2013	16,587.00	-	16,587.00
9/01/2013	16,587.00	-	16,587.00
12/01/2013	16,587.00	-	16,587.00
3/01/2014	16,587.00	-	16,587.00
6/01/2014	16,587.00	-	16,587.00
9/01/2014	16,587.00	-	16,587.00
12/01/2014	16,587.00	-	16,587.00
3/01/2015	16,587.00	-	16,587.00
6/01/2015	16,587.00	-	16,587.00

Kanawha Falls PSD

Loan of $1,990,400
0% Interest Rate, 0.5% Admininstrative Fee, 30 Years
Closing Date: November 6, 2003

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2027	16,586.00	-	16,586.00
9/01/2027	16,586.00	-	16,586.00
12/01/2027	16,586.00	-	16,586.00
3/01/2028	16,586.00	-	16,586.00
6/01/2028	16,586.00	-	16,586.00
9/01/2028	16,586.00	-	16,586.00
12/01/2028	16,586.00	-	16,586.00
3/01/2029	16,586.00	-	16,586.00
6/01/2029	16,586.00	-	16,586.00
9/01/2029	16,586.00	-	16,586.00
12/01/2029	16,586.00	-	16,586.00
3/01/2030	16,586.00	-	16,586.00
6/01/2030	16,586.00	-	16,586.00
9/01/2030	16,586.00	-	16,586.00
12/01/2030	16,586.00	-	16,586.00
3/01/2031	16,586.00	-	16,586.00
6/01/2031	16,586.00	-	16,586.00
9/01/2031	16,586.00	-	16,586.00
12/01/2031	16,586.00	-	16,586.00
3/01/2032	16,586.00	-	16,586.00
6/01/2032	16,586.00	-	16,586.00
9/01/2032	16,586.00	-	16,586.00
12/01/2032	16,586.00	-	16,586.00
3/01/2033	16,586.00	-	16,586.00
6/01/2033	16,586.00	-	16,586.00
9/01/2033	16,586.00	-	16,586.00
12/01/2033	16,586.00	-	16,586.00
3/01/2034	16,586.00	-	16,586.00
6/01/2034	16,586.00	-	16,586.00
9/01/2034	16,586.00	-	16,586.00
12/01/2034	16,586.00	-	16,586.00
3/01/2035	16,586.00	-	16,586.00
Total	**1,990,400.00**	-	**1,990,400.00 ***

*Plus $1,254.35 one-half percent administrative fee paid quarterly. Total fee over life of loan is $150,522.

Ferris, Baker Watts
West Virginia Public Finance Office

File = Kanawha Falls PSD Loans.sf-10-22-03 CWSRF- SINGLE PURPOSE
10/22/2003 9:39 AM

WDA-LP II
(03/26/02)

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"), and the governmental agency designated below (the "Governmental Agency").

KANAWHA FALLS PUBLIC SERVICE DISTRICT
(Governmental Agency)

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 22C, Article 1 of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered to make loans to governmental agencies for the acquisition or construction of water development projects by such governmental agencies and to issue water development revenue bonds of the State of West Virginia (the "State") to finance, in whole or in part, by loans to governmental agencies, one or more water development projects, all subject to such provisions and limitations as are contained in the Act;

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

WHEREAS, the Governmental Agency is authorized and empowered by the statutes of the State to acquire, construct, improve, operate and maintain a water development 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 water development project at the location and as more particularly described and set forth in the Application, as hereinafter defined (the "Project");

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

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

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

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

1.8 "Project" means the water development project hereinabove referred to, to be constructed or being constructed by the Governmental Agency in whole or in part with the net proceeds of the Local Bonds or being or having been constructed by the Governmental Agency in whole or in part with the proceeds of bond anticipation notes or other interim financing, which is to be paid in whole or in part with the net proceeds of the Local Bonds.

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

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

ARTICLE II

The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be, being or having been constructed in accordance with plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers, the Authority having found, to the extent applicable, that the Project is consistent with the Act.

the particular contract as security for the faithful performance of such contract and shall verify or shall 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 Authority and shall verify or shall 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 is 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 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 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 Authority or other State, federal or local bodies in regard to the construction of the Project and operation, maintenance and use of the System.

or arbitrage certificate with respect to the exclusion of the interest on the Authority's water development revenue bonds from gross income of the holders thereof for federal income tax purposes;

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

(f) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") and the West Virginia Infrastructure and Jobs Development 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 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 for the issuance of the Local Bonds required by State law, and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

(h) 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 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;

(i) 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 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, to such effect; and

(j) 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

and until it has available funds sufficient 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. The Governmental Agency further specifically recognizes that during the last 90 days of a period to originate Loans from its water development revenue bond proceeds, the Authority may execute Loan Agreements, commit moneys and close Local Bond sales in such order and manner as it deems in the best interest of the Program. Additionally, the Governmental Agency recognizes that the Authority will purchase the Local Bonds only with funds from the Program and not with funds from any other loan programs of the Authority.

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 Authority:

(a) That the gross revenues of the System shall always be used for purposes of the System. Such gross revenues will 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, as reflected on the Schedule X attached hereto, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, beginning thirteen (13) 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

(iii) That the Governmental Agency shall complete the Project, shall operate and maintain the System in good condition and, to the extent applicable, in compliance with, among other state and federal standards, the water quality standards established by the West Virginia Bureau for Public Health (the "BPH"), the West Virginia Department of Environmental Protection (the "DEP") and the United States Environmental Protection Agency (the "EPA"), shall permit the BPH, the DEP and EPA 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, and shall, as a condition precedent to the Authority's making the Loan, have obtained, among other permits required, permits from the BPH, the DEP and the EPA, if required;

(iv) That, except as otherwise required by State law or with the written consent of 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; 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

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

(xvi) That, to the full extent permitted by applicable law and the rules and regulations of the PSC, the Governmental Agency shall 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;

(xvii) 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 Authority's water development revenue bonds;

(xviii) That the Governmental Agency shall provide the Authority with annual financial information and such other information as is necessary for the Authority to meet its ongoing disclosure requirements;

(xix) 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, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority 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;

(xx) That the West Virginia Municipal Bond Commission (the "Commission") shall serve as paying agent for the Local Bonds;

(xxi) 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;

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 Authority 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 Governmental Agency hereby represents and warrants that the Local Act has been or shall be duly adopted or enacted 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.

4.3 The principal of the Loan shall be repaid by the Governmental Agency annually 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 semiannual basis as provided in said Schedule X.

4.4 The Loan shall bear interest from the date of the delivery to the Authority of the Local Bonds until the date of payment thereof, at the rate or rates per annum set forth on Schedule X hereto. In no event shall the interest rate on or the net interest cost of the Local Bonds exceed any statutory limitation with regard thereto.

4.5 The Local Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Governmental Agency. 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 pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be as determined by the Authority and shall include, without limitation, Program expenses, legal

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 any 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 Section 7 of the Act, including, without limitation, the right to impose, enforce and collect charges of the System.

ARTICLE VI

Other Agreements of the Governmental Agency

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

6.2 At the option of the Authority, the Governmental Agency shall issue and sell to the Authority additional, subordinate bonds to evidence the Governmental Agency's obligation to repay to the Authority any grant received by the Governmental Agency from the Authority in excess of the amount to which the Governmental Agency is entitled pursuant to applicable policies or rules and regulations of the Authority. Also at the option of the Authority, the Governmental Agency may issue and sell to the Authority additional, subordinate bonds for such purposes as may be acceptable to the Authority.

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.

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

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

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

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

7.7 By execution and delivery of this Loan Agreement, 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.

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.

KANAWHA FALLS PSD
[Name of Governmental Agency]

(SEAL)

By: W R Wagner Sr
Its: Chairman

Attest:

Date: November 6, 2003

Nancy K. Terrell
Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: Daniel B. Yoho
Its: Director

Attest:

Date: November 6, 2003

Barbara B Meadows
Its: Secretary-Treasurer

00832/00302
03/26/02

Schedule A 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 A attached hereto; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - 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. _____

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[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).

Based upon the foregoing and upon our examination of such other documents as we have deemed necessary, we are of the opinion as follows:

1. The Loan Agreement has been duly authorized by and executed on behalf of the Governmental Agency and is a valid and binding special obligation of the Governmental Agency, enforceable in accordance with the terms thereof.

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

3. The Governmental Agency is a 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,

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.

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds $110,000
Purchase Price of Local Bonds $110,000

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semiannual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 5.80% per annum. Principal of the Local Bonds is payable on October 1 in each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

The Local Bonds are fully registered in the name of the Authority as to interest 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.

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:

Sewer Revenue Bonds, Series 1981, dated October 14, 1982, issued in the original principal amount of $2,400,000; Sewer Revenue Bonds, Series 1993 A, dated October 12, 1993, issued in the original principal amount of $2,872,937; and Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), dated November 6, 2003, issued in the original principal amount of $1,990,400.

SCHEDULE Z

None.

KANAWHA FALLS PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS,
SERIES 2003 A (WEST VIRGINIA SRF PROGRAM) AND
SERIES 2003 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

BOND RESOLUTION

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KANAWHA FALLS PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWER FACILITIES OF KANAWHA FALLS PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,990,400 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2003 A (WEST VIRGINIA SRF PROGRAM), AND NOT MORE THAN $110,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2003 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); 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 KANAWHA FALLS 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 , Chapter 22C, Article 1 and Chapter 22C, Article 2 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. Kanawha Falls Public Service District (the "Issuer") is a public service district, public corporation and political subdivision of the State of West Virginia in Fayette County of said State.

B. The Issuer presently owns and operates a public sewerage system. However, it is deemed necessary and desirable for the health, safety, convenience and welfare of the inhabitants of the Issuer that there be acquired and constructed certain improvements and extensions to the existing public sewer facilities of the Issuer, consisting of increasing the capacity of the Issuer's treatment plant, upgrading its sludge handling system and pump stations and extending its main line to connect to the City of Smithers' sewer system, together with all appurtenant facilities (collectively, the "Project"), which constitute public service properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (the existing public sewer 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. Upon completion of the Project, the City of Smithers will abandon its old treatment plant and pump its effluent into the Issuer's System.

C. The Issuer intends to permanently finance a portion of the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority").

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of not more than $2,100,400, in two series (collectively, the "Series 2003 Bonds"), being the Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), in the aggregate principal amount of not more than $1,990,400 (the "Series 2003 A Bonds"), and the Sewer Revenue Bonds, Series 2003 B (West Virginia Water Development Authority), in the aggregate principal amount of not more than $110,000 (the "Series 2003 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 2003 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 2003 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 2003 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 2003 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 2003 A Bonds be sold to the Authority pursuant to the terms and provisions of a bond purchase agreement by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and (ii) the Series 2003 B Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, in form satisfactory to the respective parties (collectively, the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2003 Bonds as to liens, pledge, source of and security for payment, being the (i) Sewer Revenue Bonds, Series 1981, dated October 14,1982, issued in the original principal amount of $2,400,000 (the "Series 1981 Bonds"), and (ii) Sewer Revenue Bonds, Series 1993 A, dated October 12, 1993, issued in the original principal amount of $2,872,937 (the "Series 1993 A Bonds" and collectively with the Series 1981 Bonds, the "Prior Bonds").

The Series 2003 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 2003 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 2003 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 2003 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 and construction of the Project; the operation of the System and the issuance of the Series 2003 Bonds, or will have so complied prior to issuance thereof, including, among other things and without limitation, the approval of the Project and the financing thereof by the West Virginia Infrastructure and Jobs Development Council (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 2003 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 2003 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 2003 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, Chapter 22 C, Article 1 and Chapter 22C, Article 2 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 2003 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," "Bond Resolution," "Local Act" or "Resolution" means this Bond Resolution and all orders and resolutions supplemental hereto or amendatory hereof.

"Bond Registrar" means the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns.

"Bonds" means, collectively, the Series 2003 Bonds, the Prior Bonds and any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

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

"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 2003 Bonds for all or a portion of the proceeds of the Series 2003 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.

"Completion Date" means the completion date of the Project, as defined in the SRF Regulations.

"Consulting Engineers" means Ghosh Engineers, Inc., Charleston, 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; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

"Costs" or "Costs of the Project" means those costs described in Section 1.02D hereof to be a part of the cost of acquisition and construction of the Project.

"Council" means the West Virginia Infrastructure and Jobs Development Council or any other agency of the State of West Virginia that succeeds to the functions of the Council.

"Depository Bank" means the bank or banks designated as such in the Supplemental Resolution and any successors and assigns, which shall be a member of FDIC.

"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 January 1 of each year and ending on December 31 of such year.

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

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

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

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined, purchased pursuant to Article 8.01 hereof) or any Tap Fees, as hereinafter defined.

"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 Kanawha Falls Public Service District, a public service district, public corporation and political subdivision of the State of West Virginia in Fayette County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" means, collectively, the bond purchase agreement heretofore entered, or to be entered, into by and among the Authority, the DEP and the Issuer, providing for the purchase of the Series 2003 A Bonds from the Issuer by the Authority, and the loan agreement heretofore entered, or to be entered, into by and between the Issuer and the Authority, providing for the purchase of the Series 2003 B Bonds from the Issuer by the Authority, the forms of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 2003 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 2003 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 reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the costs, the SRF Administrative Fee, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as herein defined), other than those capitalized as part of the costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Outstanding," when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered, except (i) any Bond canceled by the Bond Registrar at or prior to said date; (ii) any Bond for the payment of which moneys, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Article 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 2003 Bonds in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Series 1981 Bonds and the Series 1993 A Bonds, as described in Section 1.02G hereof.

"Prior Resolutions" means, collectively, the resolutions of the Issuer adopted June 18, 1981, and October 6, 1993, 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.

"Renewal and Replacement Fund" means the Renewal and Replacement Fund created by the Prior Resolutions and continued by Section 5.01 hereof.

"Reserve Accounts" means, collectively, the respective reserve accounts of the Series 2003 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 2003 Bonds" means, collectively, the Series 2003 A Bonds and the Series 2003 B Bonds.

"Series 2003 Bonds Construction Trust Fund" means the Series 2003 Bonds Construction Trust Fund created by Section 5.01 hereof.

"Series 2003 A Bonds" means the Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), of the Issuer, authorized by this Resolution.

"Series 2003 A Bonds Reserve Account" means the Series 2003 A Bonds Reserve Account created by Section 5.02 hereof.

"Series 2003 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 2003 A Bonds in the then current or any succeeding year.

"Series 2003 A Bonds Sinking Fund" means the Series 2003 A Bonds Sinking Fund created by Section 5.02 hereof.

"Series 2003 B Bonds" means the Sewer Revenue Bonds, Series 2003 B (West Virginia Water Development Authority), of the Issuer, authorized by this Resolution.

"Series 2003 B Bonds Reserve Account" means the Series 2003 B Bonds Reserve Account created by Section 5.02 hereof.

"Series 2003 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 2003 B Bonds in the then current or any succeeding year.

"Series 2003 B Bonds Sinking Fund" means the Series 2003 B Bonds Sinking Fund created by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds of the Series 2003 Bonds and the Prior Bonds.

"SRF Administrative Fee" means any administrative fee required to be paid under the Loan Agreement for the Series 2003 A Bonds.

"SRF Program" means the State's Water Pollution Control Revolving Fund Program, under which the Authority purchases the water pollution control revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds

of a capitalization grant award from the United States Environmental Protection Agency and funds from the State.

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

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution 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 2003 Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2003 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 Renewal and Replacement Fund.

"System" means the complete public service properties of the Issuer for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, as presently existing in its entirety or any integral part thereof, and shall include the Project and any additions, improvements and extensions thereto hereafter constructed or acquired for the System from any sources whatsoever.

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

Additional terms and phrases are defined in this Resolution as they are used. Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender; and any requirement for execution or attestation of the Bonds or any certificate or other document by the 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 $3,639,349, 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 2003 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 DEP and the Authority.

The cost of the Project is estimated to be $3,639,349, of which approximately $1,990,400 will be obtained from proceeds of the Series 2003 A Bonds, approximately $110,000 will be obtained from proceeds of the Series 2003 B Bonds, approximately $1,270,812 will be obtained from a contribution from the City of Smithers, and approximately $268,137 will be obtained from an Infrastructure Fund Grant.

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 2003 Bonds, funding the deficiency in the Series 1993 A Bonds Reserve Account, funding the Series 2003 A Bonds Reserve Account and the Series 2003 B Bonds Reserve Account, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2003 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 2003 Bonds of the Issuer. The Series 2003 Bonds shall be issued in two series, each as a single bond, designated respectively as "Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program)," in the principal amount of not more than $1,990,400, and "Sewer Revenue Bonds, Series 2003 B (West Virginia Water Development Authority)," in the principal amount of not more than $110,000, and each shall have such terms as set forth hereinafter and in the Supplemental Resolution.

Section 3.02. Terms of Bonds. The Series 2003 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 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 2003 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 2003 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 2003 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 each series of the Series 2003 Bonds. The Series 2003 Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution. 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 2003 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 2003 Bonds shall cease to be such officer of the Issuer before the Series 2003 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 2003 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2003 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.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2003 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 2003 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 holder for value.

So long as the Series 2003 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 2003 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 2003 Bonds or transferring the registered Series 2003 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 2003 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 2003 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 2003 A Bonds and the Series 2003 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 2003 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. The Issuer shall execute and deliver the Series 2003 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2003 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.

Section 3.10. Form of Bonds. The text of each series of the Series 2003 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 2003 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
KANAWHA FALLS PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2003 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That KANAWHA FALLS PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Fayette 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. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) on this Bond shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____1, _____, as set forth on EXHIBIT B attached hereto.

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 Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement by and among the Issuer, the Authority and the DEP, 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 sewer facilities of the Issuer (the "Project"); (ii) to fund a reserve account for this Bond; and (iii) to pay certain costs of issuance of this Bond and related costs. The existing public sewer 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 22C, Article 2 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) SEWER REVENUE BONDS, SERIES 1981, DATED OCTOBER 14, 1982, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,400,000 (THE "SERIES 1981 BONDS"); (2) SEWER REVENUE BONDS, SERIES 1993 A, DATED OCTOBER 12, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,872,937 (THE "SERIES 1993 A BONDS"); AND (3) SEWER REVENUE BONDS, SERIES 2003 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED NOVEMBER 6, 2003, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $110,000 (THE "SERIES 2003 B BONDS"). THE SERIES 1981 BONDS AND THE SERIES 1993 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 2003 B Bonds, and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2003 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 2003 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 2003 B Bonds; provided however, that so long as there exists in the Series 2003 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 2003 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, KANAWHA FALLS 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 2003 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 2003 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
KANAWHA FALLS PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2003 B
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. BR-__ $_____

KNOW ALL MEN BY THESE PRESENTS: That KANAWHA FALLS PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Fayette 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 ($_____), in annual installments on October 1 of each year, commencing October 1, _____, as set forth on the "Debt Service Schedule" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A. The interest on this Bond shall commence on the date hereof and shall be payable semiannually on April 1 and October 1 of each year, commencing _____1, _____, as set forth on Exhibit A attached hereto.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the Registered Owner (as defined in the hereinafter described Bond Legislation) hereof at the address as it appears on the books of the Registrar (as defined in the hereinafter described Bond Legislation) on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, 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 sewer facilities of the Issuer (the "Project"); (ii) to fund a reserve account for this Bond; (iii) to fund the deficiency in the Series 1993 A Bonds Reserve Account of the Issuer to the requirement therefor; and (iv) to pay certain costs of issuance of this Bond and related costs. The existing public sewer 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 22C, Article 1of 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) SEWER REVENUE BONDS, SERIES 1981, DATED OCTOBER 14, 1982, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,400,000 (THE "SERIES 1981 BONDS"); (2) SEWER REVENUE BONDS, SERIES 1993 A, DATED OCTOBER 12, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,872,937 (THE "SERIES 1993 A BONDS"); AND (3) SEWER REVENUE BONDS, SERIES 2003 A (WEST VIRGINIA SRF PROGRAM), DATED NOVEMBER 6, 2003, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,990,400 (THE "SERIES 2003 A BONDS"). THE SERIES 1981 BONDS AND THE SERIES 1993 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 2003 A Bonds, and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2003 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 2003 B Bonds Reserve Account and unexpended proceeds

of this Bond. Pursuant to the Resolution, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 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 on or payable from such revenues on a parity with this Bond, including the Prior Bonds and the Series 2003 A Bonds; provided however, that so long as there exists in the Series 2003 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 2003 A Bonds, an amount equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owner 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 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 the purposes set forth above and 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 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 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, KANAWHA FALLS 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 2003 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below.

Date: _____, 200__.

_____, as Registrar

_____
Authorized Officer

EXHIBIT A

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 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 2003 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.

Section 3.12. Filing of Amended Schedule. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority and the DEP, a schedule, the forms of which will be provided by the Authority and the DEP, 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 created 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 (created by the Prior Resolutions);

(2) Renewal and Replacement Fund (created by the Prior Resolutions); and

(3) Series 2003 Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with (or continued if previously created by the Prior Resolutions) 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 1981 Bonds Reserve Account (created as the Reserve Fund for the Series 1981 Bonds by the Prior Resolutions at the Depository Bank and hereby transferred to the Commission);

(2) Series 1993 A Bonds Sinking Fund (created by the Prior Resolutions);

(3) Series 1993 A Bonds Reserve Account (created by the Prior Resolutions);

(4) Series 2003 A Bonds Sinking Fund;

(5) Series 2003 A Bonds Reserve Account;

(6) Series 2003 B Bonds Sinking Fund; and

(7) Series 2003 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, each month, transfer from the Revenue Fund and (i) remit the interest payments to the Sinking Funds of the Prior Bonds in the amounts and on the dates required by the Prior Resolutions; and (ii) remit to the Commission, on the first day of each month, commencing 7 months prior to the first date of payment of interest on the Series 2003 B Bonds for which interest has not been capitalized, for deposit in the Series 2003 B Bonds Sinking Fund, an amount equal to 1/6th of the amount of interest which will become due on the Series 2003 B Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2003 B Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next semiannual interest payment date, the required amount of interest coming due on such date.

(3) The Issuer shall next, each month, transfer from the Revenue Fund and (i) remit the principal payments to the Sinking Funds of the Prior Bonds in the amounts and on the dates required by the Prior Resolutions; (ii) remit to the Commission, on the first day of each month, commencing 3 months prior to the first date of payment of principal of the Series 2003 A Bonds, for deposit in the Series 2003 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2003 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 2003 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 Commission, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 2003 B Bonds, for deposit in the Series 2003 B Bonds Sinking Fund, an amount equal to 1/12th of the amount of principal which will mature and become due on the Series 2003 B Bonds on the next ensuing annual principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2003 B Bonds Sinking Fund and the next annual principal payment date is less than 13 months, then such monthly payment shall be increased proportionately to provide, 1 month

prior to the next annual principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, each month, transfer from the Revenue Fund and (i) remit the reserve account payments to the Reserve Accounts of the Prior Bonds in the amounts and on the dates required by the Prior Resolutions; (ii) remit to the Commission, on the first day of each month, 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 2003 A Bonds, for deposit in the Series 2003 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2003 A Bonds Reserve Requirement, until the amount in the Series 2003 A Bonds Reserve Account equals the Series 2003 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2003 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 2003 A Bonds Reserve Requirement; and (iii) remit to the Commission, on the first day of each month, 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 2003 B Bonds, for deposit in the Series 2003 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2003 B Bonds Reserve Requirement, until the amount in the Series 2003 B Bonds Reserve Account equals the Series 2003 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2003 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 2003 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 Renewal and Replacement Fund, an amount equal to 2 1/2% of the Gross Revenues each month (as previously set forth in the Prior Resolutions and not in addition thereto), exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement 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 Renewal and Replacement 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 Renewal and Replacement Fund.

Moneys in the Series 2003 A Bonds Sinking Fund and the Series 2003 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2003 Bonds, respectively, as the same shall become due. Moneys in the

Series 2003 A Bonds Reserve Account and the Series 2003 B Bonds Reserve Account shall be used only for the purposes of paying principal of and interest, if any, on the Series 2003 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 2003 A Bonds Reserve Account and the Series 2003 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 2003 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 2003 Bonds, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 2003 A Bonds Reserve Account or the Series 2003 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 2003 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 2003 Bonds when the aggregate amount of funds therein are at least equal to the respective aggregate principal amount of the Series 2003 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 2003 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 2003 A Bonds Sinking Fund, the Series 2003 A Bonds Reserve Account, the Series 2003 B Bonds Sinking Fund and the Series 2003 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

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 2003 A Bonds Sinking Fund, the Series 2003 A Bonds Reserve Account, the Series 2003 B Bonds Sinking Fund and the Series 2003 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 2003 Bonds shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2003 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. The Issuer shall also 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 SRF Administrative Fee set forth in the Schedule Y attached to the Loan Agreement for the Series 2003 A Bonds.

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 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. A. From the moneys received from the sale of the Series 2003 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

(a) From the proceeds of the Series 2003 A Bonds, there shall first be deposited in the Series 2003 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 2003 A Bonds for the period commencing on the date of issuance of the Series 2003 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

(b) Next, from the proceeds of the Series 2003 A Bonds, there shall be deposited in the Series 2003 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2003 A Bonds Reserve Account.

(c) As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2003 A Bonds, such moneys shall be deposited with the Depository Bank in the Series 2003 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 2003 A Bonds.

(d) After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2003 A Bonds shall be expended as directed by the DEP.

B. From the moneys received from the sale of the Series 2003 B Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

(a) From the proceeds of the Series 2003 B Bonds, there shall first be deposited in the Series 2003 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 2003 B Bonds for the period commencing on the date of issuance of the Series 2003 B Bonds and ending 6 months after the estimated date of completion of construction of the Project.

(b) Next, from the proceeds of the Series 2003 B Bonds, there shall be deposited in the Series 2003 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2003 B Bonds Reserve Account.

(c) Next, from the proceeds of the Series 2003 B Bonds, there shall be deposited in the Series 1993 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the deficiency in the Series 1993 A Bonds Reserve Account to the requirement therefor.

(d) The remaining moneys derived from the sale of the Series 2003 B Bonds shall be deposited with the Depository Bank in the Series 2003 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 2003 B Bonds.

(e) 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 2003 B Bonds shall be expended as directed by the Authority.

Section 6.02. Disbursements From the Bond Construction Trust Fund.

A. On or before the Closing Date, the Issuer shall have delivered to the DEP and the Authority a report listing the specific purposes for which the proceeds of the Series 2003 A Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments of all costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2003 Bonds Construction Trust Fund shall be made only after submission to and approval from the DEP and the Authority of the following:

(1) A completed and signed "Payment Requisition Form," in the form attached to the Loan Agreement for the Series 2003 A Bonds, in compliance with the construction schedule, and

(2) 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.

B. Except as provided in Section 6.01 hereof, disbursements from the Series 2003 Bonds Construction Trust Fund shall be made only after submission to the Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

(b) Each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a cost of the Project;

(c) Each of such costs has been otherwise properly incurred; and

(d) Payment for each of the items proposed is then due and owing.

Pending such application, moneys in the Series 2003 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 2003 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 2003 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 2003 Bonds or the interest, if any, thereon are Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2003 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 2003 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2003 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 2003 A Bonds and the Series 2003 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 2003 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 2003 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 2003 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 2003 Bonds are Outstanding and except as otherwise required by law or with the written consent of the DEP 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 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 2003 Bonds, be remitted to the respective Sinking Funds and applied to the payment of principal of and interest, if any, on the Series 2003 Bonds. Any balance remaining after the payment of the Series 2003 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 Renewal and Replacement 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 Renewal and Replacement Fund. The payment of such proceeds into the Renewal and Replacement 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 2003 Bonds. All obligations issued by the Issuer after the issuance of the Series 2003 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 2003 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 2003 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 2003 Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

The Issuer shall give the Authority and the DEP 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 2003 Bonds pursuant to this Bond Legislation, except

with the prior written consent of the Authority and the DEP 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 2003 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 1981 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 1981 Bonds, representing 75% of the then-outstanding principal indebtedness. In the event the foregoing limitation is waived or when the Series 1981 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 2003 Bonds.

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

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority and the DEP, or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority and the DEP 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 and the DEP, 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 DEP, the Authority, or any other original purchaser of the Series 2003 Bonds, and shall mail in each year to any Registered Owner of the Series 2003 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 2003 Bonds, and shall submit said report to the Authority and the DEP, or any other original purchaser of the Series 2003 Bonds. Such audit report submitted to the Authority and the DEP 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 and the DEP, 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 and the DEP, or their agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and the DEP with respect to the System pursuant to the Act.

The Issuer shall provide the DEP with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in the Loan Agreement or as promulgated from time to time.

Section 7.09. Rates. Prior to the issuance of the Series 2003 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 2003 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2003 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 2003 Bonds and the reserve accounts for obligations on a parity with the Series 2003 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 2003 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2003 Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the DEP 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 and the DEP and to any Registered Owner of any Bonds, within 30 days of adoption thereof, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Authority and the DEP and to any Registered Owner of any Bonds, or anyone acting for and in behalf of such Registered Owner of any Bonds.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for two years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement, and forward a copy of such report to the Authority and the DEP 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 and the DEP, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the DEP 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 and the DEP, covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such engineer shall certify to the Authority, the DEP and the Issuer at the completion of construction that construction of the Project is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

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

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to the DEP when the Project is

90% completed. The Issuer shall at all times provide operation and maintenance of the System in compliance with all State and federal standards.

The Issuer shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator to operate the System during the entire term of the Loan Agreement. The Issuer shall notify the DEP in writing of the certified operator employed at the 50% completion stage.

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 and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the water facilities are not owned by the Issuer, the Issuer shall enter into a termination agreement with the water provider, subject to any required approval of such agreement by the PSC and all rules, regulations and orders of the PSC.

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 Series 2003 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 Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement 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 and the DEP. 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. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the PSC, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner,

tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

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 2003 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 2003 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 2003 Bonds; and shall be on a parity with the statutory mortgage lien of the Prior Bonds.

Section 7.20. Compliance with Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Loan Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer shall provide the DEP 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 DEP 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 2003 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 DEP for written approval. The Issuer shall obtain the written approval of the DEP before expending any proceeds of the Series 2003 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 DEP before expending any proceeds of the Series 2003 Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding provided by the Authority and the DEP 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 2003 Bonds are Outstanding and as long thereafter as necessary to comply with the Code and to assure the exclusion of interest, if any, on the Series 2003 Bonds from gross income for federal income tax purposes.

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 2003 Bonds as a condition to issuance of the Series 2003 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 2003 Bonds as may be necessary in order to maintain the status of the Series 2003 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 2003 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 2003 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 2003 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 2003 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 2003 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 2003 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2003 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a 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 a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Registered Owners of the Series 2003 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 a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project, 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 AND DEFEASANCE OF BONDS

Section 10.01. Payment of Series 2003 A Bonds. If the Issuer shall pay or there shall otherwise be paid to the Registered Owners of the Series 2003 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 2003 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Section 10.02. Defeasance of Series 2003 B Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid to the Registered Owners of the Series 2003 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 2003 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

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

pay when due the principal installments of and interest to become due on such Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2003 Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2003 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 2003 Bonds shall be made without the consent in writing of the Registered Owners of the Series 2003 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 2003 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 2003 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 2003 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, the Issuer shall have caused to be published in a newspaper of general circulation in each municipality in Kanawha Falls Public Service District and within the boundaries of the Issuer, a Class II legal advertisement stating:

(a) The maximum amount of the Series 2003 Bonds to be issued;

(b) The maximum interest rate and terms of the Series 2003 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 4th day of November, 2003.

Chairperson

Member

Member

M0395053.1

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of KANAWHA FALLS PUBLIC SERVICE DISTRICT on the 4th day of November, 2003.

Dated this 6th day of November, 2003.

[SEAL]

Secretary

10/28/03
006699/00303

M0395053.1

KANAWHA FALLS PUBLIC SERVICE DISTRICT 2.6
SEWER REVENUE BONDS,
SERIES 2003 A (WEST VIRGINIA SRF PROGRAM) AND
SERIES 2003 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE KANAWHA FALLS PUBLIC SERVICE DISTRICT SEWER REVENUE BONDS, SERIES 2003 A (WEST VIRGINIA SRF PROGRAM) AND SERIES 2003 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; APPROVING AND RATIFYING THE LOAN AGREEMENTS WITH RESPECT TO SUCH 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 Kanawha Falls Public Service District (the "Issuer") has duly and officially adopted a Bond Resolution on November 4, 2003 (the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWER FACILITIES OF KANAWHA FALLS PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,990,400 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2003 A (WEST VIRGINIA SRF PROGRAM), AND NOT MORE THAN $110,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2003 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); 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 Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program) and Series 2003 B (West Virginia Water Development Authority), of the Issuer, in the respective aggregate principal amounts not to exceed $1,990,400 and $110,000 (collectively, the "Bonds"and individually, the "Series 2003 A Bonds" and the "Series 2003 B Bonds"), and has authorized the execution and delivery of a bond purchase agreement relating to the Series 2003 A Bonds, including all schedules and exhibits attached thereto, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), and a loan agreement relating to the Series 2003 B Bonds, including all schedules and exhibits attached thereto, by and between the Issuer and the Authority (collectively, the "Loan Agreement"), all in accordance with Chapter 16, Article 13A, Chapter 22C, Article 1 and Chapter 22C, Article 2 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 Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and 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 KANAWHA FALLS 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. Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), of the Issuer, originally represented by a single bond, numbered AR-1, in the original principal amount of $1,990,400. The Series 2003 A Bonds shall be dated the date of delivery, shall

finally mature March 1, 2035, and shall bear no interest. The principal of the Series 2003 A Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1,2005, in the amounts set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Series 2003 A Bonds. The Series 2003 A Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, 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 2003 A Bonds. The Issuer hereby approves and shall pay the SRF Administrative Fee equal to 0.5% of the principal amount of the Series 2003 A Bonds set forth in the Schedule Y attached to the Loan Agreement.

B. Sewer Revenue Bonds, Series 2003 B (West Virginia Water Development Authority), of the Issuer, originally represented by a single bond, numbered BR-1, in the original principal amount of $110,000. The Series 2003 B Bonds shall be dated the date of delivery, shall finally mature October 1, 2023, and shall bear interest at a rate of _5.8% per annum, payable semiannually on April 1 and October 1 of each year, commencing April 1, 2004. The principal of the Series 2003 B Bonds shall be payable annually on October 1 of each year, commencing October 1, 2004, in the amounts set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Series 2003 B Bonds. The Series 2003 B Bonds shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and 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 2003 B Bonds.

Section 2. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the form provided in the Resolution.

Section 3. The Issuer 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 DEP and the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Series 2003 A Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer hereby appoints and designates City National Bank, Gauley Bridge, West Virginia, to serve as Registrar (the "Registrar") for the 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 Bonds under the Resolution.

Section 6. The Issuer hereby appoints and designates City National Bank, Gauley Bridge, West Virginia, to serve as the Depository Bank under the Resolution.

Section 7. Series 2003 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2003 A Bonds Sinking Fund as capitalized interest.

Section 8. Series 2003 A Bonds proceeds in the amount of $66,348 shall be deposited in the Series 2003 A Bonds Reserve Account.

Section 9. The remaining proceeds of the Series 2003 A Bonds, as advanced from time to time, shall be deposited in the Series 2003 Bonds Construction Trust Fund for payment of costs of the Project, including costs of issuance of the Series 2003 A Bonds.

Section 10. Series 2003 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2003 B Bonds Sinking Fund as capitalized interest.

Section 11. Series 2003 B Bonds proceeds in the amount of $9,386 shall be deposited in the Series 2003 B Bonds Reserve Account.

Section 12. Series 2003 B Bonds proceeds in the amount of $98,351 shall be deposited in the Series 1993 A Bonds Reserve Account of the Issuer to fully fund up the deficiency in such account to the requirement therefor.

Section 13. The remaining proceeds of the Series 2003 B Bonds shall be deposited in the Series 2003 Bonds Construction Trust Fund for payment of costs of the Project, including costs of issuance of the Series 2003 B Bonds.

Section 14. 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 Authority pursuant to the Loan Agreement on or about November 6, 2003.

Section 15. 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 16. 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 Bonds shall be invested by the Commission in the West Virginia Consolidated Fund.

Section 17. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project.

Section 18. The Issuer hereby approves the costs of issuance and authorizes the payment of the same.

Section 19. Pursuant to Section 5.02(1) of the Resolution and in compliance with the request of the Registered Owner of the Series 1981 Bonds, the Issuer hereby approves and directs the transfer of the Series 1981 Bonds Reserve Account from the Depository Bank to the Commission in an amount equal to $142,000, being the "Minimum Reserve," as set forth in the Prior Resolution.

Section 20. The Issuer hereby approves the Operating Agreement between the City of Smithers and the Issuer.

Section 21. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 4th day of November, 2003.

W R Wagner Jr
Chairperson

Alfred Lynch
Member

Nancy K. Perrell
Member

CERTIFICATION

Certified as a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Kanawha Falls Public Service District on the 4th day of November, 2003.

Dated this 6th day of November, 2003.

[SEAL]

Nancy R. Powell
Secretary

11/03/03
006699/00303

KANAWHA FALLS PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS,
SERIES 2003 A (WEST VIRGINIA SRF PROGRAM) AND
SERIES 2003 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

MINUTES ON ADOPTION OF BOND
RESOLUTION AND SUPPLEMENTAL RESOLUTION

The undersigned duly appointed Secretary of the Public Service Board of Kanawha Falls 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 Kanawha Falls Public Service District met in special session, pursuant to notice duly posted, on the 4th day of November, 2003, in Gauley Bridge, West Virginia, at the hour of 11:00 a.m.

PRESENT:	Roger Wagner, II	-	Chairperson and Member
	Nancy Ferrell	-	Secretary and Member
	Alfred Lynch	-	Treasurer and Member
	Wyatt Hanna		
	Billy Priest		
	Doug Olds		
	Samme L. Gee		

ABSENT: None

Roger Wagner, II, Chairperson, presided, and Nancy Ferrell 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.

*** *** ***

First, the Chairperson presented the amended Rules of Procedure for the Board and caused the same to be read and there was discussion. Thereupon, on motion duly made by Nancy Ferrell and seconded by Alfred Lynch, it was unanimously ordered that said amended Rules of Procedure be adopted and be in full force and effect on and from the date hereof.

Next, 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 SEWER FACILITIES OF KANAWHA FALLS PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,990,400 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2003 A (WEST VIRGINIA SRF PROGRAM), AND NOT MORE THAN $110,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2003 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); 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. Thereupon, on motion duly made by Nancy Ferrell and seconded by Alfred Lynch, 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 KANAWHA FALLS PUBLIC SERVICE DISTRICT SEWER REVENUE BONDS, SERIES 2003 A (WEST VIRGINIA SRF PROGRAM) AND SERIES 2003 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; APPROVING AND

BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; APPROVING AND RATIFYING THE LOAN AGREEMENTS WITH RESPECT TO SUCH 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. Thereupon, on motion duly made by Nancy Ferrell and seconded by Alfred Lynch, 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.

W L Wagner
Chairperson

Nancy R. Ferrell
Secretary

CERTIFICATION

I hereby certify that the foregoing action of Kanawha Falls Public Service District remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 6th day of November, 2003.

Nancy R. Pierce
Secretary

10/15/03
006699/00303

The Montgomery Herald

Serving THE UPPER KANAWHA VALLEY

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CERTIFICATE OF PUBLICATION

Fee For Publication $ 29.96

I, Sonya Grooms, legal clerk of **THE MONTGOMERY HERALD**, a weekly newspaper, published in the City of Montgomery, County of Fayette, State of West Virginia, do hereby declare that the herewith attached, was published in said newspaper in its issue date the 22nd day of October, 2003

(Signed) Sonya Grooms
Sonya Grooms
Legal Clerk

SIGNED AND SWORN TO AND BEFORE ME THIS
29th day of October, 2003

(Signed) Donna S. Dickerson
Notary Public

MY COMMISSION EXPIRES July 13, 2004

OFFICIAL SEAL
NOTARY PUBLIC, STATE OF WEST VIRGINIA
DONNA S. DICKERSON
Fayette Tribune/Beckley Newspapers
P.O. Box 189
Oak Hill, WV 25901
My Commission Expires July 13, 2004

KANAWHA FALLS PUBLIC SERVICE DISTRICT
NOTICE OF SPECIAL MEETING

The Public Service Board of Kanawha Falls Public Service District (the "District") will hold a special meeting on Tuesday, November 4, 2003, at 11:00 a.m., prevailing time, at the District's office at 362 Main Street, Gauley Bridge, West Virginia, for the following purposes:

1. To consider and adopt amended Rules of Procedure for the Board.
2. To consider and adopt a proposed Bond Resolution authorizing its Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program) and Series 2003 B (West Virginia Water Development Authority), in the total aggregate principal amount of $2,100,400 (the "Bonds"), to pay the cost of acquisition and construction of certain improvements and extensions to the existing public sewer facilities of the District (the "Project") and the costs of issuance and related costs.
3. To consider and adopt a proposed Supplemental Resolution approving the terms and other provisions of the Bonds.
4. To consider and adopt a proposed Resolution approving the invoices in connection with the Project for payment with proceeds of the Bonds.
5. To consider and approve all other documents and matters in connection with the financing and construction of the Project.

This meeting is open to the press and the public and any person interested may attend such meeting.

Nancy Ferrell
Secretary

10-22-WED-1-MH; LG 153

AFFIDAVIT OF PUBLICATION

BECKLEY NEWSPAPERS INC.

BECKLEY, WEST VIRGINIA 25801

August 09, 2000

STATE OF WEST VIRGINIA
COUNTY OF FAYETTE, to wit:

I, Sonya Grooms, being duly sworn upon my oath, do depose and say that I am Legal Clerk for Beckley Newspapers, Inc., a corporation, publisher of the newspaper entitled The Montgomery Herald, a Democratic newspaper, that I have been duly authorized by the board of directors of such corporation to execute this affidavit of publication; that such newspaper has been published for more than one year prior to publication of the annexed notice described below; that such newspaper is regularly published weekly for at least fifty weeks during the calendar year, in the municipality of Montgomery, Fayette County, West Virginia; that such newspaper is a newspaper of "general circulation" as that term is defined in article three, chapter fifty nine of the Code of West Virginia, 1931, as amended, within the publication area or areas of the aforesaid municipality and county; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price of consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, advertisements and other notices; that the annexed notice

of CERTIFICATE OF CONVENIENCE
(Description of notice)

was duly published in said newspaper once a week for two successive weeks (Class 2), commencing with the issue of the 2nd day of August, 2000, and ending with the issue of the 9th day of August, 2000, and was posted at the Fayette County Courthouse on the 9th day of August, 2000, that said annexed notice was published on the following dates:

08/02/2000,08/09/00

and that the cost of publishing said annexed notice as aforesaid was $ 183.73

Signed: Sonya Grooms
Sonya Grooms
Legal Clerk
Beckley Newspapers

Taken, subscribed and sworn to before me in my said County this 9th day of August, 2000

My commission expires August 27, 2001

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
DIANA L. SLOPE
BECKLEY NEWSPAPERS
P.O. DRAWER 1234
BECKLEY, WV 25801
My Commission Expires October 27, 2001

Diana L. Slope
Notary Public of Raleigh County, West Virginia

COPY OF PUBLICATION

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA CHARLESTON

NOTICE OF PRE-FILING OF AN APPLICATION FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY WITH THE PUBLIC SERVICE COMMISSION OF WEST VIRGINIA

To the residents, citizens, tenants, and owners, customer and other interested parties residing in the communities of Gauley Bridge, Boomer, Falls View, Alloy, Charlton Heights, Glen Ferris, Cannelton, Smithers, Deepwater, Armstrong Creek, Mt. Olive Correctional Facility of the West Virginia Department of Corrections and to the commercial and residential wastewater treatment customers of the Deepwater Public Service District and the Armstrong Public Service District, and any other persons within the service area of the Kanawha Falls Public Service District

Please take notice that the Kanawha Falls Public Service District of Gauley Bridge, West Virginia, whose mailing address is Box 448, Gauley Bridge, WV 25085, intends to file a formal Application with the Public Service Commission of West Virginia in accordance with Chapter 24-2-11 of the Code of West Virginia as amended, for a certificate of convenience and necessity to construct an upgrade to the District s wastewater treatment plant and other systems upgrades in order to provide service to approximately 540 new customers in the Town of Smithers.

The estimated total cost of the proposed project is anticipated not to exceed Two Million Nine Hundred Thousand Dollars ($2,900,000.00). The sources of funds for this proposed project are as follows:

1. State Revolving Fund Loan - Two Million Two Hundred Thousand Dollars ($2,200,000.00).
2. HUD Small cities Block Grant - Seven Hundred Fifty Thousand Dollars ($750,000.00).

The State Revolving Fund Loan for Two Million Two Hundred Thousand Dollars ($2,200,000.00) will be issued at a rate of 3% interest for a maturity date of thirty (30) years.

The Seven Hundred Fifty Thousand Dollars ina a Small Cities Block Grant given to the Town of Smithers Fayette County, West Virginia, to aid in the construction of the expansion of the District's sewage treatment plant.

The Town of Smithers may be acquiring certain rights of way from the public, as well as from the State of West Virginia, and possibly other governmental entities as part of this project. The Kanawha Falls Public Service District anticipates that the rates for all of is sewer customers will not exceed the following:

APPLICABILITY
Applicable in entire territory served.
AVAILABILITY OF SERVICE
Available for general domestic, commercial and industrial service
RATE
First 3,000 gallons used per month $9.20 per 1,000 gallons
All Over 3,000 gallons used per month $4.86 per 1,000 gallons
MINIMUM CHARGE - SEWER
No bill will be rendered for less then the following amount: $18.40 per month.
FLAT RATE
For unmetered customers $28.83. (Based on consumption of 3.5 M gallons per month)
RESALE RATE
$3.90 per 1,000 gallons per month
BULK RATE
For customers using in excess of 1,000 M gallons per month
Upon Commissions' Final Order: $2.36 per M gallons per month
Six months following the commission's Final Order. $2.90 per M gallons per month
Twelve months following the commission's Final Order: $3.46 per M gallons per month
Eighteen months following the Commission's Final Order $3.93 per M gallons per month
PRISON AUTHORITY
$2.65 per 1,000 gallons per month
Minimum bill $11,790 per month. (Based on consumption of 4,500 M gallons used per month)
DELAYED PAYMENT PENALTY
The above schedule is net. ON all accounts not paid in full within twenty (20) days, ten percent (10%) will be added to the net amount shown. This delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

This project will require a rate increase concerning the District s present rates.

This project will be joint project of the Town of Smithers and the Kanawha Falls Public Service District to provide sewage treatment for the Town of Smithers in the expansion and remodeling of their sewers and surface water lines and the elimination of the present sewage treatment plant of the Town.

The Town of Smithers will pay the Kanawha Falls Public Service District a rate for the treatment and disposal of sewage to be established by the Public Service Commission of West Virginia.

The proposed engineering plans are on file at the Business Office of the Kanawha Falls Public Service District at Gauley Bridge, West Virginia, and will also be filed with the Application for a Certificate of Convenience and Necessity as outlined above.

It is expected that the final Application before the Public Service Commission will be a joint application of the Kanawha Falls Public Service District and the Sanitary Board of the Town of Smithers and the Town of Smithers.

Anyone wishing to object to this proposed project may contact the Executive Secretary of the Public Service Commission of West Virginia, at 201 Brooks Street, Charleston, West Virginia. Further, anyone desiring a hearing must demand a hearing in a letter of protest to the Public Service Commission at the aforesaid address. I no significant letters of protest are received, the Public Service Commission may approve the Application for a Certificate of Convenience and Necessity for this sewer project without a hearing.

Formal application for a Certificate of Convenience and Necessity will be filed with the Public Service Commission not earlier than thirty (30) days from the second publication of this Notice. This Notice is prepared pursuant to West Virginia Code 16-13A-2b.

Dated: July 28, 2000
KANAWHA FALLS PUBLIC SERVICE DISTRICT
Roger Wagner, Chairman
LG 153 8 9-WED-2-MH

CHARLESTON NEWSPAPERS
P.O. Box 2993
Charleston, West Virginia 25330
Billing 348-4898
Classified 348-4848
1-800-WVA-NEWS
FEIN 55-0676079

INVOICE DATE	08/09/00
ACCCUNT NBR	050106000
SALES REP ID	0013
INVOICE NBR	763858001

Legal pricing is based upon 63 words per column inch at a rate of $.0925 per word.
Each successive insertion is discounted by 25% of the first insertion rate ($.069375 per word).

ISSUE DATE	AD TYPE	PUB	DESCRIPTION / REFERENCE NBR PURCHASE ORDER #	AD NUMBER	AD SIZE / TOTAL RUN	RATE	GROSS AMOUNT	NET AMOUNT
07/31	LEGF	DM	KAN FULL PSD	L533449	3X0825			
			763858001		24.75	5.82	144.05	144.05
08/07	LEGR	DM	KAN FULL PSD		3X0825			
			763858002		24.75	5.82	144.05	
			LEGAL DISCOUNT 25%				36.01-	108.04
			TOTAL INVOICE AMOUNT					252.09

State of West Virginia,

AFFIDAVIT OF PUBLICATION

I, Sandra Legg of

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
LYNN R. FIELDER
3265 PUTNAM AVE.
HURRICANE, WV 25526
My Commission Expires December 11, 2005

THE DAILY MAIL, A DAILY REPUBLICAN NEWSPAPER,
published in the city of Charleston, Kanawha County. West Virginia, do solemnly swear that the annexed notice of:
KAN FULL PSD
was duly published in said paper(s) during the dates listed below, and was posted at the front door of the court house of said Kanawha County, West Virginia, on the 1ST day of AUGUST 2000. Published during the following dates: 07/31/00-08/07/00
Subscribed and sworn to before me this 10 day of August.
Printers fee $ 252.09

Lynn R. Fielder
Notary Public of Kanawha County, West Virginia

PUBLIC SERVICE COMMISSION
OR WEST VIRGINIA
CHARLESTON

NOTICE OF PRE-FILING OF AN APPLICATION FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY WITH THE PUBLIC SERVICE COMMISSION OF WEST VIRGINIA

To the residents, citizens, tenants, land owners, customers and other interested parties residing in the communities of Gauley Bridge, Boomer, Falls View, Alloy, Charlton Heights, Glen Ferris, Cannelton, Smithers, Deepwater, Armstrong Creek, Mt. Olive Correctional Facility of the West Virginia Department of Corrections and to the commercial and residential wastewater treatment customers of the Deepwater Public Service District and the Armstrong Public Service District, and any other persons within the service area of the Kanawha Falls Public Service District.

Please take notice that the Kanawha Falls Public Service District of Gauley Bridge, West Virginia, whose mailing address is Box 448, Gauley Bridge, WV 25085, intends to file a formal Application with the Public Service Commission of West Virginia in accordance with Chapter 24-2-11 of the Code of West Virginia as amended, for a certificate of convenience and necessity to construct an upgrade to the District's wastewater treatment plant and other systems upgrades in order to provide service to approximately 540 new customers in the Town of Smithers.

The estimated total cost of the proposed project is anticipated not to exceed Two Million Nine Hundred Thousand Dollars ($2,900,000.00). The source of funds for this proposed project are as follows:

1. State Revolving Fund Loan - Two Million Two Hundred Thousand Dollars ($2,200,000.00)
2. HUD Small Cities Block Grant - Seven Hundred Fifty Thousand Dollars ($750,000.00).

The State Revolving Fund Loan for Two Million Two Hundred Thousand Dollars ($2,200,000.00) will be issued at a rate of 3% interest for a maturity date of thirty (30) years.

The Seven Hundred Fifty Thousand Dollars is a Small Cities Block Grant given to the Town of Smithers, Fayette County, West Virginia, to aid in the construction of the expansion of the District's sewage treatment plant.

The Town of Smithers may be acquiring certain rights of way from the public, as well as from the State of West Virginia, and possibly other governmental entities as part of this project. The Kanawha Falls Public Service District anticipates that the rates for all of its sewer customers will not exceed the following:

APPLICABILITY
Applicable in entire territory served

AVAILABILITY OF SERVICE
Available for general domestic, commercial and industrial service

RATE
First 3,000 gallons used per month $9.20 per 1,000 gallons
All Over 3,000 gallons used per month $4.66 per 1,000 gallons

MINIMUM CHARGE - SEWER
No bill will be rendered for less than the following amount: $18.40 per month.

FLAT RATE
For unmetered customers $29.93. (Based on consumption of 3.5 M gallons per month)

RESALE RATE
$3.80 per 1,000 gallons per month

BULK RATE
For customers using in excess of 1,000 M gallons per month

Upon Commission's Final Order:	$2.35 per M gallons per month
Six months following the Commission's Final Order:	$2.90 per M gallons per month
Twelve months following the Commission's Final Order:	$3.45 per M gallons per month
Eighteen months following the Commission's Final Order:	$3.93 per M gallons per month

PRISON AUTHORITY
$2.65 per 1,000 gallons per month
Minimum bill $11,790 per month. (Based on consumption of 4,500 M gallons used per month)

DELAYED PAYMENT PENALTY
The above schedule is net. ON all accounts not paid in full within twenty (20) days, ten percent (10%) will be added to the net amount shown. This delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

This project will require a rate increase concerning the District's present rates.

This project will be a joint project of the Town of Smithers and the Kanawha Falls Public Service District to provide sewage treatment for the Town of Smithers in the expansion and remodeling of their sewers and surface water lines and the elimination of the present sewage treatment plant of the Town.

The Town of Smithers will pay the Kanawha Falls Public Service district a rate for the treatment and disposal of sewage to be established by the Public Service Commission of West Virginia.

The proposed engineering plans are on file at the Business Office of the Kanawha Falls Public Service District at Gauley Bridge, West Virginia, and will also be filed with the Application for a Certificate of Convenience and Necessity as outlined above.

It is expected that the final Application before the Public Service Commission will be a joint application of the Kanawha Falls Public Service District and the Sanitary Board of the Town of Smithers and the Town of Smithers.

Anyone wishing to object to this proposed project may contact the Executive Secretary of the Public Service Commission of West Virginia, at 201 Brooks Street, Charleston, West Virginia. Further, anyone desiring a hearing must demand a hearing in a letter of protest to the Public Service Commission at the aforesaid address. If no significant letters of protest are received, the Public Service Commission may approve the Application for a Certificate of Convenience and Necessity for this sewer project without a hearing.

Formal application for a Certificate of Convenience and Necessity will e filed with the Public Service commission not earlier than thirty (30) days from the second publication of this Notice. This Notice is prepared pursuant to West Virginia Code 16-13A-25.

Dated: July 26, 2000

KANAWHA FALLS PUBLIC SERVICE DISTRICT
Roger Wagner, Chairman

(533449)

CHARLESTON NEWSPAPERS
P.O. Box 2993
Charleston, West Virginia 25330
Billing 348-4898
Classified 348-4848
1-800-WVA-NEWS

LEGAL ADVERTISING INVOICE

INVOICE DATE	10/23/03
ACCOUNT NBR	038491106
SALES REP ID	0022
INVOICE NBR	072440001

BILLED TO

JACKSON & KELLY
*****
150 CLAY STREET
MORGANTOWN WV 26507 USA

Please return this portion with your payment. AMOUNT PAID: _____
Make checks payable to: Charleston Newspapers

CHARLESTON NEWSPAPERS
P.O. Box 2993
Charleston, West Virginia 25330
Billing 348-4898
Classified 348-4848
1-800-WVA-NEWS
FEIN 55-0676079

INVOICE DATE	10/23/03
ACCOUNT NBR	038491106
SALES REP ID	0022
INVOICE NBR	072440001

Legal pricing is based upon 63 words per column inch.
Each successive insertion is discounted by 25% of the first insertion rate.
The Daily Mail is at a rate of $.12 per word, and the Charleston Gazette is at a rate of $.12 per word.

ISSUE DATE	AD TYPE	PUB	DESCRIPTION / REFERENCE NBR / PURCHASE ORDER #	AD NUMBER	AD SIZE / TOTAL RUN	RATE	GROSS AMOUNT	NET AMOUNT
10/22	LEG	GZ	MEETING NOTICE	0075877	1X0575	7.56	43.47	43.47

KANAWHA FALLS PUBLIC SERVICE DISTRICT
NOTICE OF SPECIAL MEETING

The Public Service Board of Kanawha Falls Public Service District (the "District") will hold a special meeting on Tuesday, November 4, 2003, at 11:00 a.m. prevailing time, at the District's office at 302 Main Street, Gauley Bridge, West Virginia, for the following purposes:

1. To consider and adopt amended Rules of Procedure for the Board.
2. To consider and adopt a proposed Bond Resolution authorizing its Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program) and Series 2003 B (West Virginia Water Development Authority), in the total aggregate principal amount of $2,100,400 (the "Bonds"), to pay the costs of acquisition and construction of certain improvements and extensions to the existing public sewer facilities of the District (the "Project") and the costs of issuance and related costs.
3. To consider and adopt a proposed Supplemental Resolution approving the terms and other provisions of the Bonds.
4. To consider and adopt a proposed Resolution approving the invoices in connection with the Project for payment with proceeds of the Bonds.
5. To consider and approve all other documents and matters in connection with the financing and construction of the Project.

This meeting is open to the press and the public and any person interested may attend such meeting.

Nancy Ferrell
Secretary
(075877)

43.47

State of West Virginia, **AFFIDAVIT OF PUBLICATION**

I, Diana Legg of

THE CHARLESTON GAZETTE, A DAILY DEMOCRATIC NEWSPAPER
published in the city of Charleston, Kanawha County, West Virginia, do solemnly swear that the annexed notice of
MEETING NOTICE
was duly published in said paper(s) during the dates listed below, and was posted at the front door of the court house of said Kanawha County, West Virginia, on the 23RD day of OCTOBER 2003. Published during the following dates: 10/22/03-10/22/03
Subscribed and sworn to before me this 24 day of October
Printers fee $ 43.47

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
LYNN R. FIELDER
253 FRAZIER WAY
SCOTT DEPOT, WV 25560
My commission expires December 11, 2006

Lynn R. Fielder
Notary Public, Kanawha County, West Virginia

NUMBER

AR-1

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
KANAWHA FALLS PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2003 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-1

$1,990,400

KNOW ALL MEN BY THESE PRESENTS: That KANAWHA FALLS PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Fayette 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 ONE MILLION NINE HUNDRED NINETY THOUSAND FOUR HUNDRED DOLLARS ($1,990,400), 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, 2005, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) on this Bond shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2005, as set forth on EXHIBIT B attached hereto.

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 Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement by and among the Issuer, the Authority and the DEP, dated October 23, 2003.

AR-1 SPECIMEN

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 sewer facilities of the Issuer (the "Project"); (ii) to fund a reserve account for this Bond; and (iii) to pay certain costs of issuance of this Bond and related costs. The existing public sewer 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 22C, Article 2 of the Code of West Virginia, 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on November 4, 2003, and a Supplemental Resolution duly adopted by the Issuer on November 4, 2003 (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) SEWER REVENUE BONDS, SERIES 1981, DATED OCTOBER 14, 1982, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,400,000 (THE "SERIES 1981 BONDS"); (2) SEWER REVENUE BONDS, SERIES 1993 A, DATED OCTOBER 12, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,872,937 (THE "SERIES 1993 A BONDS"); AND (3) SEWER REVENUE BONDS, SERIES 2003 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED NOVEMBER 6, 2003, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $110,000 (THE "SERIES 2003 B BONDS"). THE SERIES 1981 BONDS AND THE SERIES 1993 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 2003 B Bonds, and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2003 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 2003 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 2003 B Bonds; provided however, that so long as there exists in the Series 2003 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 2003 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, KANAWHA FALLS 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 November 6, 2003.

[SEAL]

Chairperson

SPECIMEN

ATTEST:

Secretary

SPECIMEN

NUMBER

AR-1

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2003 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: November 6, 2003.

CITY NATIONAL BANK, as Registrar

Authorized Officer

SPECIMEN

NUMBER

AR-1

EXHIBIT A

RECORD OF ADVANCES

SPECIMEN

	AMOUNT	DATE		AMOUNT	DATE
(1)	$128,848	11/6/03	(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

SPECIMEN

Kanawha Falls PSD

Loan of $1,990,400
0% Interest Rate, 0.5% Admininstrative Fee, 30 Years
Closing Date: November 6, 2003

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2003	-	-	-
3/01/2004	-	-	-
6/01/2004	-	-	-
9/01/2004	-	-	-
12/01/2004	-	-	-
3/01/2005	-	-	-
6/01/2005	-	-	-
9/01/2005	16,587.00	-	16,587.00
12/01/2005	16,587.00	-	16,587.00
3/01/2006	16,587.00	-	16,587.00
6/01/2006	16,587.00	-	16,587.00
9/01/2006	16,587.00	-	16,587.00
12/01/2006	16,587.00	-	16,587.00
3/01/2007	16,587.00	-	16,587.00
6/01/2007	16,587.00	-	16,587.00
9/01/2007	16,587.00	-	16,587.00
12/01/2007	16,587.00	-	16,587.00
3/01/2008	16,587.00	-	16,587.00
6/01/2008	16,587.00	-	16,587.00
9/01/2008	16,587.00	-	16,587.00
12/01/2008	16,587.00	-	16,587.00
3/01/2009	16,587.00	-	16,587.00
6/01/2009	16,587.00	-	16,587.00
9/01/2009	16,587.00	-	16,587.00
12/01/2009	16,587.00	-	16,587.00
3/01/2010	16,587.00	-	16,587.00
6/01/2010	16,587.00	-	16,587.00
9/01/2010	16,587.00	-	16,587.00
12/01/2010	16,587.00	-	16,587.00
3/01/2011	16,587.00	-	16,587.00
6/01/2011	16,587.00	-	16,587.00
9/01/2011	16,587.00	-	16,587.00
12/01/2011	16,587.00	-	16,587.00
3/01/2012	16,587.00	-	16,587.00
6/01/2012	16,587.00	-	16,587.00
9/01/2012	16,587.00	-	16,587.00
12/01/2012	16,587.00	-	16,587.00
3/01/2013	16,587.00	-	16,587.00
6/01/2013	16,587.00	-	16,587.00
9/01/2013	16,587.00	-	16,587.00
12/01/2013	16,587.00	-	16,587.00
3/01/2014	16,587.00	-	16,587.00
6/01/2014	16,587.00	-	16,587.00
9/01/2014	16,587.00	-	16,587.00
12/01/2014	16,587.00	-	16,587.00
3/01/2015	16,587.00	-	16,587.00
6/01/2015	16,587.00	-	16,587.00

NUMBER

AR-1

Kanawha Falls PSD

Loan of $1,990,400

0% Interest Rate, 0.5% Admininstrative Fee, 30 Years

Closing Date: November 6, 2003

SPECIMEN

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/2015			
12/01/2015	16,587.00	-	16,587.00
3/01/2016	16,587.00	-	16,587.00
6/01/2016	16,587.00	-	16,587.00
9/01/2016	16,587.00	-	16,587.00
12/01/2016	16,587.00	-	16,587.00
3/01/2017	16,587.00	-	16,587.00
6/01/2017	16,587.00	-	16,587.00
9/01/2017	16,587.00	-	16,587.00
12/01/2017	16,587.00	-	16,587.00
3/01/2018	16,587.00	-	16,587.00
6/01/2018	16,587.00	-	16,587.00
9/01/2018	16,587.00	-	16,587.00
12/01/2018	16,587.00	-	16,587.00
3/01/2019	16,587.00	-	16,587.00
6/01/2019	16,587.00	-	16,587.00
9/01/2019	16,587.00	-	16,587.00
12/01/2019	16,587.00	-	16,587.00
3/01/2020	16,587.00	-	16,587.00
6/01/2020	16,587.00	-	16,587.00
9/01/2020	16,587.00	-	16,587.00
12/01/2020	16,587.00	-	16,587.00
3/01/2021	16,587.00	-	16,587.00
6/01/2021	16,587.00	-	16,587.00
9/01/2021	16,587.00	-	16,587.00
12/01/2021	16,587.00	-	16,587.00
3/01/2022	16,587.00	-	16,587.00
6/01/2022	16,587.00	-	16,587.00
9/01/2022	16,587.00	-	16,587.00
12/01/2022	16,587.00	-	16,587.00
3/01/2023	16,587.00	-	16,587.00
6/01/2023	16,587.00	-	16,587.00
9/01/2023	16,587.00	-	16,587.00
12/01/2023	16,587.00	-	16,587.00
3/01/2024	16,587.00	-	16,587.00
6/01/2024	16,587.00	-	16,587.00
9/01/2024	16,587.00	-	16,587.00
12/01/2024	16,587.00	-	16,587.00
3/01/2025	16,587.00	-	16,587.00
6/01/2025	16,586.00	-	16,586.00
9/01/2025	16,586.00	-	16,586.00
12/01/2025	16,586.00	-	16,586.00
3/01/2026	16,586.00	-	16,586.00
6/01/2026	16,586.00	-	16,586.00
9/01/2026	16,586.00	-	16,586.00
12/01/2026	16,586.00	-	16,586.00
3/01/2027	16,586.00	-	16,586.00

SPECIMEN

Kanawha Falls PSD

Loan of $1,990,400
0% Interest Rate, 0.5% Admininstrative Fee, 30 Years
Closing Date: November 6, 2003

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2027	16,586.00	-	16,586.00
9/01/2027	16,586.00	-	16,586.00
12/01/2027	16,586.00	-	16,586.00
3/01/2028	16,586.00	-	16,586.00
6/01/2028	16,586.00	-	16,586.00
9/01/2028	16,586.00	-	16,586.00
12/01/2028	16,586.00	-	16,586.00
3/01/2029	16,586.00	-	16,586.00
6/01/2029	16,586.00	-	16,586.00
9/01/2029	16,586.00	-	16,586.00
12/01/2029	16,586.00	-	16,586.00
3/01/2030	16,586.00	-	16,586.00
6/01/2030	16,586.00	-	16,586.00
9/01/2030	16,586.00	-	16,586.00
12/01/2030	16,586.00	-	16,586.00
3/01/2031	16,586.00	-	16,586.00
6/01/2031	16,586.00	-	16,586.00
9/01/2031	16,586.00	-	16,586.00
12/01/2031	16,586.00	-	16,586.00
3/01/2032	16,586.00	-	16,586.00
6/01/2032	16,586.00	-	16,586.00
9/01/2032	16,586.00	-	16,586.00
12/01/2032	16,586.00	-	16,586.00
3/01/2033	16,586.00	-	16,586.00
6/01/2033	16,586.00	-	16,586.00
9/01/2033	16,586.00	-	16,586.00
12/01/2033	16,586.00	-	16,586.00
3/01/2034	16,586.00	-	16,586.00
6/01/2034	16,586.00	-	16,586.00
9/01/2034	16,586.00	-	16,586.00
12/01/2034	16,586.00	-	16,586.00
3/01/2035	16,586.00	-	16,586.00
Total	**1,990,400.00**	**-**	**1,990,400.00 ***

***Plus $1,254.35 one-half percent administrative fee paid quarterly. Total fee over life of loan is $150,522.**

NUMBER

AR-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 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: _____, ___.

_____

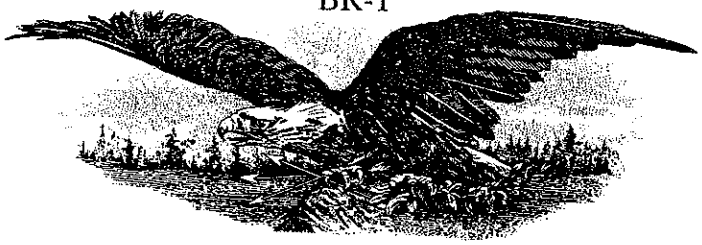
In the presence of:

_____

_____

NUMBER

BR-1



SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
KANAWHA FALLS PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2003 B
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. BR-1

$110,000

KNOW ALL MEN BY THESE PRESENTS: That KANAWHA FALLS PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Fayette 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 ONE HUNDRED TEN THOUSAND DOLLARS ($110,000), in annual installments on October 1 of each year, commencing October 1, 2004, as set forth on the "Debt Service Schedule" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A. The interest on this Bond shall commence on the date hereof and shall be payable semiannually on April 1 and October 1 of each year, commencing April 1, 2004, as set forth on Exhibit A attached hereto.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the Registered Owner (as defined in the hereinafter described Bond Legislation) hereof at the address as it appears on the books of the Registrar (as defined in the hereinafter described Bond Legislation) on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, dated November 6, 2003.

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 sewer facilities of the Issuer (the "Project"); (ii) to fund a reserve account for this Bond; (iii) to fund the deficiency in the Series 1993 A Bonds Reserve Account of the Issuer to the requirement therefor; and (iv) to pay certain costs of issuance of this Bond and related costs. The existing public sewer 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 22C, Article 1of the Code of West Virginia, 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on November 4, 2003, and a Supplemental Resolution duly adopted by the Issuer on November 4, 2003 (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) SEWER REVENUE BONDS, SERIES 1981, DATED OCTOBER 14, 1982, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,400,000 (THE "SERIES 1981 BONDS"); (2) SEWER REVENUE BONDS, SERIES 1993 A, DATED OCTOBER 12, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,872,937 (THE "SERIES 1993 A BONDS"); AND (3) SEWER REVENUE BONDS, SERIES 2003 A (WEST VIRGINIA SRF PROGRAM), DATED NOVEMBER 6, 2003, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,990,400 (THE "SERIES 2003 A BONDS"). THE SERIES 1981 BONDS AND THE SERIES 1993 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 2003 A Bonds, and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2003 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 2003 B Bonds Reserve Account and unexpended proceeds of this Bond. Pursuant to the Resolution, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and

to leave a balance each year equal to at least 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 on or payable from such revenues on a parity with this Bond, including the Prior Bonds and the Series 2003 A Bonds; provided however, that so long as there exists in the Series 2003 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 2003 A Bonds, an amount equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owner 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 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 the purposes set forth above and 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 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 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.

SPECIM

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, KANAWHA FALLS 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 November 6, 2003.

[SEAL]

Chairperson

ATTEST:

Secretary

SPECIMEN

SPECIMEN

NUMBER

BR-1

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2003 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below.

Date: November 6, 2003.

CITY NATIONAL BANK, as Registrar

Michelle L. Toy

Authorized Officer

SPECIMEN

NUMBER

BR-1
EXHIBIT A

SPECIMEN

Kanawha Falls PSD

WDA Supplemental Fund Loan of $110,000
5.80% Interest Rate, 20 Years
Closing Date: November 6, 2003

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
4/01/2004	-	-	2,569.72	2,569.72
10/01/2004	3,625.00	5.800%	3,190.00	6,815.00
4/01/2005	-	-	3,084.88	3,084.88
10/01/2005	3,215.00	5.800%	3,084.88	6,299.88
4/01/2006	-	-	2,991.64	2,991.64
10/01/2006	3,402.00	5.800%	2,991.64	6,393.64
4/01/2007	-	-	2,892.98	2,892.98
10/01/2007	3,599.00	5.800%	2,892.98	6,491.98
4/01/2008	-	-	2,788.61	2,788.61
10/01/2008	3,808.00	5.800%	2,788.61	6,596.61
4/01/2009	-	-	2,678.18	2,678.18
10/01/2009	4,029.00	5.800%	2,678.18	6,707.18
4/01/2010	-	-	2,561.34	2,561.34
10/01/2010	4,262.00	5.800%	2,561.34	6,823.34
4/01/2011	-	-	2,437.74	2,437.74
10/01/2011	4,509.00	5.800%	2,437.74	6,946.74
4/01/2012	-	-	2,306.98	2,306.98
10/01/2012	4,771.00	5.800%	2,306.98	7,077.98
4/01/2013	-	-	2,168.62	2,168.62
10/01/2013	5,048.00	5.800%	2,168.62	7,216.62
4/01/2014	-	-	2,022.23	2,022.23
10/01/2014	5,340.00	5.800%	2,022.23	7,362.23
4/01/2015	-	-	1,867.37	1,867.37
10/01/2015	5,650.00	5.800%	1,867.37	7,517.37
4/01/2016	-	-	1,703.52	1,703.52
10/01/2016	5,978.00	5.800%	1,703.52	7,681.52
4/01/2017	-	-	1,530.16	1,530.16
10/01/2017	6,325.00	5.800%	1,530.16	7,855.16
4/01/2018	-	-	1,346.73	1,346.73
10/01/2018	6,691.00	5.800%	1,346.73	8,037.73
4/01/2019	-	-	1,152.69	1,152.69
10/01/2019	7,079.00	5.800%	1,152.69	8,231.69
4/01/2020	-	-	947.40	947.40
10/01/2020	7,490.00	5.800%	947.40	8,437.40
4/01/2021	-	-	730.19	730.19
10/01/2021	7,925.00	5.800%	730.19	8,655.19
4/01/2022	-	-	500.37	500.37
10/01/2022	8,384.00	5.800%	500.37	8,884.37
4/01/2023	-	-	257.23	257.23
10/01/2023	8,870.00	5.800%	257.23	9,127.23
Total	**110,000.00**	**-**	**77,697.44**	**187,697.44**

YIELD STATISTICS

Bond Year Dollars	$1,339.61
Average Life	12.178 Years
Average Coupon	5.8000021%
Net Interest Cost (NIC)	5.8000021%
True Interest Cost (TIC)	5.8007803%
Bond Yield for Arbitrage Purposes	5.8007803%
All Inclusive Cost (AIC)	5.8007803%

IRS FORM 8038

Net Interest Cost	5.8000021%
Weighted Average Maturity	12.178 Years

NUMBER

BR-1

(Form of)

SPECIMEN

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:

_____

BOND REGISTER 2.11 (A)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
KANAWHA FALLS PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2003 A
(WEST VIRGINIA SRF PROGRAM)

Bond Number	Principal Amount	Date of Bond
No. AR-1	$1,990,400	November 6, 2003

NO WRITING ON THIS BOND REGISTER EXCEPT BY THE REGISTRAR

Name of Registered Owner:

West Virginia Water Development Authority
180 Association Drive
Charleston, WV 25311

Signature of Registrar:

City National Bank

Michelle L. Toy
Authorized Representative

10/07/03
006699/00303

M0398148.1

BOND REGISTER 2.11 (B)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
KANAWHA FALLS PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2003 B
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

Bond Number	Principal Amount	Date of Bond
No. BR-1	$110,000	November 6, 2003

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	City National Bank Michelle L. Fox Authorized Representative
_____	_____
_____	_____
_____	_____

10/07/03
006699/00303

M0398149.1

KANAWHA FALLS PUBLIC SERVICE DISTRICT

Sewer Revenue Bond, Series 1981
and
Bond and Grant Anticipation Notes

BOND AND NOTES RESOLUTION

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KANAWHA FALLS PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF $2,400,000 SEWER REVENUE BOND, SERIES 1981, BOND ANTICIPATION NOTES AND GRANT ANTICIPATION NOTES OF KANAWHA FALLS PUBLIC SERVICE DISTRICT TO FINANCE CONSTRUCTION OF ADDITIONS, EXTENSIONS AND IMPROVEMENTS FOR THE EXISTING SEWERAGE SYSTEM; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND AND THE NOTES; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITY OF THE HOLDERS OF THE BOND AND THE NOTES; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF KANAWHA FALLS PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for This Resolution. This Resolution is enacted pursuant to the provisions of Article 13A, Chapter 16 of the West Virginia Code (the "Act") and other applicable provisions of law. Kanawha Falls Public Service District (the "Issuer") is a public service district created pursuant to the Act by The County Commission of Fayette County.

Section 1.02. Findings and Determinations. It is hereby found, determined and declared as follows:

(A) The Issuer now has a public sewerage system which is not adequate for the health, safety and convenience of the inhabitants of the Issuer and the public served and to be served by the sewerage system.

(B) It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer and others to be served, and, accordingly, it is hereby ordered, that there be constructed additions, extensions and improvements for the existing sewerage system of the Issuer consisting of upgrading of the existing treatment plant to an advanced secondary treatment facility and additions, extensions and improvements for the existing sewerage system with all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The construction and acquisition of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

(C) It is necessary for the Issuer to issue its revenue bond in the principal amount of $2,400,000 to finance a portion of the cost of such construction in the manner hereinafter provided and, prior to delivery of the Bond, it is necessary for the Issuer to issue its bond anticipation notes in the same principal amount and its grant anticipation notes in the principal amount shown in Section 1.01B.

(D) The estimated maximum cost of the construction of the Project is $8,123,185, of which $2,400,000 will be obtained from the proceeds of sale of the Bond Anticipation Notes herein authorized, and the balance from a grant of $5,423,185 from Environmental Protection Agency (EPA) and a grant of $300,000 from West Virginia Water Development Authority.

(E) The cost of such construction shall be deemed to include, without being limited to, the construction or acquisition of the Project, the acquisition of any necessary property, real or personal, or interest therein; interest on the Bond and the Notes prior to, during and for six months after completion of such construction to the extent that revenues of the System are not sufficient therefor; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the construction of the Project and the financing authorizing hereby.

(F) The period of usefulness of the System after completion of the Project is not less than forty years.

(G) There are not outstanding any obligations of the Issuer which will rank prior to or on a parity with the Bond or the Notes as to lien and source of and security for payment.

(H) The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction and acquisition of the Project and operation of the System and issuance of the Bond and the Notes, or will have so complied prior to issuance of the Bond and the Notes, including, among other things, a Certificate of Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired.

Section 1.03. Resolution to Constitute Contract. In consideration of the acceptance of the Bond by the Purchaser and of the Notes by the purchasers thereof, this Resolution (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Bondholder and the holders of the Notes, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Purchaser as holder of the Bond and for the holders of the Notes.

Section 1.04. Use of Sewer Facilities Mandatory. The mandatory use of the sewer facilities is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare and the economy of the inhabitants of the area served by the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the sewer facilities. Accordingly, every owner, tenant and occupant of every lot, parcel

and tract of land which abuts on a street, alley or other public way in which any sewer line, main or facility is located, or which is located within a reasonable distance thereof, not exceeding 300 feet, and reasonably accessible thereto, and upon which lot, parcel or tract a building or other habitable structure has been or shall be erected for residential, commercial or industrial use, shall connect the waste or sewage lines of such building or structure with the sewer facilities of the System immediately upon completion of the Project if sewage will flow by gravity from such building or structure into such sewer facilities, and shall thereupon and thereafter refrain from using and shall cease to use any other method for the disposal of sewage or water-borne waste matter and shall pay all charges, fees and rates lawfully provided for use of such sewer facilities.

Any such building or structure from which emanates sewage or water-borne waste matter and not so connected with the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in the Circuit Court of said County or other court of competent jurisdiction.

Section 1.05. Definitions. The following terms shall have the following meanings herein unless the text otherwise expressly requires:

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

"BAN" means the Bond Anticipation Notes hereinafter provided for and any refunding bond anticipation note or notes hereafter issued.

"Bond" means the Sewer Revenue Bond, Series 1981, authorized hereby to be issued and also means and includes the BAN unless the context clearly would exclude the BAN.

"Bond Legislation" means this Resolution and all resolutions supplemental hereto.

"Chairman" means the Chairman of the Governing Body.

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

"EPA Grant" means the grant from Environmental Protection Agency pursuant to the commitment therefor.

"Facilities" or "sewer facilities" means all the tangible properties of the System and also any tangible properties which may hereafter be added to the sewerage system by additions, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefor, hereafter at any time constructed or acquired.

"Fiscal Year" means each year beginning on July 1 and ending on the succeeding June 30.

"GAN" means the Grant Anticipation Notes hereafter provided for and any refunding grant anticipation note or notes hereafter issued.

"Governing Body" means the Public Service Board of the Issuer.

"Herein" means in this Bond Legislation.

"Holder of the Bond" or "Bondholder" or any similar term means any person who shall be the bearer or owner of the Bond and, unless the context clearly would exclude the BAN, also means the holders of the BAN.

"Issuer" means Kanawha Falls Public Service District and includes the Governing Body.

"Net Revenues" means the balance of the gross revenues, as defined below, remaining after deduction only of operating expenses, as defined below.

"Notes" means collectively the BAN and the GAN.

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting practices, and retention of a sum not to exceed one-sixth of the budgeted operating expenses stated above for the current year as working capital, and language herein requiring payment of operating expenses means also retention of not to exceed such sum as working capital.

"Project" shall have the meaning stated in Section 1.02(B) above.

"Purchaser" means United States Department of Agriculture, Farmers Home Administration and any successor thereof.

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

"Secretary" means the Secretary of the Governing Body.

"System" means the existing sewerage system of the Issuer as expanded by the Project and includes the complete sewerage system of the Issuer and all sewerage 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 sewerage system; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the sewerage system after completion of the Project.

"Trust Agreement" means the Trust Agreement to be dated on the delivery date of the BAN and the GAN between the Issuer and the Trustee, the form of which is attached hereto as Appendix A.

"Trustee" means The Montgomery National Bank, a national banking association with principal office in Montgomery, West Virginia and any successor trustee under the Trust Agreement.

"Underwriters" means the purchasers of the BAN and the GAN, or both, directly from the Issuer.

Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

ARTICLE I A

BOND ANTICIPATION NOTES

Section 1.01 A. Authorization and General. In order to pay certain costs of the construction of the Project pending the delivery of the Bond to the Purchaser, bond anticipation notes ("BAN") of the Issuer may be issued and sold in an amount not to exceed $2,400,000.

Each BAN shall be designated "Sewerage System Bond Anticipation Note, Series 1981," shall be dated on the date of delivery, therefor, shall be numbered from 1 upward, shall be in such denominations as the Governing Body shall determine by Bond Legislation supplemental hereto, shall be negotiable, in bearer form, shall bear interest payable from the date, and at the rate or rates, shall mature, shall have such paying agents and shall have such other provisions as are not set forth herein as provided in such supplemental Bond Legislation. If interest is payable only at maturity of the BAN, interest coupons will not be used. The BAN shall contain the provisions shown in the form of BAN set forth in Section 1.14A below.

The BAN shall be executed for the Issuer by the Chairman, and the seal of the Issuer shall be impressed thereon and attested by the signature of the Secretary. Interest coupons, if any, shall bear the facsimile signatures of the Chairman and Secretary.

The BAN shall be sold pursuant to a Purchase Agreement to be entered into between the Issuer and Underwriters pursuant to such supplemental Bond Legislation.

Section 1.02 A. Deposit of BAN Proceeds. The amount received upon the sale of the BAN, less interest to become due until the maturity thereof, shall be deposited on receipt by or for the Issuer with the Trustee in the Sewerage Project Construction Account established by Section 3.01 hereof and by the Trust Agreement.

The balance received from the proceeds from the sale of the BAN shall be for payment of the interest on the BAN as such interest becomes due, and shall be directly deposited on receipt by or for the Issuer with the Trustee in a special segregated account designated "Kanawha Falls Public Service District Sewerage System BAN Repayment Account," as more particularly described and upon the further terms and conditions of Section 1.06 A hereof and in the Trust Agreement.

Section 1.03 A. Security for the BAN. The BAN shall be secured by the pledge by the Issuer of and by a first lien on (i) the obligation of the Purchaser to make the loan to the Issuer in the amount of $2,400,000 (the "Loan") by purchasing the Bond, (ii) the proceeds of the sale of the Bond when received from the Purchaser, (iii) all moneys and securities in the Sewerage System BAN Repayment Account, (iv) the proceeds from the sale of the BAN until expended as herein authorized, (v) the proceeds of sale of the BAN refunding notes, if any, and (vi) the Net Revenues of the System until payment of the BAN, and said pledge by the Issuer for the benefit of the holders of the BAN, to the extent of the aggregate

principal amount of the BAN and the interest thereon, is hereby made and granted. The Issuer will execute such documents as may be required, if any, to perfect such pledge and lien. The Trustee shall act as agent for the holders of the BAN in connection with the execution of instruments necessary under applicable laws in order to fully perfect the interests of the holders of the BAN in the assets pledged hereby, and to receive all notices and respond to all inquiries in connection therewith.

Section 1.04 A. Payment of BAN. The Issuer will immediately deposit with the Trustee all proceeds from the sale of the Bond and of any refunding BAN to pay the BAN, to be placed by the Trustee directly into the BAN Repayment Account held by the Trustee. Upon maturity of the BAN, the Trustee will pay to the Paying Agents all principal and interest owing on the BAN.

Section 1.05 A. BAN Are Limited Obligations. The BAN shall be limited obligations of the Issuer, the interest on which is payable solely from certain of the proceeds from the sale of the BAN, the principal of which is payable from the sources described in Section 1.03 A above, or, the principal of and interest on which are payable from the Net Revenues in the event that the Purchaser shall not purchase the Bond in accordance with its agreement to do so.

Section 1.06 A. Trustee; Sewerage System BAN Repayment Account. The Trustee shall segregate all funds and securities in the Sewerage System BAN Repayment Account separate and apart from other deposits and funds of the Trustee and other deposits and funds of the Issuer, including the Sewerage Project Construction Account. Subject to the Trust Agreement, all moneys in the BAN Repayment Account, until payment in full of all principal and interest owing on the BAN at maturity, shall be held by the Trustee for the holders of the BAN, and the Issuer shall have no rights with respect thereto. All moneys in the BAN Repayment Account in excess of the amount insured by FDIC shall be continuously secured by, or invested by the Trustee in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America ("Federal Obligations") which Federal Obligations shall mature at least 1 day prior to need for the funds for payment of interest on or principal of the BAN. At or prior to any interest payment date and the maturity of the BAN, the Trustee shall transfer to the Paying Agents in immediately available funds the amount of interest or principal and interest owing on the BAN and the charges of the Trustee and Paying Agents. Upon such transfer the Trustee shall pay to the Issuer any excess amounts remaining in the BAN Repayment Account, and the Issuer shall deposit any such amounts in the Sewerage Project Construction Account.

The Issuer shall pay to the Trustee and Paying Agents from time to time reasonable compensation for all services rendered by the Trustee and the Paying Agents under the Bond Legislation and the Trust Agreement, and all reasonable expenses, charges, counsel fees and other disbursements incurred by the Trustee and the Paying Agents in connection with performance of their functions thereunder and hereunder.

Section 1.07 A. Paying Agents. Each Paying Agent for the BAN shall signify its acceptance of the duties and obligaions imposed upon it pursuant hereto by executing and delivering to the

Issuer a written acceptance thereof. The Issuer may appoint as successor Paying Agent any bank, trust company or national banking association.

Section 1.08 A. Covenants. The Issuer agrees that prior to the occurrence of any Event of Default (as hereinafter defined) and until payment in full of the principal and interest owing on the BAN when due, the covenants contained in Article IV for the benefit of the Bondholder shall inure to the benefit of the holders of the BAN. Upon the occurrence of an Event of Default, the holders of the BAN shall be entitled to the benefit of all covenants contained in Article IV as if the holders of the BAN were the Purchaser hereunder.

In addition, the Issuer covenants to issue and sell the Bond to the Purchaser not later than one business day before the maturity of the BAN and to take all actions necessary to cause the Purchaser to purchase the Bond on or before such date, payment for the Bond to be in Federal funds immediately available on date of the Bond delivery.

Section 1.09 A. Refunding BAN. The Issuer covenants that in the event the Bond is not issued and sold not later than one day prior to the due date of the BAN, it will use its best efforts to sell one or more series of its Bond Anticipation Refunding Notes hereunder in such aggregate amount as shall be necessary to pay the principal of the BAN, accrued interest thereon to maturity and the expense of issuing the Bond Anticipation Refunding Notes. The proceeds of the Bond Anticipation Refunding Notes, after making provision for the payment of the expenses of issuance thereof, shall be deposited in the BAN Repayment Account and used solely for the payment of the principal of and accrued interest on the BAN.

All Bond Anticipation Refunding Notes shall be in substantially the same form as the BAN, but shall be of such denominations, bear such dates, bear interest at such rates, have such maturity dates and contain an appropriate series designation, all as shall be provided in the supplemental Bond Legislation authorizing such Bond Anticipation Refunding Notes.

Section 1.10 A. Events of Default and Enforcement. The events described in the Trust Agreement as Events of Default shall be Events of Default hereunder.

The rights of the holders of the BAN on the happening of an Event of Default are described in the Trust Agreement.

In the event of conflict between the provisions hereof and the provisions of the Trust Agreement, the provisions of the Trust Agreement shall prevail.

In the event that the BAN are not paid when due, the interest rate on the BAN after maturity until payment thereof in full shall be the maximum rate permitted by the Act, and the Issuer will pay the holders of the BAN not paid when due the principal amount of the BAN together with interest at the rate shown on the BAN from the date of the BAN until the due date thereof, and plus interest on the principal of the BAN at such maximum interest rate from the due date of the BAN until payment thereof in full.

Section 1.11 A. Defeasance of BAN. Upon deposit by the Issuer with the Trustee of moneys sufficient to pay the BAN at maturity or of Federal Obligations, the principal of and interest on which will be sufficient to pay the BAN at maturity, the BAN shall be considered to have been paid in full pursuant hereto except at provided below, and the lien and pledge hereby granted shall be deemed to be and shall be cancelled and discharged; and the holders of the BAN shall, upon such deposit, be entitled to payment of the BAN and the interest thereon at maturity solely from the moneys then on deposit with the Trustee. All moneys and all securities deposited in accordance with the provisions of this Section shall at all times be under the exclusive control of the Trustee, shall be held by it for the sole benefit of the holders of the BAN, and shall be applied solely to the payment of the BAN except as expressly provided in this Section; and the Issuer shall have no rights or powers with respect to nor any interest in such moneys or securities or any part thereof.

Section 1.12 A. Resolution on BAN. Following adoption hereof, and upon receipt of the Purchase Agreement referred to in Section 1.01 A, the Issuer, if it be so advised, will adopt a Resolution which will provide, among other things, the interest rate or rates on the BAN, the interest payment dates, the Paying Agents, the maturity date and the sale price of the BAN and such other matters as shall be required or desired in connection with issuance of the BAN.

Section 1.13 A. Non-Presentment of BAN or Coupons. In the event any BAN or coupon should not be presented for payment when due, one year after the due date or maturity, as the case may be, the Trustee upon request of the Issuer shall cause notice to be published one time in The Daily Bond Buyer to the effect that such BAN or coupon shall no longer be entitled to any security hereunder and under the Trust Agreement, and that the holder thereof shall thereafter be entitled to payment solely from the Issuer from any funds of the Issuer available therefor. Following such publication, the Trustee shall close the BAN Repayment Account and distribute the funds therein as herein and in the Trust Agreement provided.

Section 1.14 A. Form of BAN. The BAN and the interest coupons appertaining thereto shall be in the following form, subject to such changes, insertions and deletions as the Chairman shall agree to by execution of the BAN:

(Form of BAN)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
KANAWHA FALLS PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM BOND ANTICIPATION NOTE
SERIES 1981

No. _____ $_____

KANAWHA FALLS PUBLIC SERVICE DISTRICT, a public service district in Fayette County of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay to bearer upon presentation and surrender hereof the sum of _____ THOUSAND DOLLARS ($_____) without option of prior redemption, on _____, 19___, with interest at the rate of _____ per cent (%) per year payable on _____ _____, but only upon surrender of the annexed interest coupons as they severally fall due. Both principal and interest are payable in lawful money of the United States of America at the principal office of The Montgomery National Bank, Montgomery, West Virginia, or at the option of the holder, at the principal Corporate Trust Office of The Chase Manhattan Bank, N.A., New York, New York.

This Note is one of a series of Notes in the aggregate principal amount of $2,400,000 duly authorized by the Issuer and issued in anticipation of the issuance of the Sewer Revenue Bond, Series 1981 (the "Bond"), of the Issuer in the principal sum of $2,400,000 for aiding in the construction of additions, extensions and improvements for the existing sewerage system (the "System") of the Issuer.

Farmers Home Administration of the United States Department of Agriculture has agreed to purchase the Bond at least one day prior to the due date of the Issue of Notes of which this Note is one.

The principal of this Note, and of the issue of Notes of which this Note is one, is payable solely, equally, ratably, and only from the proceeds of sale of the Bond and certain proceeds, if any, from the sale of refunding notes, and, if Farmers Home Administration should not purchase the Bond as agreed, from the net revenues of the System defined in the Bond Legislation mentioned below. The proceeds of sale of the Bond and certain proceeds, if any, from the sale of the refunding notes have been pledged to the Noteholders to secure payment of the principal of the Notes.

Moneys from the proceeds of sale of the Notes to pay the interest on the Notes have been deposited with the Trustee hereinafter mentioned.

The Notes of the issue of which this Note is one are limited and special obligations of the Issuer, and do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory limitations or provisions, and the Issuer shall not be obligated to pay this Note and the Notes of the

issue of which this Note is one or the interest thereon except from the proceeds of the Bond and certain proceeds of the Notes and certain proceeds from the sale of refunding notes and any other sources which may be provided by the Bond Legislation authorizing issuance of the Notes and the Bond.

The Notes of the issue of which this Note is one have been duly authorized by a Resolution and a Supplemental Resolution (collectively called the "Bond Legislation") of the Issuer pursuant to West Virginia Code, Chapter 16, Article 13A (the "Act").

The Act provides that the Notes of the issue of which this Note is one are exempt as to principal and interest from taxation by the State of West Virginia and any county, municipality, political subdivision or agency thereof.

The Notes of the issue of which this Note is one are further secured by the Trust Agreement referred to in the Bond Legislation, between the Issuer and The Montgomery National Bank, Montgomery, West Virginia (the "Trustee"), to which Trust Agreement and Bond Legislation reference is made for further description of the security for payment hereof, the rights of the holders of the Notes and the rights and obligations of the Issuer and the Trustee.

Every requirement of law relating to the issuance hereof has been duly complied with.

This Note shall not be valid nor become obligatory for any purpose until the Certificate of Authentication hereon has been executed by the Trustee.

IN WITNESS WHEREOF, KANAWHA FALLS PUBLIC SERVICE DISTRICT has caused this Note to be signed by the Chairman of its Public Service Board and has caused its seal to be hereto affixed and attested by the Secretary of said Public Service Board, all as of the date below written.

Dated: _____, 1981.

KANAWHA FALLS PUBLIC SERVICE DISTRICT

[SEAL]

By _____
Chairman

ATTEST:

(Manual or Facsimile Signature)
Secretary

CERTIFICATE OF AUTHENTICATION

This Note is one of the Notes of the issue of Notes described in the within-mentioned Bond Legislation.

THE MONTGOMERY NATIONAL BANK,
Trustee

By _____
Its Authorized Officer

ON

_____
19___

$_____

KANAWHA FALLS PUBLIC SERVICE DISTRICT

will pay to the bearer, but solely from the moneys and funds described in the Note to which this coupon is attached, at the principal office of The Montgomery National Bank, Montgomery, West Virginia, or at the option of the holder, at the principal Corporate Trust Office of The Chase Manhattan Bank, N.A., New York, New York, the amount shown hereon in lawful money of the United States of America, upon presentation and surrender of this coupon, being interest then due on its SEWERAGE SYSTEM BOND ANTICIPATION NOTE, SERIES 1981, dated June 18, 1981.

NUMBERED_____

COUPON NO._____

KANAWHA FALLS PUBLIC SERVICE DISTRICT

(Facsimile Signature)
Chairman

(Facsimile Signature)
Secretary

ARTICLE I B

GRANT ANTICIPATION NOTES AND GRANT PROCEEDS

Section 1.01 B. Authorization and General. In order to pay certain costs of the construction of the Project pending the receipt by the Issuer of the EPA Grant, Grant Anticipation Notes (GAN) of the Issuer shall be issued and sold in the aggregate principal amount of $2,245,000.

Each GAN shall be designated "Sewerage System Grant Anticipation Note, Series 1981," shall bear such date, shall be in such denominations, shall be in negotiable, bearer form, shall bear interest from the date at the rate or rates provided in the GAN Supplemental Resolution hereinafter described, payable at maturity, or at periodic intervals to be provided in the GAN Supplemental Resolution, with maturity, call provisions, if any, and Paying Agents as set forth in the GAN Supplemental Resolution, shall be numbered from 1 upward, and shall contain the provisions shown in the form of GAN set forth in Section 1.14 B below, substantially as therein set forth.

The GAN shall be executed for the Issuer by the Chairman, and the seal of the Issuer shall be affixed or imprinted thereon and attested by the manual or facsimile signature of the Secretary. The interest coupons for the GAN shall be executed by the facsimile signatures of the Chairman and Secretary.

The GAN shall be sold pursuant to a Purchase Agreement to be entered into between the Issuer and the Underwriters (the "Purchase Agreement") and shall be sold at the price to be provided in the GAN Supplemental Resolution described in Section 1.12 B.

Section 1.02 B. Deposit of GAN Proceeds. The amount for payment of the interest received from the sale of the GAN, less interest to become due until the maturity thereof, shall be deposited on receipt by the Issuer with the Trustee in the Sewerage Project Construction Account established by Section 3.01 hereof and by the Trust Agreement.

The balance received from the proceeds from the sale of the GAN shall be for payment of the interest on the GAN as such interest becomes due, shall be directly deposited on receipt by or for the Issuer with the Trustee in a special segregated account designated as "Kanawha Falls Public Service District Sewerage System GAN Repayment Account," as more particularly described in and upon the further terms and conditions of Section 1.06 B below and in the Trust Agreement.

Section 1.03 B. Security for the GAN. The GAN shall be secured by the pledge by the Issuer of and by a first lien on (i) the moneys received by or for the Issuer in excess of $3,178,185 and pursuant to the commitment to the Issuer for the EPA Grant in the aggregate amount of $5,423,185, (ii) all moneys and securities in the GAN Repayment Account, (iii) the proceeds of sale of the GAN refunding notes, if any, (iv) all EPA Grant proceeds and GAN proceeds and investment earnings thereon in the project Construciton Account until expended in accordance with the Trust Agreement,

certified by the Consulting Engineer as not needed for completion of construction of the Project ("Surplus Funds"); PROVIDED, HOWEVER, that Surplus Funds shall be available for payment of the GAN only upon receipt by the Issuer of the written consent of the Purchaser. and (v) any other funds arising from grants or gifts made available for the Project or investment income therefrom lawfully available for the purpose, and said pledge by the Issuer for the benefit of the holders of the GAN to the extent of the aggregate principal amount of the GAN and the interest thereon is hereby made and granted. The Issuer will execute such security agreements and other documents that may be required to perfect such pledge and lien. The Trustee shall act as agent for the holders of the GAN in connection with the execution of all instruments necessary under applicable laws in order to fully perfect the interests of the holders of the GAN in the assets pledged hereby, and to receive all notices and respond to all inquiries in connection therewith.

Section 1.04 B. Payment of GAN; EPA Grant Proceeds. The Issuer will immediately, upon receipt, deposit with the Trustee all proceeds of the EPA Grant received by the Issuer in excess of the sum of $3,178,185 and the net proceeds of any GAN refunding notes to be applied to the payment of the GAN pursuant to Section 1.08 B hereof, to be placed by the Trustee directly into the GAN Repayment Account held by the Trustee, subject, however, to the provisions of the Trust Agreement. Upon maturity of the GAN, the Trustee will pay to the Paying Agents all principal and interest on the GAN and the charges of the Trustee and the Paying Agents.

Section 1.05 B. GAN are Limited Obligations. The GAN shall be limited obligations of the Issuer, the interest of which is payable solely from certain of the proceeds from the sale of the GAN, the principal of which is payable from the sources described in Section 1.03 B above.

Section 1.06 B. Trustee; GAN Repayment Account. The Trustee shall segregate all funds and securities in the GAN Repayment Account separate and apart from other deposits and funds of the Trustee and other deposits and funds of the Issuer, including the Sewerage Project Construction Account. Subject to the Trust Agreement all moneys in the GAN Repayment Account, until payment in full of all principal and interest owing on the GAN at their maturity, shall be held by the Trustee for the holders of the GAN, and the Issuer shall have no rights with respect thereto except to receive the balance therein after payment of the GAN and the interest thereon and the charges of the Trustee and Paying Agents. All moneys in the GAN Repayment Account in excess of the amount insured by FDIC shall be continuously secured by, or invested by the Trustee in, direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America ("Federal Obligations") which Federal Obligations shall mature at least 1 day prior to the maturity of the GAN. At or prior to the maturity of the GAN, the Trustee shall transfer to the Paying Agents in immediately available funds the total principal of and interest owing on the GAN to their maturity and the charges of the Trustee and Paying Agents. Upon such transfer the Trustee may refund to the Issuer any excess amounts remaining in the GAN Repayment Account.

The Issuer shall pay to the Trustee and the Paying Agents from time to time reasonable compensation for all services rendered by the Trustee and the Paying Agents hereunder and under the Trust

Agreement, and all reasonable expenses, charges, counsel fees and other disbursements incurred by the Trustee and the Paying Agents in connection with performance of their functions hereunder and under the Trust Agreement.

Section 1.07 B. Paying Agents. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it pursuant hereto by executing and delivering to the Issuer a written acceptance thereof. The Issuer may appoint as successor Paying Agent any bank, trust company or national banking association.

Section 1.08 B. Covenants. The Issuer covenants and agrees that, until payment in full of the principal and interest owing on the GAN at maturity, it will meet, abide by and comply with all conditions, terms and duties imposed upon the Issuer in connection with the EPA Grant to the end that the Issuer will at all times be fully entitled to receive the entire amount of the EPA Grant without delay.

The Issuer covenants to take all actions necessary to cause EPA to pay to it the amount of the EPA Grant, or portion thereof, required to pay the GAN not later than the day before the maturity of the GAN unless the Issuer shall have issued Grant Anticipation Refunding Notes pursuant to Section 1.09 B.

The Issuer covenants that upon receipt of all proceeds of the EPA Grant, it will disburse such proceeds in such manner as to provide for the defeasance of the GAN in accordance with the terms of Section 1.11 B hereof and the Trust Agreement.

Section 1.09 B. Grant Anticipation Refunding Notes. The Issuer covenants that in the event the proceeds of the EPA Grant in a sum sufficient to pay the GAN is not expected to be received in time to pay the GAN at maturity, it will use its best efforts to sell one or more series of its Grant Anticipation Refunding Notes hereunder prior to maturity of the GAN in such aggregate amount as shall be necessary to pay the principal of the GAN, accrued interest thereon to maturity (if necessary) and the expense of issuing such Grant Anticipation Refunding Notes. The proceeds of the Grant Anticipation Refunding Notes, after making provision for the payment of the expenses of issuance thereof, shall be deposited in the GAN Repayment Account and used solely for the payment of the principal of and accrued interest on the GAN.

All Grant Anticipation Refunding Notes shall be in substantially the same form as the GAN, but shall be of such denominations, bear such dates, bear interest at such rates, have such maturity dates and contain an appropriate series designation, all as shall be provided in the supplemental resolution authorizing such Grant Anticipation Refunding Notes.

Section 1.10 B. Events of Default and Enforcement. The events described in the Trust Agreement as Events of Default shall be Events of Default hereunder.

Section 1.11 B. Defeasance of GAN. Upon deposit by the Issuer with the Trustee of moneys sufficient to pay the GAN at maturity, or of Federal Obligations, the principal of and interest

on which will be sufficient to pay the GAN at maturity, the GAN shall be considered to have been paid in full pursuant hereto, except as provided below, and the lien and pledge hereby granted shall be deemed to be and shall be cancelled and discharged; and the holders of the GAN shall, upon such deposit, be entitled to payment of the GAN and the interest thereon at maturity solely from the moneys then on deposit with the Trustee. All moneys and all securities deposited in accordance with the provisions of this Section shall at all times be under the exclusive control of the Trustee, shall be held by it for the sole benefit of the holders of the GAN, and shall be applied solely to the payment of GAN except as expressly provided in this Section; and the Issuer shall have no rights or powers with respect to nor any interest in such moneys or securities or any part thereof.

Section 1.12 B. Supplemental Resolution on GAN. Following adoption hereof, and upon receipt of the Purchase Agreement referred to in Section 1.01 B, the Issuer, if it be so advised, will adopt GAN Supplemental Resolution approving the Purchase Agreement and ordering the issuance of the GAN pursuant hereto and to the Resolution, which Resolution will provide, among other things, the interest rate or rates on the GAN, the interest payment dates, the maturity date and the sale price of the GAN and such other matters as shall be required or desired in connection with issuance of the GAN.

Section 1.13 A. Non-Presentment of GAN or Coupons. In the event any GAN or coupon should not be presented for payment when due, one year after the due date or maturity, as the case may be, the Trustee upon request for the Issuer shall cause notice to be published one time in The Daily Bond Buyer to the effect that such GAN or coupon shall no longer be entitled to any security hereunder and under the Trust Agreement, and that the holder thereof shall thereafter be entitled to payment solely from the Issuer from any funds of the Issuer available therefor. Following such publication, the Trustee shall close the GAN Repayment Account and distribute the funds therein as herein and in the Trust Agreement provided.

Section 1.14 B. Form of GAN. The GAN shall be in the following form, subject to such changes, insertions and deletions as the Chairman shall agree to by execution of the GAN:

(Form of GAN)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
KANAWHA FALLS PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM GRANT ANTICIPATION NOTE
SERIES 1981

No. _____ $_____

KANAWHA FALLS PUBLIC SERVICE DISTRICT, a public service district in Fayette County of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay to bearer upon presentation and surrender hereof the sum of _____ _____ THOUSAND DOLLARS ($_____) without option of prior redemption, on _____, 19__, with interest at the rate of _____ per cent (%) per year payable on _____, but only upon surrender of the annexed coupons as they severally fall due, subject to prior redemption hereof. Both principal and interest are payable in lawful money of the United States of America at the principal office of The Montgomery National Bank, Montgomery, West Virginia, or at the option of the holder, at the principal Corporate Trust Office of The Chase Manhattan Bank, N.A., New York, New York.

This Note is one of a series of Notes in the aggregate principal amount of $2,245,000 duly authorized by the Issuer and issued in anticipation of the receipt by the Issuer from the United States Environmental Protection Agency ("EPA") of a grant in aid of construction of additions, extensions and improvements for the existing sewerage system (the "System") of the Issuer, which grant has been committed in the aggregate sum of $5,423,185 (the "EPA Grant").

The principal of this Note, and of the issue of Notes of which this Note is one, is payable solely, equally, ratably, and only from the proceeds of the EPA Grant (less the sum of $3,178,185 first received from the EPA Grant) and certain proceeds, if any, from the sale of refunding notes. The proceeds of the EPA Grant less said sum first received and certain proceeds, if any, from the sale of refunding notes have been pledged to the Noteholders to secure payment of the principal of the Notes.

Moneys from the proceeds of sale of the Notes to pay the interest on the Notes have been deposited with the Trustee hereinafter mentioned.

The Notes of the issue of which this Note is one are limited and special obligations of the Issuer, and do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory limitations or provisions, and the Issuer shall not be obligated to pay this Note and the Notes of the issue of which this Note is one or the interest thereon except from the proceeds of the EPA Grant received by the Issuer (less the sum of $3,178,185 first received from the EPA Grant) the proceeds, if any, from the sale of refunding notes, unexpended proceeds hereof

and from the EPA Grant as previously described and, with respect to interest hereon, certain of the proceeds of the Notes.

The Notes of the issue of which this Note is one have been duly authorized by a Resolution and Supplemental Resolution (collectively called the "Bond Legislation") of the Issuer pursuant to West Virginia Code, Chapter 16, Article 13A (the "Act").

The Act provides that the Notes of the issue of which this Note is one are exempt as to principal and interest from taxation by the State of West Virginia and any county, municipality, political subdivision or agency thereof.

The Notes of the issue of which this Note is one are further secured by the Trust Agreement referred to in the Bond Legislation, between the Issuer and The Montgomery National Bank, Montgomery, West Virginia (the "Trustee"), to which Trust Agreement and Bond Legislation reference is made for further description of the security for payment hereof, the rights of the holders of the Notes and the rights and obligations of the Issuer and the Trustee.

Every requirement of law relating to the issuance hereof has been duly complied with.

This Note shall not be valid nor become obligatory for any purpose until the Certificate of Authentication hereon has been executed by the Trustee.

IN WITNESS WHEREOF, KANAWHA FALLS PUBLIC SERVICE DISTRICT has caused this Note to be signed by the Chairman of its Public Service Board and has caused its seal to be hereto affixed and attested by the Secretary of its Public Service Board, all as of the date below written.

Dated: _____, 1981.

KANAWHA FALLS PUBLIC SERVICE DISTRICT

[SEAL]

By _____
Chairman

ATTEST:

(Manual or Facsimile Signature)
Secretary

CERTIFICATE OF AUTHENTICATION

This Note is one of the Notes of the issue of Notes described in the within-mentioned Bond Legislation.

THE MONTGOMERY NATIONAL BANK,
Trustee

By _____
Its Authorized Officer

ON

_____
19___

(unless the note mentioned below be sooner redeemed or its redemption be provided for),

KANAWHA FALLS PUBLIC SERVICE DISTRICT $_____

will pay to the bearer, but solely from the sources pledged therefor, all as described in the Sewerage System Grant Anticipation Note, Series 1981, hereinafter mentioned, and upon presentation and surrender of this coupon at the principal office of The Montgomery National Bank, Montgomery, West Virginia, or, at the option of the holder, at the principal Corporate Trust Office of The Chase Manhattan Bank, N.A., New York, New York, the amount shown hereon in lawful money of the United States of America as provided in and being interest then due on its SEWERAGE SYSTEM GRANT ANTICIPATION NOTE, SERIES 1981, dated June 18, 1981.

NUMBERED _____

COUPON NO. _____

KANAWHA FALLS PUBLIC SERVICE DISTRICT

(Facsimile Signature)
Chairman

(Facsimile Signature)
Secretary

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND

Section 2.01. Authorization of Bond. Subject and pursuant to the provisions hereof, the Bond of the Issuer, to be known as "Sewer Revenue Bond, Series 1981," is hereby authorized to be issued in the aggregate principal amount of not exceeding Two Million Four Hundred Thousand Dollars ($2,400,000) for the purpose of financing a portion of the cost of the construction and acquisition of the Project.

Section 2.02. Description of Bond. The Bond shall be issued in single form, No. 1, and shall be dated on the date of delivery. The Bond shall bear interest from date, payable monthly at the rate of five per centum (5%) per annum, and shall be sold for the par value thereof.

The Bond shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the Bond form hereinafter set forth.

Section 2.03. Execution of Bond. The Bond shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary.

Section 2.04. Bond Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated or be destroyed, stolen or list, 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 cancelled and held for the account of the Issuer. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 2.05. Bond and BAN Secured by Pledge of Revenues. The payment of the debt service of the Bond and the BAN shall be secured forthwith by a first lien on the net revenues derived from the System. The net revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bond and the BAN, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bond and the BAN as the same become due.

Section 2.06. Form of Bond. Subject to the provisions hereof, the text of the Bond and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(Form of Bond)

SEWER REVENUE BOND, SERIES 1981

KANAWHA FALLS PUBLIC SERVICE DISTRICT

$2,400,000

No. 1 Date: _____

FOR VALUE RECEIVED, KANAWHA FALLS PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (the "Government"), at its National Finance Office, St. Louis, Missouri, 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of Two Million Four Hundred Thousand Dollars ($2,400,000), plus interest on the unpaid principal balance at the rate of five percent (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing on the 30th day following delivery of the Bond and continuing on the corresponding day of each month for the first twenty-four months after the date hereof and $11,784, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the reverse hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or,

except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of construction and acquisition of additions and improvements for the sewerage system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Article 13A of Chapter 16 of the West Virginia Code (herein called the "Act").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers

Home Rural Development Act. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

KANAWHA FALLS PUBLIC SERVICE DISTRICT
(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

Post Office Box 446
(P.O. Box No. or Street Address)

Gauley Bridge, West Virginia 25085
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Attesting Official)

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(6)	$	
(2)	$		(7)	$	
(3)	$		(8)	$	
(4)	$		(9)	$	
(5)	$		(10)	$	

TOTAL $_____

ASSIGNMENT

Pay to the Order of _____

_____

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By _____

_____
(Title)

ARTICLE III

NOTES PROCEEDS; REVENUES AND APPLICATION THEREOF

Section 3.01. Notes Proceeds; Project Construction Account. The proceeds of sale of the Notes, less the respective sums representing interest on the Notes to the respective maturities thereof, shall be deposited on receipt by the Issuer with the Trustee under the Trust Agreement, in a special account hereby created and designated as "Kanawha Falls Public Service District Sewerage Project Construction Account" (herein called the "Project Construction Account"). The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by such bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the Issuer solely for the purposes provided herein and in the Trust Agreement.

Until completion of construction of the Project, the Issuer will transfer from the Project Construction Account and pay to the Government on or before the due date, such sums as shall be from time to time required to make the monthly installment payments on the Bond if there are not sufficient Net Revenues to make such monthly payment. The Issuer will also transfer from the Project Construction Account to the Trustee, upon request of the Trustee, such moneys as may be needed to pay charges of the Trustee and the Paying Agents.

If the Issuer shall determine at any time that all funds on deposit in the Project Construction Account exceed the estimated disbursements on account of the Project for the ensuing 90 days, the Issuer may invest such excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America ("Federal Obligations"), which shall mature not later than eighteen months after the date of such investment, or in certificates of deposit or other securities or investments secured by a pledge of Federal Obligations. All such investments and the income or loss therefrom shall be carried to the credit of or charged to the Project Construction Account.

When construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Project Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

Section 3.02. Covenants of the Issuer as to Revenues and Funds. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund hereinafter established, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the holder of the Bond as follows:

(A) Revenue Fund. The entire gross revenues derived from the operation of the System, and all parts thereof, and all tap fees received, shall be deposited as collected by the Issuer in The Montgomery National Bank, Mongomery, West Virginia (the "Bank"), which is a member of FDIC, which Fund, known as the "Revenue Fund" is hereby established initially with said Bank. The Revenue Fund shall constitute a trust fund for the purposes provided herein and shall be kept separate and distinct from all other funds of the Issuer and used only for the purposes and in the manner provided herein.

(B) Disposition of Revenues. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

(1) The Issuer shall first each month pay from the moneys in the Revenue Fund all current Operating Expenses.

(2) The Issuer shall next, on or before the due date of payment of each installment on the Bond, transfer from the Revenue Fund and pay to the National Finance Office designated in the Bond the amount required to pay the interest on the Bond, and to amortize the principal of the Bond over the life of the Bond issue.

(3) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit with the said Bank in the Reserve Fund hereby initially established with said Bank, 1/12 of 1/10 of the amount of principal and interest becoming due on the Bond in any year until the amount in the Reserve Fund equals the sum of $142,000, such sum being herein called the "Minimum Reserve." After the Minimum Reserve has been accumulated in the Reserve Fund, the Issuer shall monthly deposit into the Reserve Fund such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on the 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 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.

(4) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit in the Depreciation Reserve, hereby initially established with said Bank, the moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in the Depreciation Reserve the aggregate sum of $244,000 and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Depreciation Reserve shall be used first to make up any deficiencies for monthly payments of principal of and interest on the 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 Reserve may be withdrawn by the Issuer and used for extraordinary repairs and for replacements of equipment and for additions and improvements for the System, or any part thereof.

(5) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, any moneys remaining therein and not permitted to be retained therein may be used to prepay installments of the Bond or for any lawful purpose.

Whenever the moneys 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 aforesaid Bank (and any successor appointed by the Issuer) is hereby designated as the Fiscal Agent for the administration of the Reserve Fund and the Depreciation Reserve as herein provided, and all amounts required therefor will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such Fund.

All the funds provided for in this Section shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Bond and the interest thereon, but the aforesaid Bank shall not be a trustee as to such funds. The moneys in excess of the sum insured by FDIC in any of such funds shall at all times be secured, to the full extent thereof in excess of such insured sum, in a manner lawful for securing deposits of State and municipal funds under the laws of the State of West Virginia.

If on any payment date the revenues are insufficient to make the payments and transfers as hereianbove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

The Fiscal Agent shall keep the moneys in the Reserve Fund and the Depreciation Reserve invested and reinvested to the fullest extent practicable in direct obligations of, or obligations the payment of the principal of and interest on which are guaranteed by, the United States of America and having maturities not exceeding two years. Earnings upon moneys in the Reserve Fund, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually in January into the Revenue Fund by the Fiscal Agent.

(C) Change of Fiscal Agent. The Issuer may designate another bank insured by FDIC as Fiscal Agent if the aforesaid Bank should cease for any reason to serve or if the Governing Body determines by resolution that said Bank or its successor should no longer serve as Fiscal Agent. Upon any such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the Purchaser.

(D) User Contracts. The Issuer shall, prior to delivery of the Bond, provide evidence that there will be at least 1,255 bona fide users upon the System on completion of the Project, and must obtain at least 559 signed user agreements from users not previously connected with System, and must obtain a $25.00 tap fee from each such new user and deposit in the Project Construction Account all such tap fees collected.

ARTICLE IV

GENERAL COVENANTS

Section 4.01. 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 Purchaser.

Section 4.02. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide revenues in each fiscal year sufficient to produce net revenues equal to not less than 110% of the annual debt service on the Bond and to make the payments required herein into the Reserve Fund and the Depreciation Reserve and all the necessary expenses of operating and maintaining the System during such fiscal year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate revenues for such purposes.

Section 4.03. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Bond is outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 4.04. Issuance of Additional Parity Bonds. No additional parity bonds payable out of the revenues of the System shall be issued after the issuance of the Bond pursuant hereto except with the prior written consent of the Purchaser.

Section 4.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the 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 in an amount equal to the actual cost thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than $200,000 to protect the Issuer from claims

for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Bond.

(c) Vehicular Public Liability Insurance, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated at any time or times for the benefit of the Issuer, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than $200,000 to protect the Issuer from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle for the Issuer.

(d) Workmen's Compensation Coverage for all Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds will be filed with the Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39.

(e) Fidelity Bonds will be provided as to every member of the 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 Recording Officer, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned so long as checks thereon require the signature of a representative of the Purchaser.

(f) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the 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 4.06. Events of Default. Each of the following events is hereby declared an "Event of Default":

(A) Failure to make payment of any monthly amortization installment at the date specified for payment thereof;

(B) Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Bond or herein, or violation of or failure to observe any provision of any pertinent law.

Section 4.07. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution

of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by the Purchaser, such court may, upon proof of such default appoint a receiver for the affairs of the Issuer and the System. The Receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the Court to obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 4.08. 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 thirty days prior to the beginning of each fiscal year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such fiscal year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each fiscal year.

If for any reason the Issuer shall not have adopted the Annual Budget before the first day of any fiscal year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the year next preceding by more than ten per centum; and provided further, that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the Issuer. Each such Budget of Current Expenses shall be mailed immediately to the Purchaser.

Section 4.09. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Recording Officer on the date of adoption hereof, subject to permitted changes.

Section 4.10. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

The Issuer shall, at least once a year, cause said books records and accounts of the System to be properly audited by an independent competent firm of certified public accountants and shall mail a copy of such audit report to the Purchaser.

ARTICLE V

RATES, ETC.

Section 5.01. Initial Schedule of Rates and Charges; Rules. A. The schedule of rates and charges for the services and facilities of the System shall be as follows, subject to change consonant with the provisions hereof:

Applicable in entire territory served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

RATE

First	1,000 gallons used per month	$6.50 per 1,000 gallons
Next	2,000 gallons used per month	4.00 per 1,000 gallons
Next	2,000 gallons used per month	3.60 per 1,000 gallons
Next	5,000 gallons used per month	3.20 per 1,000 gallons
All Over	10,000 gallons used per month	3.00 per 1,000 gallons

MINIMUM CHARGE - SEWER

No bill will be rendered for less than the following amount:

Minimum Charge $6.50 per month

Flat Rate - Sewer

Minumum Charge (based on 3,000 gallons) $14.50 per month

DELATED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full within twenty (20) days of the date of the bill, ten percent (10%) will be added to the net amount shown. This delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

SERVICE CONNECTION FEE

$25.00 fee will be charged to users not served on the existing sewer system. Said $25.000 fee will be accepted prior to the installation of the sewer line at applicant's property by the contractor.

A connection fee of $150 will be charged after the contractor has completed construction beyond the applicant's property.

SURCHARGE FORMULA TO BE APPLIED IN THE CASES OF USERS PRODUCING UNUSUAL WASTE

The charge for the treatment of unusual waste will be calculated on the basis of the following formula:

$$Ci = VoVi+BoBi+SoSi$$

Ci = charge to unusual users per year

Vo = average unit cost of transport and treatment chargeable to volume, in dollars per gallon

Vi = volume of waste water from unusual users, in gallons per year

Bo = average unit cost of treatment, chargeable to Biochemical Oxygen Demand (BOD), in dollars per pound

Bi = weight of BOD from unusual users, in pounds per year

So = average unit costs of treatment (including sludge treatment, chargeable to total solids, in dollars per pound

Si = weight of total solids from unusual users, in pounds per year

When an unusual user is to be served, a preliminary study of its sastes, and the cost of transport and treatment thereof, will be made. Waste containing materials which, in the judgement of the Kanawha Falls Public Serivce District, should not be introduced into the sewer system need not be handled by it. The results of this preliminary study will be used to determine the feasibility of the proposed sewer service and the charge therefor, based upon the formula set out above.

Thereafter, unusual sewage will be monitored on a regular basis and at the conclusion of each fiscal year, based on the investigation aforesaid and audit of the Kanawha Falls Public Service District records, new cost figures will be calcualted for use in the above formula. The cost of establishing the monitoring faciliites shall be paid by the unusual user. Based on these audited figures, additional billings covering the past fiscal year will be made for payment by each unusual user, or refund given by the Kanawha Falls Public Service District, as the case may be. Such audited figures will then be used for the preliminary billing for the next fiscal year, at the end of which an adjustment will be made as aforesaid.

APPLICABLE INSIDE AND OUTSIDE OF THE CORPORATE LIMITS OF THE KANAWHA FALLS PUBLIC SERVICE DISTRICT

Where the amount of sanitary sewage discharged into the Kanawha Falls waste treatment system by certain industrial plant or plants cannot be accurately determined by the use of the plant's water meter or meters, and said plant cannot install a flow meter to measure such waste, a special formula will be used whereby such plant or plants will pay the Kanawha Falls Public Service District a sewer charge calculated at fifty (50) gallons of water per employee at the plant each working day.

B. There shall not be any discrimination or differential in rates between customers in similar circumstances.

C. 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.

D. 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.

E. The Issuer, to the extent permitted by law, will not accept payment of any water bill from a customer served with water and sewer services by the Issuer without payment at the same time of a sewer bill owed by such customer for the same premises.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Modification or Amendment. The Bond Legislation may not be modified or amended after final passage without the prior written consent of the Purchaser.

Section 6.02. Delivery of Bond No. 1. The Chairman and Secretary are hereby authorized and directed to cause Bond No. 1, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 6.03. Severability of Invalid Provision. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bond or the Notes.

Section 6.04. Conflicting Provisions Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47).

Section 6.05. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 6.06. Effective Time. This Resolution shall take effect immediately up its adoption.

Adopted: June 18, 1981.

R F Johnson
Chairman, Public Service Board

Joe J Croffey
Member

Roy E Young
Member

SEWER REVENUE BOND, SERIES 1981

KANAWHA FALLS PUBLIC SERVICE DISTRICT

$2,400,000

No. 1 Date: October 14, 1982

FOR VALUE RECEIVED, KANAWHA FALLS PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (the "Government"), at its National Finance Office, St. Louis, Missouri, 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of Two Million Four Hundred Thousand Dollars ($2,400,000), plus interest on the unpaid principal balance at the rate of five percent (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing on the 30th day following delivery of the Bond and continuing on the corresponding day of each month for the first twenty-four months after the date hereof and $11,784, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the reverse hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments

last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of construction and acquisition of additions and improvements for the sewerage system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner

constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Article 13A of Chapter 16 of the West Virginia Code (herein called the "Act").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

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

KANAWHA FALLS PUBLIC SERVICE DISTRICT
(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

Post Office Box 446
(P.O. Box No. or Street Address)

Gauley Bridge, West Virginia 25085
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Attesting Official)

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$ 2,400,000	10/14/82	(6)	$	
(2)	$		(7)	$	
(3)	$		(8)	$	
(4)	$		(9)	$	
(5)	$		(10)	$	

TOTAL $ _____

ASSIGNMENT

Pay to the Order of _____

_____

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By _____

_____
(Title)

10/13/82
KAWSEW-N

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

RESCHEDULING AGREEMENT

Effective Date of Rescheduling
October 14, 1987

State: West Virginia
County: Fayette
Case Number: 57-10-1329560
Fund Code: 92
Loan Number: 02
Amount to be Rescheduled:
$196,869.00

Interest Rate:

5%

The undersigned (a public body entity, herein called the "Borrower") being indebted for a loan made by the United States of America, through the Farmers Home Administration, United States Department of Agriculture (herein called the "Government") as evidenced by a bond(s) or other debt instrument(s), (herein called the "bond") dated October 14, 1982, with an outstanding balance in the principal sum of $2,397,244.82, and being in default under that bond, hereby agrees with the Government as follows:

1. The following amount of the debt is rescheduled - $196,869.00 principal.

2. Rescheduled payment schedule

   The first installment of the rescheduled amount plus interest at the bond rate in the amount of $1000.00 will be due and payable on November 14, 1987; thereafter, 419 regular installments, each in the amount of $1000.00 will be due and payable on the 14th of each month until all past due installments have been paid, "... in addition to the regular scheduled installments as specified in the bond, ..." and thereafter, in amounts as specified in the bond until the principal and interest are fully paid except that the final installment, if not sooner paid, shall be due and payable as stated in the bond.

3. The Government, as consideration for this agreement will not enforce the remedies available to it by reason of any payment default occurring prior to the date of this agreement.

4. This Rescheduling Agreement establishes a revised payment schedule to bring the delinquent account current and nothing herein shall be construed as affecting any of the terms or conditions of the bond other than the payment schedule, or suggest the satisfaction of the outstanding bond.

5. Upon default by the borrower on any terms or conditions of this agreement, other agreements, or violation of other rights of the Government as a lender, the Government at its option may declare the entire indebtedness immediately due and payable and exercise any and all rights and remedies available to it.

By duly adopted resolution, the borrower has authorized the execution of this agreement by its Board and attested and its corporate seal affixed by its Secretary, on this 14th day of October, 1987.

ATTEST:

Kanawha Falls Public Service District
Name of Borrower

BY /s/ Roy E. Young

Secretary
(Title)

BY /s/ Joe J. Craffey

Chairman
(Title)

$2,872,937 KANAWHA FALLS PUBLIC SERVICE DISTRICT SEWER REVENUE BOND, 1993 SERIES A

BOND RESOLUTION

19A

$2,872,937 KANAWHA FALLS PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, 1993 SERIES A

BOND RESOLUTION

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KANAWHA FALLS PUBLIC SERVICE DISTRICT

BOND RESOLUTION

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF KANAWHA FALLS PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE OF NOT MORE THAN $2,872,937 IN AGGREGATE PRINCIPAL AMOUNT OF KANAWHA FALLS PUBLIC SERVICE DISTRICT SEWER REVENUE BOND, 1993 SERIES A; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SAID BOND; RATIFYING A LOAN AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AND THE WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION RELATING TO SAID BOND; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SAID BOND; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF KANAWHA FALLS 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 the Act and other applicable provisions of law.

Section 1.02. Definitions. The following terms shall have the following meanings herein unless the context expressly requires otherwise:

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

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

"Authorized Officer" means the Chairman of the Governing Body of the Issuer or any other person duly appointed as such by the Governing Body.

"Bank" means the bank to be set forth in a resolution supplemental hereto.

"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.

"Bondholders" "Holder of the Bonds," "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 Register" means the books of the Issuer as hereinafter defined, maintained by the Bond Registrar as hereinafter defined for the registration and transfer of the Bonds.

"Bond Registrar" or "Registrar" means the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns.

"Bonds" means the Bonds originally authorized hereby, and any pari passu additional bonds hereafter issued within the terms, restrictions and conditions contained in this Resolution.

"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.

"Certificate of Authentication and Registration" means the certificate of authentication and registration on the Bonds in substantially the form set forth in the Bond Forms contained herein.

"Chairman" means the Chairman of the Governing Body of the Issuer.

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

"Code" means the Internal Revenue Code of 1986, as amended, including the rules and regulations promulgated pursuant thereto or any predecessors or successors thereto.

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

"Construction Trust Fund" means the Construction Trust Fund established by Section 5.02.

"Consulting Engineers" means Ghosh Engineers, Inc., Charleston, West Virginia, or any engineer or firm of engineers of reputation for skill and experience with respect to the design and construction of sewerage systems or facilities that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

"Costs" or "Costs of the Project" or any similar phrase means those costs described in Section 1.04I hereof to be a part of the cost of construction and acquisition of the Project.

"Debt Service" means the scheduled amount of interest and amortization of principal payable on the 1993 Series A Bonds, as hereinafter defined, during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

"DEP" means the West Virginia Division of Environmental Protection.

"Depository Bank" means a bank eligible under the laws of the State of West Virginia to receive deposits of state and municipal funds and insured by the FDIC, as hereinafter defined, which Depository Bank shall be named in the Supplemental Resolution, and any successor thereto.

"Excess Investment Earnings" means an amount equal to the sum of:

(A) The excess of

(i) The aggregate amount earned from the Closing Date on all Nonpurpose Investments in which Gross Proceeds of the Bonds are invested [other than amounts attributable to an excess described in this clause (A) of this definition of Excess Investment Earnings], over

(ii) The amount that would have been earned if the Yield on such Nonpurpose Investments [other than amounts attributable to an excess described in this clause (A) of this definition of Excess Investment Earnings] had been equal to the Yield on the Bonds, plus

(B) Any income attributable to the excess described in clause (A) of this definition of Excess Investment Earnings.

"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 it is now or may hereafter be constituted.

"Government Obligations" means direct obligations of, or obligations the timely payment of the principal of and interest on which is guaranteed by, the United States of America, including (i) such obligations which have been stripped from their unmatured interest coupons, interest coupons stripped from such obligations and receipts or certificates evidencing payments from such obligations or interest coupons stripped from such obligations, (ii) evidences of ownership of a proportionate interest in specified direct obligations of, or specified obligations which are unconditionally and fully guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian and (iii) obligations, the sole source of the payment of the principal of and interest on which are obligations of the nature of those described in clause (i), which are irrevocably pledged for such purposes.

"Gross Proceeds" means the sum of the following amounts:

(i) Original proceeds, namely, net amounts received by or for the Issuer as a result of the sale of the Bonds, excluding original proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund in whole or in part the Bonds;

(ii) Investment proceeds, namely, amounts received at any time by or for the Issuer, such as interest and dividends, resulting from the

investment of any original proceeds (as referenced in clause (i) above) or investment proceeds (as referenced in this clause (ii)) in Nonpurpose Investments, increased by any profits and decreased (if necessary, below zero) by any losses on such investments, excluding investment proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund in whole or in part the Bonds;

(iii) Transferred proceeds, namely, original proceeds of any prior obligations, and interest earnings and profits less losses resulting from investment of such original proceeds in Nonpurpose Investments, which are used to discharge the outstanding principal of any prior obligations and which are deemed to become proceeds of the Bonds ratably as original proceeds of the Bonds, and interest earnings and profits resulting from investment of such original proceeds in Nonpurpose Investments, which are used to discharge the outstanding principal of any such prior obligations, all on the date of such ratable discharge;

(iv) Sinking fund proceeds, namely, amounts, other than original proceeds, investment proceeds or transferred proceeds [as referenced in clauses (i) through (iii) above] of the Bonds, which are held in any fund to the extent that the Issuer reasonably expects to se such other fund to pay Debt Service;

(v) Amounts in the Reserve Account and in any other fund established as a reasonably required reserve or replacement fund;

(vi) Investment Property pledged as security for payment of Debt Service on the Bonds by the Issuer;

(vii) Amounts, other than as specified in this definition, used to pay Debt Service on the Bonds; and

(viii) Amounts received as a result of investing amounts described in this definition.

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

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

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract or investment-type property, excluding, however, obligations the interest on which is excluded from gross income under Section 103 of the Code for federal income tax purposes.

"Issuer" means the Kanawha Falls Public Service District, a public corporation and political subdivision of the State.

"Loan Agreement" means the Water Pollution Control Revolving Fund Loan Agreement dated September 1, 1993, by and among the Authority, the DEP and the Issuer providing for the purchase of the Bonds from the Issuer by the Authority and which is attached as Exhibit B hereto and incorporated herein by reference.

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

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

"Nonpurpose Investment" means any Investment Property which is acquired with the Gross Proceeds of the Bonds and is not acquired in order to carry out the governmental purpose of the Bonds.

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

"Original Bonds" or "Bonds originally authorized hereby" or similar phrases shall mean the not more then $2,872,937 in aggregate principal amount of Sewer Revenue Bonds, Series 1993 A issued for the purpose of paying a portion of the Costs of the Project and for such other purposes permitted hereby and authorized by a resolution supplemental hereto.

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

"Parity Bonds" means additional Bonds issued under the provisions and within the limitations prescribed by Section 7.08 hereof.

"Paying Agent" means the Commission.

"Prior Bonds" means the District's Sewer Revenue Bonds, dated June 18, 1981, issued in the original principal amount of $2,400,000 and outstanding in the principal amount of $2,135,681.21 as of September 1, 1993.

"Prior Resolution" means the resolution passed by the Board of the Issuer on June 18, 1981, as thereafter amended or supplemented with respect to the Prior Bonds.

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

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

"Project" shall mean the wastewater treatment facility project described in Exhibit A attached hereto, constituting extensions, additions, betterments and improvements to the existing sewerage system of the Town.

"PSC" means the Public Service Commission of West Virginia and any successors to the functions thereof.

"PSC Order" means the recommended decision of the PSC in Case No. 91-1057-PSD-CN which was entered by the Administrative Law Judge on August 23, 1993, and which became the final Commission order on September 1, 1993, as such order shall be supplemented or amended from time to time.

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

(a) Government Obligations;

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

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

(d) 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, shall be secured by a pledge of Government Obligations, provided, that such Government Obligations pledged either mst mature as nearly as practicable coincident with the maturity of said time account or mst be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time account;

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

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

(g) The "consolidated fund" (or any distinct portion thereof) managed by the West Virginia State Board of Investments pursuant to Article 6, Chapter 12 of the Code of West Virginia, 1931, as amended; and

(h) Advance-Refunded Municipal Bonds.

"Rebate Fund" means the fund created pursuant to Section 8.02 hereof.

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by Section 5.01.

"Reserve Account" means the account in the Sinking Fund, as hereafter defined, created by Section 5.02(1)(a) hereof.

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

"Resolution" shall mean the Prior Resolution, as supplemented by this Resolution and as further amended or supplemented. Unless the context clearly requires a different meaning, reference to "this Resolution" in the Prior Resolution shall mean the Prior Resolution.

"Revenue Fund" means the Revenue Fund established by Section 5.01.

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

"Secretary" means the Secretary of the Governing Body of the Issuer.

"Sinking Fund" means the Sinking Fund established by Section 5.02(1) 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 or resolutions authorizing the sale of the Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect the Bonds and not so included may be included in another Supplemental Resolution.

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

"System" means the public service properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, owned by the Issuer, and any improvements or extensions thereof, both within and without said Issuer.

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

"Yield" means that yield which, when used in computing the present worth of all payments of principal and interest (or other payments in the case of Nonpurpose Investments which require payments in a form not characterized as principal and interest) on a Nonpurpose Investment or on the Bonds, produces an amount equal to the Purchase Price of such Nonpurpose Investment or the Bonds, all computed as prescribed in applicable Regulations.

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.

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 1.03. Resolution Constitutes Contract. In consideration of the acceptance of the Bonds by those who shall be the Registered Owners of the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders and the covenants and agreements herein set forth to be performed by the Issuer shall be for the benefit, protection and security of the Registered Owners of any and all 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.

Section 1.04. Findings. It is hereby found, determined and declared as follows:

A. The Issuer is a public corporation and political subdivision of the State in Fayette County, West Virginia.

B. The Issuer presently owns and operates a sewage treatment plant or plants and some or all of collecting, intercepting and outlet sewers, lateral sewers, drains, force mains, conduits, pumping stations, ejector stations and all other appurtenances, extensions, additions and improvements necessary, appropriate, useful, convenient or incidental for the collection, treatment and disposal in a sanitary manner of sewage and industrial wastes (herein referred to as the "System").

C. The acquisition and construction of the System was financed with the proceeds from $2,400,000 in principal amount of the Issuer's Sewer Revenue Bonds dated June 18, 1981, authorized pursuant to the Prior Resolution.

D. The Prior Bonds of the Issuer are Outstanding in the approximate principal amount of $2,135,681.21.

E. The Issuer derives revenues from the System, and, except for the pledges thereof to secure and pay the Prior Bonds, said revenues are not pledged or encumbered in any manner.

F. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed certain improvements and extensions to the existing System of the District, consisting of the Project, at an estimated cost of $4,053,334, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer, and which Project is generally described in Exhibit A attached hereto and by this reference made a part hereof and has an estimated useful life in excess of twenty (20) years.

G. 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 the costs of the operation and maintenance of the System, the principal of and interest on the Bonds and all sinking fund, reserve account and other payments provided for herein, in the Supplemental Resolution and in the PSC Order, and the principal of and interest on and debt service requirements for the Prior Bonds.

H. The estimated maximum cost of the construction and acquisition of the Project and issuance of the Bonds is $4,209,624, of which $2,872,937 will be permanently obtained from the Bonds herein authorized, $250,000 from a West Virginia Regional Jail and Correctional Facility Authority grant, $950,000 from an Appalachian Regional Commission grant and $143,696 from a grant from DEP. The District may obtain such grants and contributions from other sources as may be necessary to pay Costs.

I. It is deemed necessary for the Issuer to issue its sewerage revenue bonds in the total aggregate principal amount of not more than $2,872,937 to permanently finance a portion of the cost of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest on the Original Bonds prior to and during construction or acquisition and for six months after completion of construction of the Project; amounts which may be deposited in the Reserve Account; engineering, fiscal agents and legal expenses; expenses for estimates of cost and revenue; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense, any fees or expenses of the Authority or DEP and any defaulted interest thereon, commitment fees, discount, initial fees for the service of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Original Bonds, and such other expenses as may be necessary or incidental to the financing herein authorized, the construction or acquisition 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; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Original Bonds or the repayment of the indebtedness incurred by the Issuer for such purposes shall be deemed part of the Cost of the Project.

J. The period of usefulness of the System after completion of the Project is not less than 20 years.

K. It is in the best interests of the Issuer that the Bonds be sold to the Authority pursuant to the terms and provisions of the Loan Agreement. The Issuer has received, or will receive prior to the Bond closing date, written consent from the owner of the Prior Bonds, to issue the Bonds on a parity with the lien of the Prior Bonds.

L. The Original Bonds shall be issued with a lien on the Net Revenues on a parity with the lien held by the registered owners of the Prior Bonds.

M. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the construction, acquisition and operation of the Project and the System and the issuance of the Bonds, or will have so complied prior to issuance of any Bonds, including, among other things and without limitation, the obtaining of the PSC Order, the time for rehearing and appeal of which expired.

N. The Issuer will not permit, at any time, any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Code.

O. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Bonds.

P. The Bonds will not be federally guaranteed within the meaning of the Code.

Q. It is reasonably anticipated that all proceeds of the Original Bonds will be spent within two years from the date of issuance.

ARTICLE II

AUTHORIZATION OF CONSTRUCTION AND ACQUISITION OF THE PROJECT

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

The Issuer has received bids or entered into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the Program.

ARTICLE III

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

Section 3.01. Authorization of Bond. For the purposes of paying the costs, not otherwise provided, of the construction and acquisition of the Project, funding a reserve account for the Bonds, and paying certain costs of issuance and related costs, or any of such purposes as shall be specified in the Supplemental

Resolution, there shall be issued negotiable bonds of the Issuer in an aggregate principal amount of not more than $2,872,937. Said Bond shall be issued as one bond to be designated "Kanawha Falls Public Service District Sewer Revenue Bond, 1993 Series A". The Original Bond shall be dated as of the date of delivery thereof, shall bear such interest, shall mature at such times, not exceeding twenty-one (21) years after the date of issuance, and in such amount as shall be set out in Schedule X to the Loan Agreement and the Supplemental Resolution. The Original Bond shall not bear interest during the construction period but interest shall commence accruing on the completion date as defined in the SRF Regulations, provided that the annual repayment of principal and payment of interest shall begin not later than one (1) year after the completion date. The repayment of principal and interest on the Original Bond shall be as set forth on Schedule Y to the Loan Agreement. The Original Bond shall contain such other terms, provisions, conditions and limitations, all as provided by this Resolution and the Loan Agreement and as the Governing Board of the Issuer shall prescribe by resolution (or by supplemental or amendatory Resolution of said Governing Board as said Governing Board shall determine) adopted in connection with the sale of such Original Bond.

The Bonds shall be payable as to principal at the principal 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 Bond shall be paid by check or draft mailed to the registered owner thereof at the address as it appears on the books of the Bond Registrar, provided, that so long as the Authority is the owner thereof, interest on the Original Bonds may be paid by wire transfer or other methods satisfactory to the Issuer, the Paying Agent and the Authority.

Unless otherwise provided by the Supplemental Resolution, the Original Bond shall be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a payment record attached, representing the aggregate principal amount, and shall mature in principal installments, all as provided in the Loan Agreement and said Supplemental Resolution. Bonds shall be exchangeable at the option and expense of the Bondholder for other fully registered Bond in aggregate principal amount equal to the amount of said Bond then Outstanding, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bond; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bond may be issued in fully registered form, in the denomination of $5,000 or any integral

multiple thereof, all as determined by a Supplemental Resolution. Said Bond shall be dated as of the date specified in said Supplemental Resolution and shall bear interest from such date.

Section 3.02. [Reserved]

Section 3.03. Additional Terms of Bond. In addition to the terms set forth in Section 3.01 hereof and in anticipation of the sale of the Bond to the Authority, the District covenants that the Bond shall comply in all respects with the provisions of the Loan Agreement and of any resolution of the Authority and/or DEP.

Section 3.04. Execution of Bond. The Bond shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed any of the Bond shall cease to be such officer of the Issuer before the Bond so signed and sealed have been actually sold and delivered, such Bond may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds 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 3.05. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.10, shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Resolution. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.06. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Bond shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder in accepting any of said Bond shall be conclusively deemed to have agreed that such Bond shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the

State, and each successive Holder shall further be conclusively deemed to have agreed that said Bond shall be incontestable in the hands of a bona fide holder for value.

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

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

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

Section 3.07. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing proof of its ownership thereof and 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.

Any such duplicate Bonds issued pursuant to this Section shall constitute original, additional contractual obligations on the part of the Issuer, whether or not the lost, stolen or destroyed Bonds be at any time found by anyone, and such duplicate Bonds shall be entitled to equal and proportionate benefits and rights as to lien and source of security for payment from the revenues pledged herein with all other Bonds issued hereunder.

Section 3.08. Bond not to be Indebtedness of the Issuer. The Bond shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided and amounts, if any, in the Reserve Account. No Holder or Owners of any of the Bond shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay the Bond or the interest thereon.

Section 3.09. Bond Secured by Pledge of Net Revenues. The payment of the debt service on all the Original Bonds shall be secured forthwith equally and ratably with each other and the Prior Bonds by a shared first lien on the Net Revenues derived from the System. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and the Prior Bonds and to make the payments into the sinking funds and the reserve accounts therein and in the Renewal and Replacement Fund hereinafter established and as established in the Prior Resolution, are hereby irrevocably pledged to the payment of the principal of and any interest on the Bonds and the Prior Bonds as the same become due.

Section 3.10. Form of Original Bond. The text of the Original Bond shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof.

[Form of 1993 Series A Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
KANAWHA FALLS PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, 1993 SERIES A

No. AR-1 $2,872,937

KNOW ALL MEN BY THESE PRESENTS: That KANAWHA FALLS PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Fayette 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 Two Million Eight Hundred Seventy-Two Thousand Nine Hundred Thirty Seven Dollars ($2,872,937.), 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 installments on the 1st day of March, the 1st day of June, the 1st day of September and the 1st day of December in each year beginning December 1, 1994, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit B hereto and incorporated herein by reference, with interest on each installment at the rate of one percent (1%) per annum as set forth on said Exhibit B.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of principal, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the Paying Agent. The interest on this Bond is payable by check or draft mailed to the Payee at the address as it appears on the books of the Registrar on the 15th day of the month preceding an interest payment date or by such other method as shall be mutually agreeable so long as the Authority is registered owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and DEP and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement dated September 1, 1993, among the Authority, the DEP and the Issuer.

This Bond is issued (i) to pay costs of acquisition and construction of a certain improvements, additions, extensions and

betterments to the existing wastewater treatment system of the Issuer (the "Project"), and (ii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), a Resolution duly enacted by the Issuer on the 6th day of October, 1993, and a Supplemental Resolution adopted by the Issuer on the 6th day of October, 1993 (collectively called the "Resolution"), and is subject to all the terms and conditions thereof. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Resolution.

This Bond ranks equally as to lien and security with the Prior Bonds, as defined in the Resolution.

This Bond is payable only from and secured by a pledge of a first lien on the Net Revenues as defined in the Resolution, on a parity with the lien of the Prior Bonds, to be derived from the operation of the System, moneys in the Reserve Account created under the Resolution and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the 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 thereon except from said special fund provided from the Net Revenues, the moneys in the Reserve Account and unexpended Bond proceeds. Pursuant to the Resolution, the 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 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 amount required to pay the maximum amount due in any ensuing fiscal year of principal of and interest on all obligations on a parity with or prior to the Bonds, payable from such revenues, provided however, that so long as there exists in the Reserve Account an amount equal to the maximum amount of principal and interest which will become due on the Bonds and any bonds on a parity therewith in any succeeding fiscal year and in the reserve account for the Prior Bonds, an amount equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Resolution. Remedies provided the registered owners of the Bonds are exclusively as provided in the

Resolution, to which reference is here made for a detailed description thereof.

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

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

The use of any proceeds of this Bond for a purpose that will contribute to excessive erosion of highly erodible lands or to the conversion of wetlands to produce an agricultural commodity will constitute an Event of Default under the Resolution as defined and set forth therein.

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

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

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

IN WITNESS WHEREOF, KANAWHA FALLS PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its

corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated October 12, 1993.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the 1993 Series A Bonds described in the within-mentioned Resolution and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below.

Date: October 12, 1993

UNITED NATIONAL BANK, as Registrar

By _____
Its Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

Amount	Date	Amount	Date
(1) $		(7) $	
(2) $		(8) $	
(3) $		(9) $	
(4) $		(10) $	
(5) $		(11) $	
(6) $		(12) $	

Total $_____

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

Form of Assignment

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

the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer 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 Original Bonds; Ratification and Execution of Loan Agreement with Authority and DEP. The 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 Chairman 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, ratified and approved.

Section 3.12. Original Bonds are Issued as Parity Bonds. The Original Bonds are issued as and shall constitute Parity Bonds in accordance with the Prior Resolution. Prior to the issuance of the Original Bonds, the Issuer must receive the written approval of the owner of the Prior Bonds.

Section 3.13. Certificate of Consulting Engineers. Prior to the issuance of the Original Bonds, the Issuer must obtain the certificate of the Consulting Engineers in the form attached to the Loan Agreement to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the DEP and the Authority, the Project is adequate for the purposes for which it was designed, and the funding plan as submitted to the DEP and the Authority is sufficient to pay the costs of acquisition and construction of the Project.

ARTICLE IV

[Reserved]

ARTICLE V

SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts were either established by the Prior Resolution or are created hereby and shall be held by the Depository Bank:

(1) Revenue Fund (when the Prior Bonds are no longer Outstanding);

(2) Operation and Maintenance Fund (when the Prior Bonds are no longer Outstanding);

(3) Renewal and Replacement Fund;

(4) Bond Construction Trust Fund; and

(5) Rebate Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby established with the Commission:

(1) Sinking Fund;

(a) Within the Sinking Fund, the Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. As long as the Prior Bonds are outstanding, the entire Gross Revenues shall be deposited pursuant to the terms of the Prior Resolution. When the Prior Bonds are no longer Outstanding, the entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Resolution and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner therein and herein provided.

(1) The Issuer shall, each month, transfer from the Revenue Fund and deposit in the Operation and Maintenance Fund an amount sufficient to pay current Operating Expenses of the System.

(2) The Issuer shall first, on the first day of each month, transfer from the Revenue Fund and pay the amounts required by the Prior Resolution to be deposited in the Prior Bonds Sinking Fund for payment of the principal of and interest on the Prior Bonds, and (i) simultaneously therewith, commencing 4 months prior to the first date of payment of interest on the Bonds for which interest has not been capitalized, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Bonds Sinking Fund, a sum equal to 1/3rd of the amount of interest which will become due on said Bonds on the next ensuing quarterly interest payment date; provided, that, in the event the period to elapse between the date of such initial deposit in the Bonds Sinking Fund and the next quarterly interest payment date is less than 4 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next quarterly interest payment date, the required amount of interest coming due on such date, and (ii) on the first day of each month, commencing 4 months prior to the first date of payment of principal on the Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Bonds Sinking Fund, a sum equal to 1/3rd of the amount of principal which will mature and become due on said 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 Bonds Sinking Fund and the next quarterly principal payment date is less than 4 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

The Issuer shall complete the "Monthly Payment Form," the form of which is attached to the Loan Agreement as Exhibit F, and submit a copy of said form along with a copy of its remittance check to the Authority by the 5th day of such calendar month.

(3) The Issuer shall next transfer from the Revenue Fund and pay to the Commission the amounts required by the Prior Resolution to be deposited in the Prior Bonds Reserve Account and on the first day of each month, commencing 3 months prior to the first date of payment of principal of the Bonds, if not fully funded upon issuance of the Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Reserve Account, an amount equal to 1/120 of the Reserve Requirement; provided, that no further payments shall be made into the Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Reserve Requirement.

(4) The Issuer shall next, from the moneys remaining in the Revenue Fund, on the first day of each month, transfer to the Renewal and Replacement Fund a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement 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 Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the reserve account established with respect to the Prior Bonds or in the Reserve Account [except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the Sinking Fund shall be used only for the purposes of paying principal of and interest on the Bonds as the same shall become due. Moneys in the Reserve Account in the Sinking Fund shall be used only for the purpose of paying principal of or interest on the Bonds, as the same shall come due, when other moneys in the Sinking Fund are insufficient therefor, and for no other purpose. Except for the funds required to be deposited in the Rebate Fund, all investment earnings on moneys in

the Reserve Account shall be transferred, not less than once each year, to the Bond Construction Trust Fund prior to completion of the Project and thereafter, to the Sinking Fund.

Any withdrawals from the Reserve Account which result in a reduction in the balance of the Reserve Account to an amount below the Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Sinking Fund for payment of debt service on the Bonds have been made in full.

B. As and when additional Bonds ranking on a parity with the Original Bonds are issued, provision shall be made for additional payments into the Sinking Fund sufficient to pay any interest on such additional Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the Reserve Account in an amount equal to the Reserve Requirement.

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

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

Moneys in the Reserve Account shall be invested and reinvested by the Commission in accordance with Article VIII hereof.

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

C. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinabove provided, are current and there remains in said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into the Sinking Fund, including the Reserve Account therein, and the Renewal and Replacement Fund during the following month or such longer period as shall be required by the Act, such excess shall be considered as surplus

revenues (the "Surplus Revenue"). Surplus Revenues may be used for any lawful purpose of the Issuer.

D. The Issuer shall remit from the Revenue Fund to the Commission or the Depository Bank, on such dates as the Commission or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay any Depository Bank's charges then due. The Issuer shall also remit from the Revenue Fund to the Authority, on such dates as the Authority and the DEP shall require, the Issuer's allocable share of reasonable administrative expenses of the Authority relating to the Program, if any.

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

F. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates.

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

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

Section 5.04. Excess Bond Proceeds. The Issuer shall place any excess proceeds from the Original Bonds not required by the Project in the Reserve Account.

ARTICLE VI

APPLICATION OF ORIGINAL BOND PROCEEDS, FUNDS AND ACCOUNTS

Section 6.01. Application of Original Bond Proceeds. From the moneys received from time to time from the sale of any or all of the Original Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Bonds, there shall be deposited with the United National Bank, as holder of the Reserve

Account created for the Prior Bonds, $142,000 for deposit in the Prior Bonds Reserve Account.

B. The remaining moneys derived from the sale of the Original Bonds shall be deposited by the Issuer as received from time to time in the Bond Construction Trust Fund hereinafter established.

C. There is hereby created and established with the Depository Bank a special fund, designated the "Bond Construction Trust Fund". The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in this Resolution. Except with respect to any transfers to the Rebate Fund, moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so transferred or expended, are hereby pledged as additional security for the Bonds.

Section 6.02. Disbursements From the Bond Construction Trust Fund. On or before the Closing Date, the Issuer shall have delivered to the Authority and DEP a report listing the specific purposes for which the proceeds of the Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Bond Construction Trust Fund shall be made only after submission to, and approval from, the Authority and the DEP of the following:

(1) A "Payment Requisition Form," attached to the Loan Agreement as Exhibit C, and

(2) A certificate, signed by the Chairman and the Consulting Engineers, stating:

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

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

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

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

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

Pending such application, moneys in the Bond Construction Trust Fund, including any accounts therein, 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 set forth in the Prior 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 owner or owners of the Bonds as if they were set forth in full in this Resolution. In addition to the other covenants, agreements and provisions of this Resolution, the Issuer hereby covenants and agrees with the owners 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 any of said 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 Owners of any Bonds shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay said Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Original Bonds issued hereunder shall be secured forthwith equally and ratably with the Prior Bonds by a first lien on the Net Revenues derived from the

operation of the System. The revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bonds herein authorized and to make the payments into the respective Sinking Fund, including the Reserve Account therein, and all other payments provided for in this Resolution and the Prior Resolution are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Bonds and the Prior Bonds as the same become due, and for the other purposes provided in the Resolution.

Section 7.04. Rates. Prior to issuance of the Original Bonds, equitable rates or charges for the use of and service rendered by the System will be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder and under the Prior Resolutions. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. The Issuer shall take the necessary actions with respect to the imposition of rates at such times and with such provisions with respect to interest rate and maturity of the Bonds to finance the issuance of the Bonds as the purchaser thereof shall require. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each Fiscal Year equal to at least 115% of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Prior Bonds and the Bonds; provided that, in the event that an amount at least equal to or in excess of the Reserve Requirement is on deposit in the Reserve Account and the reserve account for the Prior Bonds is funded at least at the requirement provided for in the Prior Resolutions, respectively, such balance each Fiscal Year need only equal at least 110% of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Original Bonds and the Prior Bonds.

The Issuer hereby adopts the rates and charges set forth in the PSC Order and attached hereto as Exhibit C and incorporated herein by reference.

Section 7.05. Completion, Operation and Maintenance; Schedule of Cost. The Issuer will expeditiously complete the

Project and will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the revenues of said System in the manner provided in the Resolution.

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

Section 7.06. Sale of the System. Except as otherwise required by law or the Prior Resolution, 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 or redeem at or prior to maturity all the Prior Bonds and the Bonds Outstanding, or to effectively defease this Resolution in accordance with Sections 10.01 hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall be immediately remitted to the Commission for deposit in the appropriate Sinking Funds, and the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Bonds about to mature and to the redemption prior to maturity at the earliest date permitted hereby and at the redemption price, of all other Outstanding Bonds. Any balance remaining after the redemption or payment of all the Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement 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, in writing, determine

upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall, upon receipt of approval of the Registered Owners, if needed, be remitted by the Issuer to the Commission for deposit in the appropriate Sinking Fund and shall be applied only to the purchase or redemption of Bonds of the last maturities then Outstanding at prices not greater than the applicable redemption price, or, if not redeemable, par, or otherwise in the Renewal and Replacement Fund. The payment of such proceeds into the Sinking Funds or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Resolution.

No sale, lease or other disposition of the properties of the System shall be made by the 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 or redeem prior to maturity all Bonds then Outstanding without the prior approval and consent in writing of the Owners, or their duly authorized representatives, of sixty-six and two-thirds percent (66 2/3%) in amount of the Prior Bonds and the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Registered Owners of the Prior Bonds and the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.07. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. So long as any of the 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 Bonds; provided, however, that Parity Bonds may be issued as provided for in Section 7.08 hereof. 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 prior, as to lien on and source of and security for payment from such revenues and in all other respects, to the Bonds; provided, that no such prior obligations shall be issued unless all payments required to be made into the Reserve Account and the Renewal and Replacement Fund at the time of the issuance of such prior obligations have been made and are current.

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

Section 7.08. Parity Bonds. A. No Parity Bonds payable out of the Net Revenues of the System may be issued without the prior written consent of the Authority and DEP, and as long as the Prior Bonds are outstanding, the written consent of the holder of the Prior Bonds. No Parity Bonds payable out of the revenues of the System shall be issued after the issuance of any Bonds pursuant to this Resolution, except under the conditions and in the manner herein provided.

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

No Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Secretary a written statement by Independent Accountants, based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the net revenues actually derived, subject to the adjustments hereinafter provided, from the System during any twelve (12) consecutive months within the eighteen (18) months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual net revenues to be received in each of the three (3) succeeding years after the completion of the improvements to be financed by such additional Parity Bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on the following:

(1) The Prior Bonds;

(2) The Original Bonds then Outstanding;

(3) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Resolution then Outstanding; and

(4) The Parity Bonds then proposed to be issued.

The "estimated average increased annual net revenues to be received in each of the three (3) succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased net revenues estimated to be

derived from any increase in rates enacted by the Issuer, the time for appeal of which shall have expired prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Consulting Engineers, which shall be filed in the office of the Secretary prior to the issuance of such additional Parity Bonds.

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

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

All the covenants and other provisions of this Resolution (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the owners of the Original Bonds and the owners of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this Section. All the Bonds, 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 sources of and security for payment from said revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds created in this Resolution required for and on account of such additional Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Resolution.

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

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

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

With the written consent in advance of the Authority and DEP and anything to the contrary in this Section 7.08 notwithstanding, Parity Bonds may be authorized and issued by the Issuer pursuant to Supplemental Resolution solely to complete the Project as described in the Issuer's Program application to the Authority and DEP in accordance with the plans and specifications, in the event that the Original Bonds should be insufficient, together with other funds lawfully available therefor, to pay all costs of acquisition and construction of the Project; provided, however, that, prior to the issuance of such Parity Bonds under the provisions of this paragraph, the Consulting Engineers shall file with the Secretary a certificate to the effect that additional funds are necessary for such purpose. All such Parity Bonds authorized and issued under the provisions of this paragraph shall be limited to the aggregate principal amount required to make up any deficiency in funds for payment of the construction costs to complete the Project, and the maturities of any such Parity Bonds shall be in years and amounts suggested by the Authority.

Section 7.09. Insurance and Construction Bonds. The Issuer will carry such insurance and in such amounts as is customarily carried with respect to works and properties similar to the System, with a reputable insurance carrier or carriers, against loss or damage by fire, explosion, hurricane, earthquake, cyclone, occupancy or other hazards and risks. The Issuer will require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority and the DEP, so long as the

Authority is the Owner of the Bonds. The Issuer will itself, or will require each contractor and subcontractor to, obtain and 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, to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their interests may appear, in accordance with the Loan Agreement, during construction of the Project in the full insurable value thereof. In time of war, the Issuer shall also carry in said amount such insurance as may be available against loss or damage by the risks and hazards of war. The proceeds of all such insurance policies shall be disposed of as provided in the Resolution and otherwise shall be placed in the Renewal and Replacement Fund and used only for the repair and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund. The Issuer will also carry liability insurance for damage or injury to persons or property in amounts adequate for such purposes and customarily carried with respect to works and properties similar to the System. The Issuer shall carry such other insurance as is required by the Authority and DEP and as set forth in the Loan Agreement, including but not limited to flood insurance and business interruption insurance, to the extent available at reasonable cost to the Issuer.

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.

Section 7.10. Consulting Engineers. The Issuer shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority and the DEP covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers. Such resident engineer shall certify to the Authority, the DEP and the Issuer 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. The Issuer shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the DEP in writing of such receipt. The Issuer shall submit a Performance Certificate, the form of which is attached as Exhibit A to the Loan Agreement, and is incorporated herein by reference, to the DEP within 60 days of the end of the first year after the Project is completed.

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to the DEP when the Project is 90% completed. The Issuer agrees that it will at all times provide operation and maintenance of the System to comply with any and all State and federal standards. The Issuer agrees that qualified operating personnel properly certified by the State will be employed before the Project is 25% complete and agrees that it will retain such a certified operator(s) to operate the System during the entire term of this Loan Agreement. The Issuer shall notify the DEP in writing of the certified operator employed at the 25% completion stage.

Section 7.11. Compliance With Loan Agreement, Rules and Regulations. The Issuer hereby covenants and agrees to perform and satisfy all terms and conditions of the Loan Agreement and to comply with all applicable laws, rules and regulations issued by the Authority, the DEP or other State, federal or local bodies in regard to the construction of the Project and operation, maintenance and use of the System.

Section 7.12. 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 himself or herself 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 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rates, rentals or other charges for the services and facilities of the System and take all steps, actions and proceedings for the enforcement and collection of such fees, rates, rentals or other charges that shall become delinquent to the full extent permitted or authorized by the laws of the State of West Virginia. All such rates and charges, if not paid when due, shall become a lien on the premises served by the System.

Whenever any rates, rentals or charges for the services or facilities of the System, or of the waterworks system or sewerage system constituting a part thereof, shall remain unpaid

for a period of thirty (30) days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. The Issuer further covenants and agrees that it will, to the full extent permitted by law, and any rules and regulations promulgated by the Public Service Commission of West Virginia applicable thereto, discontinue and shut off both the water and sewerage services and facilities of the System to all delinquent users of the services and facilities of the System, or of the waterworks system or sewerage system constituting a part thereof, and will not restore either water or sewerage services of the System until all delinquent charges for the service and facilities of the System, or of the waterworks system or sewerage system constituting a part thereof, plus reasonable interest penalty charges for the restoration of service, have been fully paid.

Section 7.14. 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 whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.15. Books, Records and Facilities. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority and the DEP, or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority and the DEP 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 Agreement or Grant Receipts or other sources of financing for the Project.

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

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any owner of a Bond or Bonds issued pursuant to the Resolution shall

have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow currently accepted accounting practices in accordance with the rules and regulations of the PSC and the Act. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books, and along with other bookkeeping records as prescribed by the Issuer. The Issuer 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 Issuer shall be reported to such agent of the Issuer as the Council shall direct.

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

(A) A statement of Gross Revenues, Operating Expenses, Net Revenues, Excess 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, 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 completely audited by Independent Accountants, shall mail upon request, and make available generally, the report of said Independent Accountants, or a summary thereof, to any owner or owners of Bonds issued pursuant to this Resolution, and shall submit said report to the Authority and the DEP. The report of said audit shall include a statement that the Issuer is in compliance with the terms and provisions of the Act and the Loan Agreement and that the Issuer's revenues are adequate to meet its operation and maintenance expenses and debt service requirements.

The Issuer shall, commencing on the date contracts are executed for the construction of the Project and for two years following the completion of the Project, each month complete a Monthly Financial Report, the form of which is attached to the Loan Agreement as Exhibit B and is incorporated herein by

reference, and forward a copy by the 10th of each month to the Authority and the DEP.

The Issuer shall, during construction of the Project, complete Payment Requisition Forms, the form of which is attached to the Loan Agreement as Exhibit C and is incorporated herein by reference, and forward a copy to the DEP in compliance with the Issuer's construction schedule.

The Issuer shall provide the DEP with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in Exhibit E of the Loan Agreement or as promulgated from time to time.

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

Section 7.16. Operating Budget. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the DEP within thirty days of the adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and to any Holder of any Bonds who shall file his address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of

any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

Section 7.17. Mandatory Connection. The mandatory use of the sewerage facilities portion of the System is essential and necessary to protect and preserve the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the sewerage facilities portion of the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matter from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the sewerage facilities portion of the System, and every such owner, tenant or occupant shall, after a 30 day notice of the availability of the sewerage facilities portion of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the sewerage facilities portion of the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 7.18. Compliance with Loan Agreement. The Issuer agrees to comply with all the terms and conditions of the Loan Agreement. Notwithstanding anything herein to the contrary, the Issuer will provide the DEP with copies of all documents submitted to the Authority.

Section 7.19. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

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

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

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

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

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

F. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including those deemed necessary by the Authority) so that the interest on the Bonds will be and remain excludible from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including those determined by the Authority) which would adversely affect such exclusion.

Section 7.20. Statutory Mortgage Lien. For the further protection of the Bondholders, 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 on a parity with the lien of the Prior Bonds, and shall take effect immediately upon delivery of the Bonds and shall be for the benefit of all Owners of the Bonds.

Section 7.21. Compliance. The Issuer also agrees to comply with all applicable laws, rules and regulations issued by the Authority, the DEP 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.

ARTICLE VIII

INVESTMENT OF FUNDS; NON-ARBITRAGE

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this Resolution, other than the Revenue Fund, shall be invested and reinvested by the Commission, the Depository Bank or such other bank or national banking association holding such fund or account, as the case may be, at the 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 8.01 and in Sections 8.02 and 8.03.

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

Section 8.02. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Bonds in such manner and to such extent as may be necessary, in view of the Issuer's reasonable expectations at the time of issuance of the Bonds, so that the Bonds will not constitute "arbitrage bonds" under Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return) with respect to the Bonds so that the interest on the Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Rebate of Excess Investment Earnings to the United States. A. CREATION OF FUNDS. There are hereby created, to be held by the Depository Bank as separate funds distinct from all other funds and accounts held by the Depository Bank under this Resolution, the Earnings Fund and the Rebate Fund. All interest earnings and profits on amounts in all funds and accounts established under this Resolution on account of the Bonds other than (i) interest earnings and profits on any funds referenced in Subsection C(5) of this Section if such earnings in any Bond Year are less than $100,000, (ii) interest earnings and profits on amounts in funds and accounts which do not constitute Gross Proceeds, and (iii) interest earnings and profits on the Rebate Fund shall, upon receipt by the Depository Bank, be deposited in the Earnings Fund. In addition, all interest earnings and profits on Gross Proceeds in funds held by the Issuer shall, upon receipt, be paid to the Depository Bank for deposit in the Earnings Fund. Annually, on or before the 30th day following the end of each Bond Year or on the preceding business day in the event that such last day is not a business day, or such earlier date as may be required under the Code or the Loan Agreement, the Depository Bank shall transfer from the Earnings Fund to the Rebate Fund for purposes of ultimate payment to the United States an amount equal to Excess Investment Earnings, all as more particularly described in this Section. Following the transfer referenced in the preceding sentence, the Depository Bank shall transfer all amounts remaining in the Earnings Fund to the Construction Trust Fund until completion of the Project, and thereafter to the Revenue Fund.

B. DUTIES OF ISSUER IN GENERAL. The Issuer shall calculate Excess Investment Earnings in accordance with Subsection C and shall assure payment of an amount equal to Excess Investment Earnings to the United States in accordance with Subsections D and E.

C. CALCULATION OF EXCESS INVESTMENT EARNINGS. Within 15 days following the last day of the first Bond Year, the Issuer shall calculate, and shall provide written notice to the Authority and Depository Bank of, the Excess Investment Earnings referenced in clause (A) of the definition of Excess Investment Earnings. Thereafter, within 15 days following the last day of each Bond Year and within 15 days following the date of the retirement of the Bonds, the Issuer shall calculate, and shall provide written notice to the Authority and Depository Bank of, the amount of Excess Investment Earnings. Said calculations shall be made or caused to be made by the Issuer in accordance with the following:

(1) Except as provided in (2), in determining the amount described in clause (A)(i) of the definition of Excess Investment Earnings, the aggregate amount earned on

Nonpurpose Investments shall include (i) all income realized under federal income tax accounting principles (whether or not the person earning such income is subject to federal income tax) with respect to such Nonpurpose Investments and with respect to the reinvestment of investment receipts from such Nonpurpose Investments (without regard to the transaction costs incurred in acquiring, carrying, selling or redeeming such Nonpurpose Investments), including, but not limited to, gain or loss realized on the disposition of such Nonpurpose Investments (without regard to when such gains are taken into account under Section 453 of the Code relating to taxable year of inclusion of gross income), and income under Section 1272 of the Code (relating to original issue discount) and (ii) any unrealized gain or loss as of the date of retirement of the Bonds in the event that any Nonpurpose Investment is retained after such date.

(2) In determining the amount described in clause (A) of the definition of Excess Investment Earnings, Investment Property shall be treated as acquired for its fair market value at the time it becomes a Nonpurpose Investment, so that gain or loss on the disposition of such Investment Property shall be computed with reference to such fair market value as its adjusted basis.

(3) In determining the amount described in clause (A)(ii) of the definition of Excess Investment Earnings, the Yield on the Bonds shall be determined based on the actual Yield of the Bonds during the period between the Closing Date for the Bonds and the date the computation is made (with adjustments for original issue discount or premium).

(4) In determining the amount described in clause (B) of the definition of Excess Investment Earnings, all income attributable to the excess described in clause (A) of said definition must be taken into account, whether or not that income exceeds the Yield of the Bonds, and no amount may be treated as "negative arbitrage."

(5) In determining the amount of Excess Investment Earnings, there shall be excluded any amount earned on any fund or account which is used primarily to achieve a proper matching of revenues and Debt Service within each Bond Year and which is depleted at least once a year except for a reasonable carryover amount not in excess of the greater of 1 year's earnings on such fund or account or 1/12th of annual Debt Service as well as amounts earned on said earnings if the gross earnings on such fund or account for the Bond Year is less than $100,000.

D. PAYMENT TO THE UNTIED STATES. The Issuer shall direct the Depository Bank to pay from the Rebate Fund an amount equal to Excess Investment Earnings to the United States in installments with the first payment to be made not later than 30 days after the end of the 5th Bond Year and with subsequent payments to be made not later than 5 years after the preceding payment was due. The Issuer shall assure that each such installment is in an amount equal to at least 90% of the Excess Investment Earnings with respect to the Gross Proceeds as of the close if the computation period. Not later than 60 days after the retirement of the Bonds, the Issuer shall direct the Depository Bank to pay from the Rebate Fund to the United States 100% of the theretofore unpaid Excess Investment Earnings in the Rebate Fund. In the event that there are any amounts remaining in the Rebate Fund following the payment required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States at the address prescribed by the Regulations as the same may be from time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required by this Subsection D, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor.

In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Original Bonds from gross income for federal income tax purposes.

E. FURTHER OBLIGATIONS OF ISSUER. The Issuer shall assure that Excess Investment Earnings are not paid or disbursed except as required in this Section. To that end the Issuer shall

assure that investment transactions are on an arm's length basis and the Nonpurpose Investments are acquired at their fair market value. In the event that Nonpurpose Investments consist of certificates of deposit or investment contracts, investment in such Nonpurpose Investments shall be made in accordance with the procedures described in applicable Regulations as from time to time in effect. The Depository Bank shall keep the moneys in the Earnings Fund and Rebate Fund invested and reinvested to the fullest extent practicable in Government Obligations with maturities consonant with the required use thereof and investment profits and earnings shall be credited to the account of such fund on which earned.

F. MAINTENANCE OF RECORDS. The Issuer shall keep, and retain for a period of 6 years following the retirement of the Bonds, records of the determinations made pursuant to this Section 8.03.

G. INDEPENDENT CONSULTANTS. In order to provide for the administration of this Section 8.03, the Issuer and the Depository Bank (at the expense of the Issuer) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank may deem appropriate.

H. FURTHER AGREEMENT. Notwithstanding the foregoing, the Issuer further covenants to comply with all Regulations from time to time in effect and applicable to the Bonds, as may be necessary in order to fully comply with Section 148(f) of the Code.

I. REPORTING TO AUTHORITY. The Issuer shall furnish to the Authority and DEP, annually, at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information relating thereto as may be requested by the Authority or DEP.

J. AMENDMENTS TO THIS SECTION. Notwithstanding any of the provisions herein to the contrary, the Issuer agrees to amend the provisions of this Section from time to time at the direction of the Authority in order to insure continuing compliance with Section 8.02 hereof.

Section 8.04. Restriction of Yield and Bond Proceeds. The Issuer shall comply with the yield restriction on Bond proceeds as set forth in Section 148 of the Code.

Section 8.05. Wetlands Covenant. The Issuer shall not use any Bond proceeds for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of

wetlands to produce an agricultural commodity. Failure to comply with this covenant shall constitute an Event of Default under Section 9.01(2) of this Resolution.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Bonds:

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

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Bonds set forth in this Resolution, any Supplemental Resolution or in the 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 Construction Trust Fund Depository Bank, the Bond Registrar, any Paying Agent or a Holder of a Bond; or

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

(4) An "Event of Default" as defined in the Prior Resolution.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his 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.

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 the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any default in the payment of interest on any Bonds when the same shall become due, or in the payment of the principal of any Bond or Bonds, either at the specified date of maturity thereof or at a date set for redemption thereof, or otherwise in the performance of any covenant contained in the Resolution other than as to such payment and such default shall continue for a period of thirty (30) days after written notice to the Issuer of such default, any Bondholder shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the Bonds and any interest thereon, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of the Resolution and the Act.

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

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

Such receiver, in the performance of the powers hereinabove conferred upon him, 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 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 Resolution, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System. The provisions of this section shall be subject to the Prior Resolution and to the parity rights of the Prior Bonds.

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in 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 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due, the principal installments of and interest on the Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient

to pay when due the principal installments of and interest due and to become due on the Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Resolution. No material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Bonds shall be made without the consent in writing of the Registered Owners of sixty-six and two-thirds percent (66 2/3%) or more in principal amount of the Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any 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 revenues of the System without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Resolution may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludibility of interest on the Bonds and the Notes from the gross income of the Owners thereof.

Section 11.02. Resolution Constitutes Contract. The provisions of the Resolution shall constitute a contract between the Issuer and the Registered Owners of the Bonds and no change, variation or alteration of any kind of the provisions of the

Resolution shall be made in any manner, except as in this Resolution provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution and the 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. All orders or resolutions and parts thereof in conflict with the provisions of this Resolution, except the Prior Resolution, are, to the extent of such conflict, hereby repealed.

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

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

Adopted this 6th day of October, 1993.

KANAWHA FALLS PUBLIC SERVICE DISTRICT

Joe F Crapey
Chairman, Public Service Board

Ray E Young
Member, Public Service Board

Member, Public Service Board

ABB02C7D

CERTIFICATION

Certified as a true copy of a Resolution adopted by the Public Service Board of Kanawha Falls Public Service District on the 6th day of October, 1993.

Dated: October 12, 1993.

[SEAL]

Roy E. Young
Secretary, Public Service Board

EXHIBIT A

DESCRIPTION OF PROJECT

The Project consists of the construction of a gravity sewer connection and additional treatment facilities, including pump stations, to extend the District's sewer system to the Mt. Olive area in Fayette County; to serve the Cannelton area of both Kanawha and Fayette Counties; to provide a connection which may be utilized by the City of Smithers for treatment of that City's sewage and all appurtenances related thereto.

EXHIBIT B

LOAN AGREEMENT

[See Tab 6]

EXHIBIT C

KANAWHA FALLS PUBLIC SERVICE DISTRICT
Case No. 91-1057-PSD-CN

APPROVED RATES

Schedule I

Applicable in entire territory served.

AVAILABILITY OF SERVICE
Available for general domestic, commercial and industrial service.

RATE

First	1,000 gallons used per month	$8.30 per 1,000 gallons
Next	2,000 gallons used per month	$5.40 per 1,000 gallons
Next	2,000 gallons used per month	$5.00 per 1,000 gallons
Next	5,000 gallons used per month	$4.75 per 1,000 gallons
All Over	10,000 gallons used per month	$4.50 per 1,000 gallons

MINIMUM CHARGE - SEWER
No bill will be rendered for less than the following amount:
$8.30 per month

Flat Rate
For unmetered customers $21.80. Based on consumption of 3.5 M gallons per month.

Resale Rate - $1.70 per 1,000 gallons per month

Bulk Rate - For customers using in excess of 1,000 M gallons per month: $1.85 per 1,000 M gallons used per month.

Prison Authority
$2.52 per 1,000 gallons per month
Minimum bill $11,340 based on consumption of 4,500 M gallons used per month.

DELAYED PAYMENT PENALTY
The above schedule is net. On all accounts not paid in full within twenty (20) days of the date of the bill, ten percent (10%) will be added to the net amount shown. This delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

SERVICE CONNECTION FEE
A $50.00 fee will be charged to users not served on the existing sewer system. Said $50.00 fee will be accepted prior to the installation of the sewer line at applicant's property by the contractor.

A connection fee of $150.00 will be charged after the contractor has completed construction beyond the applicant's property.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

SCHEDULE 2

SURCHARGE FORMULA TO BE APPLIED IN THE CASES OF USERS PRODUCING UNUSUAL WASTE

The charge for the treatment of unusual waste will be calculated on the basis of the following formula:

$$Ci = VoVi+BoBi+SoSi$$

Ci = charge to unusual users per year

Vo = average unit cost of transport and treatment chargeable to volume, in dollars per gallon

Vi = volume of waste water from unusual users, in gallons per year

Bo = average unit cost of treatment, chargeable to Biochemical Oxygen Demand (BOD), in dollars per pound

Bi = weight of BOD from unusual users, in pounds per year

So = average unit costs of treatment (including sludge treatment) chargeable to total solids, in dollars per pound

Si = weight of total solids from unusual users, in pounds per year

When an unusual user is to be served, a preliminary study of its wastes, and the cost of transport and treatment thereof, will be made. Waste containing materials which, in the judgement of the Kanawha Falls Public Service District, should not be introduced into the sewer system need not be handled by it. The results of this preliminary study will be used to determine the feasibility of the proposed sewer service and the charge therefor, based upon the formula set out above.

Thereafter, unusual sewage will be monitored on a regular basis and at the conclusion of each fiscal year, based on the investigation aforesaid and audit of the Kanawha Falls Public Service District records, new cost figures will be calculated for use in the above formula. The cost of establishing the monitoring facilities shall be paid by the unusual user. Based on these audited figures, additional billings covering the past fiscal year will be made for payment by each unusual user, or refund given by the Kanawha Falls Public Service District, as the case may be. Such audited figures will then be used for the preliminary billing for the next fiscal year, at the end of which an adjustment will be made as aforesaid.

APPLICABLE INSIDE AND OUTSIDE OF THE CORPORATE LIMITS OF THE KANAWHA CALLS PUBLIC SERVICE DISTRICT.

Where the amount of sanitary sewage discharged in the Kanawha Falls waste treatment system by certain industrial plant or plants cannot be accurately determined by the use of the plant's water meter or meters, and said plant cannot install a flow meter to measure such waste, a special formula will be used whereby such plant or plants will pay the Kanawha Falls Public Service District a sewer charge calculated at fifty (50) gallons of water per employee at the plant each working day.

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES, AND OTHER TERMS OF THE KANAWHA FALLS PUBLIC SERVICE DISTRICT SEWER REVENUE BOND, 1993 SERIES A, DESIGNATING A REGISTRAR, PAYING AGENT, DEPOSITORY BANK, AND CONSTRUCTION TRUST FUND DEPOSITORY BANK; APPROVING LOAN AGREEMENTS WITH RESPECT TO THE BOND; AND MAKING OTHER PROVISIONS AS TO THE BOND.

WHEREAS, the Public Service Board of the Kanawha Falls Public Service District (the "District") has duly and officially adopted a Bond Resolution on October 6, 1993 (the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF KANAWHA FALLS PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE OF NOT MORE THAN $2,872,937 IN AGGREGATE PRINCIPAL AMOUNT OF KANAWHA FALLS PUBLIC SERVICE DISTRICT SEWER REVENUE BOND, 1993 SERIES A; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SAID BOND; RATIFYING A LOAN AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AND THE WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION RELATING TO SAID BOND; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SAID BOND; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Resolution provides for the issuance of the Kanawha Falls Public Service District Sewer Revenue Bond, 1993 Series A (the "Bond") in aggregate principal amount not to exceed $2,872,937, all in accordance with Chapter 16, Article 13A, of the Code of West Virginia, 1931, as amended, (the "Act"), and the terms of the Loan Agreement (the "Loan Agreement") entered into among the District, the West Virginia Division of Environmental Protection (the "DEP") and the West Virginia Water Development Authority (the "Authority"), but requires that the dates, interest rates, maturities, sale prices and other terms of the Bond should be established by a supplemental resolution;

WHEREAS, the Bond is proposed to be purchased by the Authority pursuant to the Loan Agreement; and

WHEREAS, the Public Service Board (the "Board") of the District deems it essential and desirable that this resolution (the "Supplemental Resolution"), be adopted and that the prices, the maturity dates, the redemption provisions, the interest rates, and the interest and principal dates of the Bond be fixed hereby in the manner stated herein; that the Loan Agreement be approved; and that other matters relating to the Bond be herein provided for.

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

NOW, THEREFORE, BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF THE KANAWHA FALLS PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Resolution, the Act, and this Supplemental Resolution, the Bond shall be in the aggregate principal amount of $2,872,937, with the following provisions:

(A) The Bond shall be originally issued in the form of a single bond, numbered AR-1, in the principal amount of $2,872,937. The Bond shall be dated the date of delivery thereof, shall bear interest at the rate of one percent (1%) per annum from the date of delivery to and including the 20 year life of the loan, which principal shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year commencing December 1, 1994, shall be subject to redemption upon the written consent of the Authority and DEP, upon payment of the interest, and subject to the other requirements provided in the Loan Agreement, as long as the Authority shall be the registered owner of the Bond.

(B) The Bond shall be sold to the Authority in accordance with the terms of the Loan Agreement at a price equal to 100% of the principal amount thereof.

Section 2. All other provisions relating to the Bond shall be as provided in the Resolution, and the Bond shall be in substantially the form provided in the Resolution with such changes, insertions and omissions as may be approved by the Chairman of the District. The execution of the Bond by the Chairman shall be conclusive evidence of such approval.

Section 3. The District does hereby ratify, approve and accept the Loan Agreement including the "Schedule X" attached thereto, a copy of which is incorporated herein by reference, and the execution and delivery by the Chairman of the Loan Agreement and the performance of the obligations contained therein, on behalf of the District have been and are hereby authorized, approved and directed.

Section 4. The District hereby appoints and designates United National Bank, Charleston, West Virginia, as the Depository Bank, as provided in the Resolution.

Section 5. The District hereby appoints and designates United National Bank, Charleston, West Virginia, as Registrar for the Bond.

Section 6. The District hereby appoints and designates the West Virginia Municipal Bond Commission (the "Commission"), Charleston, West Virginia as Paying Agent for the Bond.

Section 7. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates, including the Registrar's Agreement, required or desirable in connection with the Bond hereby and by the Resolution approved and provided for, to the end that the Bond may be delivered to the Authority pursuant to the Loan Agreement on or about October 12, 1993.

Section 8. The financing of the Project in part with proceeds of the Bond is in the public interest, serves a public purpose of the District and will promote the health, welfare and safety of the residents of the District.

Section 9. The District hereby directs the Depository Bank to initially invest all monies in the funds and accounts established under the Bond Resolution in Qualified Investments further directed by the District.

Section 10. The District shall not permit at any time or times any of the proceeds of the Bond or any other funds of the District to be used directly or indirectly in a manner which would result in the exclusion of the Bond from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Bond as "private activity bonds" within the meaning of the Code. The District will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

Section 11. This Supplemental Resolution shall be effective immediately upon adoption.

Dated: October 6, 1993

KANAWHA FALLS PUBLIC SERVICE DISTRICT

Joe J Cuffey
Chairman

[SEAL] Roy E Young
Secretary
ABB02C5E

USDA

United States Department of Agriculture

Rural Development

75 High Street, Room 320
Morgantown, WV 26505-7500
(304) 284-4860
FAX (304) 284-4893
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(For the Deaf or Hard of Hearing)

KANAWHA FALLS PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS,
SERIES 2003 A (WEST VIRGINIA SRF PROGRAM) AND
SERIES 2003 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

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 Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), in the original aggregate principal amount of $1,990,400, and Sewer Revenue Bonds, Series 2003 B (West Virginia Water Development Authority), in the original principal amount of $110,000 (collectively, the "Series 2003 Bonds"), by Kanawha Falls Public Service District (the "Issuer"), under the terms of the resolutions authorizing the Series 2003 Bonds (collectively, the "Resolution"), on a parity as to liens, pledge and source of and security for payment with the Issuer's Sewer Revenue Bonds, Series 1981, dated October 14, 1982 (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 2003 Bonds or the Resolution; and (iii) consents to any amendments made to the Prior Resolutions by the Resolution.

WITNESS my signature on this 27th day of October, 2003.

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

Richard T. Sutfield, Actg
State Director

Rural Development is an Equal Opportunity Lender, Provider and Employer. Complaints of discrimination should be sent to: USDA, Director, Office of Civil Rights, Washington, D.C. 20250-9410

State of West Virginia
WATER DEVELOPMENT AUTHORITY

180 Association Drive, Charleston, WV 25311-1217
(304) 558-3612 - (304) 558-0299 (Fax)
Internet: www.wvwda.org - Email: contact@wvwda.org

KANAWHA FALLS PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS,
SERIES 2003 A (WEST VIRGINIA SRF PROGRAM) AND
SERIES 2003 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

CONSENT TO ISSUANCE OF PARITY BONDS

In reliance upon the certificate of the certified public accountant of the Issuer of even date hereof, the undersigned duly authorized representative of the West Virginia Water Development Authority, the registered owner of the Prior Bonds, hereinafter defined, hereby consents to the issuance of the Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), in the original aggregate principal amount of $1,990,400, and Sewer Revenue Bonds, Series 2003 B (West Virginia Water Development Authority), in the original aggregate principal amount of $110,000 (collectively, the "Series 2003 Bonds"), by Kanawha Falls Public Service District (the "Issuer"), under the terms of the resolutions authorizing the Series 2003 Bonds, on a parity as to liens, pledge and source of and security for payment with the Issuer's Sewer Revenue Bonds, Series 1993 A, dated October 12, 1993 (the "Prior Bonds").

WITNESS my signature on this 6th day of November, 2003.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Authorized Representative

KANAWHA FALLS PUBLIC SERVICE DISTRICT 3.1
SEWER REVENUE BONDS,
SERIES 2003 A (WEST VIRGINIA SRF PROGRAM) AND
SERIES 2003 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

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 A
17. CLEAN WATER ACT
18. WETLANDS COVENANT
19. GRANTS
20. COUNTERPARTS

We, the undersigned CHAIRPERSON and the undersigned SECRETARY of the Public Service Board of Kanawha Falls Public Service District (the "Issuer") and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the Kanawha Falls Public Service District Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program) and Series 2003 B (West Virginia Water Development Authority), both dated the date hereof (collectively, the "Bonds" or individually, the "Series 2003 A Bonds"and the "Series 2003 B Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning set forth in the Bond Resolution duly adopted by the Issuer on November 4, 2003, the Supplemental Resolution duly adopted by the

Issuer on November 4, 2003 (collectively, the "Resolution"), the bond purchase agreement for the Series 2003 A Bonds by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), dated October 23, 2003, and the loan agreement for the Series 2003 B Bonds by and between the Issuer and the Authority, dated November 6, 2003(collectively, the "Loan Agreement").

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 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 by the Issuer of the Loan Agreement. The Issuer has met all conditions set forth in the Loan Agreement 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 Bonds as to liens, pledge and source of and security for payment, being the (i) Sewer Revenue Bonds, Series 1981, dated October 14, 1982, issued in the original aggregate principal amount of $2,400,000 (the "Series 1981 Bonds"); and (ii) Sewer Revenue Bonds, Series 1993 A, dated October 12, 1993, issued in the original aggregate principal amount of $2,872,937 (the "Series 1993 A Bonds") (collectively, the "Prior Bonds").

The Bonds shall be issued on a parity with the Prior Bonds, with respect to liens, pledge and source of security for payment and in all other respects. The Issuer has obtained (a) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met and (b) the written consent of the Registered Owners of the Prior Bonds to the issuance of the 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; and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement.

6. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the orders of the Public Service Commission of West Virginia (the "PSC") entered on April 24, 2003, and October 14, 2003, in Case No.00-1256-PSD-S-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 April 24, 2003, has expired prior to the date hereof without any appeal. The time for appeal of the PSC order entered October 14, 2003, has not expired prior to 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. Both 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 upon substantial completion of the Project.

8. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Kanawha Falls 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 Fayette 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
Roger Wagner, II	August 26, 1998	September 1, 2004
Nancy Ferrell	August 15, 2001	September 1, 2007
Alfred Lynch	August 31, 2003	September 1, 2009

The duly elected or appointed officers of the Board for 2003 are as follows:

Roger Wagner, II	-	Chairperson
Nancy Ferrell	-	Secretary
Alfred Lynch	-	Treasurer

The duly appointed and acting attorney for the Issuer is Hanna & Page of South Charleston, 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 and property damage insurance, standard hazard insurance, builder's risk insurance, flood insurance and business interruption insurance, where applicable, in accordance with the Resolution and the Loan Agreement. All insurance for the System required by the Resolution and the Loan Agreement is 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 being substantially in the form prescribed in the Resolution.

14. BOND PROCEEDS: On the date hereof, the Issuer received the sum of $128,848 from the DEP, being a portion of the principal amount of the Series 2003 A Bonds and $110,000 from the Authority, being the entire principal amount of the Series 2003 B Bonds. The balance of the principal amount of the Series 2003 A 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 A: The final amended Schedule A 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. CLEAN WATER ACT: The Project as described in the Resolution complies with Sections 208 and 303(e) of the Clean Water Act.

18. 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.

19. GRANTS: As of the date hereof, the contribution from the City of Smithers in the amount of $1,270,812 and the Infrastructure Fund Grant in the amount of $268,137 are committed for the Project and in full force and effect. Upon completion of the Project, the City of Smithers will abandon its old treatment plant and pump its effluent into the Issuer's System.

20. COUNTERPARTS: This Certificate may be executed in counterparts and all counterparts shall be deemed to be the Certificate.

WITNESS our signatures and the official corporate seal of Kanawha Falls Public Service District on this 6th day of November, 2003.

[SEAL]

Signature	Official Title
W R Wayne Jr	Chairperson
Nancy K. Perrell	Secretary
N. Wyatt III	Attorney

EXHIBIT A

See Specimen Bonds (Tab Nos. 15 and 16).

10/28/03
006699/00303

KANAWHA FALLS PUBLIC SERVICE DISTRICT 3.2
SEWER REVENUE BONDS,
SERIES 2003 A (WEST VIRGINIA SRF PROGRAM) AND
SERIES 2003 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Chairperson of the Public Service Board of Kanawha Falls Public Service District in Fayette County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of $1,990,400 Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), and $110,000 Sewer Revenue Bonds, Series 2003 B (West Virginia Water Development Authority), of the Issuer, both dated November 6, 2003 (collectively, the "Bonds" or individually, the "Series 2003 A Bonds" and the "Series 2003 B Bonds"), hereby certifies 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 November 4, 2003 (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 November 6, 2003, the date on which the Bonds are being physically delivered in exchange for all or a portion of the principal amount of the 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 Department of Environmental Protection (the "DEP") 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 2003 A Bonds were sold on November 6, 2003, to the Authority, pursuant to a bond purchase agreement dated October 23, 2003, by and among the Issuer, the Authority and the DEP, for an aggregate purchase price of $1,990,400 (100% of par value), at which time, the Issuer received $128,848 from the Authority and the DEP, being the first advance of the principal amount of the Series 2003 A Bonds. The Series 2003 B Bonds were sold on November 6, 2003, to the Authority, pursuant to a loan agreement dated November 6, 2003, by and between the Issuer and the Authority, for an aggregate purchase price of $110,000 (100% of par value), at which time, the Issuer received $110,000 from the Authority, being the entire principal amount of the Series 2003 B Bonds. No accrued interest has been or will be paid on the Bonds. The balance of the principal amount of the Series 2003 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Series 2003 A 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 sewer facilities of the Issuer (the "Project"); (ii) funding the Series 2003 A Bonds Reserve Account; and (iii) paying certain costs of issuance of the Bonds and related costs.

7. The Series 2003 B 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 sewer facilities of the Issuer (the "Project"); (ii) funding the Series 2003 B Bonds Reserve Account; (iii) funding the deficiency in the Series 1993 A Bonds Reserve Account of the Issuer to the requirement therefor; and (iv) paying certain costs of issuance of the Bonds and related costs.

8. 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 any Reserve Accounts described herein 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 February, 2005. The acquisition and construction of the Project is expected to be completed by November, 2004.

9. The total cost of the Project is estimated at $3,639,349. Sources and uses of funds for the Project are as follows:

SOURCES

Series 2003 A Bonds Proceeds	$1,990,400
Series 2003 B Bonds Proceeds	110,000
Contribution from City of Smithers	1,270,812
Infrastructure Fund Grant	268,137
Total Sources	$3,639,349

USES

Costs of the Project	$3,445,264
Series 2003 A Bonds Reserve Account	66,348
Series 2003 B Bonds Reserve Account	9,386
Series 1993 A Bonds Reserve Account	98,351
Costs of Issuance	20,000
Total Uses	$3,639,439

10. Pursuant to Article V of the Bond Resolution, the following special funds or accounts have been created or continued with respect to the Bonds:

(1) Revenue Fund;

(2) Renewal and Replacement Fund;

(3) Series 2003 Bonds Construction Trust Fund;

(4) Series 2003 A Bonds Sinking Fund;

(5) Series 2003 A Bonds Reserve Account;

(6) Series 2003 B Bonds Sinking Fund; and

(7) Series 2003 B Bonds Reserve Account.

11. Pursuant to Article VI of the Bond Resolution, the proceeds of the Series 2003 A Bonds will be deposited as follows:

(1) Series 2003 A Bonds proceeds in the amount of $66,348 will be deposited in the Series 2003 A Bonds Reserve Account.

(2) The balance of the proceeds of the Series 2003 A Bonds will be deposited in the Series 2003 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 and for no other purpose.

12. Pursuant to Article VI of the Bond Resolution, the proceeds of the Series 2003 B Bonds will be deposited as follows:

(1) Series 2003 B Bond proceeds in the amount of $-0- will be deposited in the Series 2003 B Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Bonds during acquisition and construction of the Project and for a period not to exceed six months following completion thereof.

(2) Series 2003 B Bond proceeds in the amount of $9,386 will be deposited in the Series 2003 B Bonds Reserve Account.

(3) Series 2003 B Bond proceeds in the amount of $98,351 will be deposited in the Series 1993 A Bonds Reserve Account to fund up the deficiency in such account to the requirement therefor.

(4) The balance of the proceeds of the Series 2003 B Bonds will be deposited in the Series 2003 Bonds Construction Trust Fund and applied solely to payment of costs of the Project, including costs of issuance of the Bonds and related costs and for no other purpose.

13. Moneys held in the Series 2003 A Bonds Sinking Fund and the Series 2003 B Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2003 A Bonds and the Series 2003 B Bonds, respectively, and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 2003 A Bonds Sinking Fund, Series 2003 A Bonds Reserve Account, Series 2003 B Bonds Sinking Fund and Series 2003 B Bonds Reserve Account (if fully funded) will be withdrawn therefrom and deposited into the Series 2003 Bonds Construction Trust Fund during

construction of the Project, and following completion of the Project, will be deposited in the Revenue Fund, and such amounts will be applied as set forth in the Bond Resolution.

14. 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.

15. The Issuer will take such steps as requested by the Authority to ensure that the Authority's bonds meet the requirements of the Code.

16. With the exception of the amount deposited in the Series 2003 A Bonds Reserve Account, if any, all of the proceeds of the Series 2003 A Bonds will be expended on the Project within 15 months from the date of issuance thereof.

17. With the exception of the amount deposited in the Series 2003 B Bonds Reserve Account and the Series 1993 A Bonds Reserve Account, if any, all of the proceeds of the Series 2003 B Bonds will be expended on the Project within 15 months from the date of issuance thereof.

18. 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.

19. 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.

20. All property financed with the proceeds of the Bonds will be owned and held by (or on behalf of) a qualified governmental unit.

21. 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.

22. 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.

23. 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.

24. The Bonds are not federally guaranteed.

25. 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.

26. The Issuer has either (a) funded the Series 2003 A Bonds Reserve Account at the maximum amount of principal and interest, if any, which will mature and become due on the Series 2003 A Bonds in the then current or any succeeding year with the proceeds of the Series 2003 A Bonds, or (b) created the Series 2003 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2003 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 2003 A Bonds in the then current or any succeeding year. Moneys in the Series 2003 A Bonds Reserve Account and the Series 2003 A Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2003 A Bonds and will not be available to pay costs of the Project.

27. The Issuer has either (a) funded the Series 2003 B Bonds Reserve Account at the maximum amount of principal and interest, if any, which will mature and become due on the Series 2003 B Bonds in the then current or any succeeding year with the proceeds of the Series 2003 B Bonds, or (b) created the Series 2003 B Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2003 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 2003 B Bonds in the then current or any succeeding year. Moneys in the Series 2003 B Bonds Reserve Account and the Series 2003 B Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2003 B Bonds and will not be available to pay costs of the Project.

28. 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 of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Bonds.

29. 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.

30. 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.

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

WITNESS my signature on this 6th day of November, 2003.

KANAWHA FALLS PUBLIC SERVICE DISTRICT

W R Wagner

Chairperson

10/28/03
006699/00303

KANAWHA FALLS PUBLIC SERVICE DISTRICT 3.3
SEWER REVENUE BONDS,
SERIES 2003 A (WEST VIRGINIA SRF PROGRAM) AND
SERIES 2003 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

CERTIFICATE OF SECRETARY
AS TO TRUTH AND ACCURACY OF DOCUMENTS DELIVERED

The undersigned duly appointed Secretary of Kanawha Falls 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 Kanawha Falls Public Service District Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program) and Series 2003 B (West Virginia Water Development Authority) 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 Fayette County Creating and Enlarging the Issuer.

2. Orders of The County Commission of Fayette 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. SRF Bond Purchase Agreement.

9. WDA Loan Agreement.

10. Bond Resolution.

11. Supplemental Resolution.

12. Minutes of the Board Meeting regarding Adoption of Bond Resolution and Supplemental Resolution.

13. Affidavits of Publication.

14. 1981 Bond Resolution and Rescheduling Agreement.

15. 1993 Bond Resolution and Supplemental Resolution.

16. USDA Consent to Issuance of Parity Bonds.

17. WDA Consent to Issuance of Parity Bonds.

18. NPDES Permit.

19. Evidence of Contribution from City of Smithers and Operating Agreement between Issuer and City of Smithers.

20. Infrastructure Fund Grant Agreement.

21. Evidence of Insurance.

WITNESS my signature and the official seal of the Issuer on this 6th day of November, 2003.

Secretary

[SEAL]

11/03/03
006699/00303

KANAWHA FALLS PUBLIC SERVICE DISTRICT 3.4
SEWER REVENUE BONDS,
SERIES 2003 A (WEST VIRGINIA SRF PROGRAM) AND
SERIES 2003 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

CERTIFICATE OF CONSULTING ENGINEER

I, Pulak Ghosh, Registered Professional Engineer, West Virginia License No. 7806, of Ghosh Engineers, Inc., Consulting Engineers, Charleston, 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 sewer facilities (the "System") of Kanawha Falls Public Service District (the "Issuer"), to be constructed primarily in Fayette 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 2003 A Bonds" and the "Series 2003 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 November 4, 2003 (the "Resolution"), the bond purchase agreement by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), dated October 23, 2003, and the loan agreement by and between the Issuer and the Authority, dated November 6, 2003 (collectively, the "Loan Agreement").

2. The Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project; (ii) fully funding the Series 2003 A Bonds Reserve Account, the Series 2003 B Bonds Reserve Account and the Series 1993 A Bonds Reserve Account; and (iii) paying certain costs of issuance and related costs.

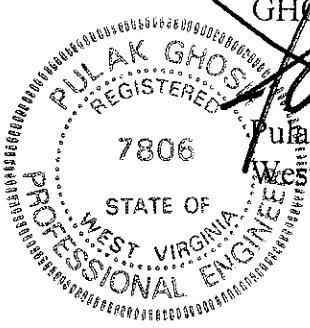
3. To the best of my knowledge, information and belief (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the DEP, and any change orders approved by the Issuer, the DEP and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and will have a useful life of at least

40 years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule A attached hereto as Exhibit A, and in reliance upon the opinion of Hanna & Page, 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 DEP 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 Adkins & Young, 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; (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 DEP; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project; Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature and seal on this 6th day of November, 2003.

[SEAL]

GHOSH ENGINEERS, INC.



Pulak Ghosh, P.E.
West Virginia License No. 7806

10/23/03

M0352085.1

SCHEDULE A

NAME OF GOVERNMENTAL AGENCY: Kanawha Falls PSD

ESTIMATED TOTAL COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

		A. Cost of Project	
1	Construction	$ 3,090,952	
2	Technical Services	$ 230,900	
3	Legal and Fiscal	$ 15,500	
4	Administrative	$ -	
5	Site and Other Lands	$ 7,912	
6	Fac. Plan/Design or other Loan Repayment (Specify Type: Pre-fund Reserve Old Loan	$ 107,737	
7	Interim Financing Costs	$ -	
8	Contingency	$ 100,000	
9	Miscellaneous		
10	Total of Lines 1 Through 9		$ 3,553,001

		B. Source of Funds	
11	Federal Grants:[1] -0-	$ -	
	(Specify Sources) -0-	$ -	
12	State Grants:[1] IJDC	$ 268,137	
	(Specify Sources) -0-	$ -	
13	Other Grants:[1] City of Smithers	$ 1,270,812	
	(Specify Sources) -0-	$ -	
14	Any Other Source[2] WDA Loan	$ 110,000	
	(Specify) _____	$	
15	Total of Lines 11 Through 14		$ 1,648,949
16	Net Proceeds Required from Bond Issue (Line 10 less Line 15)		$ 1,904,052

		C. Cost of Financing	
17	Bond Counsel	$ 20,000	
18	Funded Reserve Account[3]	$ 66,348	
19	Total Cost of Financing (lines 17 + 18)		$ 86,348
20	Size of Bond Issue (Line16 through Line 19)		$ 1,990,400

* not allowable for State Revolving Fund Assistance

** WDA loans associated with EPA grants are not allowable

Billy Frost
Signature of Applicant

Date 10-30-03

Signature of Consulting Engineer

Date 10-28-03

SCHEDULE B

Kanawha Falls PSD

A. COST OF PROJECT	TOTAL	CWSRF LOAN	WDA LOAN	City of Smithers	IJDC GRANT
1. Construction					
Contract 1	3,090,952	1,672,052	2,263	1,220,812	195,825
Contract 2	-	-	-	-	-
Contract 3	-	-	-	-	-
Contract 4	-	-	-	-	-
2. Technical Services					
Design	82,600	40,000	-	42,600	-
Engineering during Construction	48,900	-	-	-	48,900
Inspection	85,600	78,200	-	7,400	-
Special Services	13,800	13,800	-	-	-
Other Engineering	-	-	-	-	-
3. Legal & Fiscal					
a. Legal	5,500	-	-	-	5,500
b. Accounting	10,000	-	-	-	10,000
4. Administrative					
a. Region	-	-	-	-	-
b. PSD	-	-	-	-	-
5. Sites & Other Lands	7,912	-	-	-	7,912
6. Design & Loan Repayment	-	-	-	-	-
7. Interim Financing	-	-	-	-	-
8. Contingency	100,000	100,000	-	-	-
9. Miscellaneous					
a. Electrical Services	-	-	-	-	-
b. Highway Permit & Bond	-	-	-	-	-
c. WVDEP E&S Permits	-	-	-	-	-
10. TOTAL OF LINES 1 THROUGH 9	3,445,264	1,904,052	2,263	1,270,812	268,137
B. SOURCES OF FUNDS					
11. Federal Grants	-	-	-	-	-
12. State Grants - IJDC	268,137	-	-	-	268,137
13. Other Grants - City of Smithers Aid to Const.	1,270,812	-	-	1,270,812	-
14. Any Other Source	-	-	-	-	-
15. TOTAL LINES 11 THROUGH 14	1,538,949	-	-	1,270,812	268,137
16. Net Proceeds from Bond Issue	1,906,315	1,904,052	2,263	-	-
C. COST OF FINANCING					
17. Funded Reserve	-	-	-	-	-
a. CWSRF Funded Reserve	164,699	66,348	98,351	-	-
b. Other Funded Reserve - WDA Loan	9,386	-	9,386	-	-
18. Other Costs					
a. Registar Fees		-	-	-	-
b. Bond Counsel	20,000	20,000	-	-	-
19. Total Cost of Financing	194,085	86,348	107,737	-	-
20. Size of Bond Issue	2,100,400	1,990,400	110,000	-	-

28-Oct-03

File: Kanawha Falls Bid

ADKINS & YOUNG P.L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS
P.O. BOX 1006 • SUMMERSVILLE, WV 26651 • 304-872-1434 • FAX 304-872-1530

November 6, 2003

KANAWHA FALLS PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS,
SERIES 2003 A (WEST VIRGINIA SRF PROGRAM) AND
SERIES 2003 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

Kanawha Falls Public Service District
Gauley Bridge, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

We have reviewed the sewer rates of Kanawha Falls Public Service District (the "Issuer"), as approved by the order of the Public Service Commission of West Virginia entered April 24, 2003, in Case No. 00-1256-PSD-S-CN, and the projected operating expenses and anticipated customer usage provided by Ghosh Engineers, Inc., the consulting engineers of the Issuer. It is our opinion that such rates are sufficient (i) to provide for all operating expenses of the sewer facilities of the Issuer (the "System"), and (ii) to leave a balance each fiscal year equal to at least 115% of the maximum amount required in any succeeding fiscal year for the payment of principal of and interest on the Issuer's Sewer Revenue Bonds, Series 1981, Sewer Revenue Bonds, Series 1993 A (collectively, the "Prior Bonds"), Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program) and Sewer Revenue Bonds, Series 2003 B (West Virginia Water Development Authority)(collectively, the "Series 2003 Bonds").

It is further our opinion that the Net Revenues actually derived from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of the Series 2003 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 the Series 2003 Bonds, will not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding year for principal of and interest on the Prior Bonds and the Series 2003 Bonds.

Very truly yours,

10/23/03
006699/00303

M0352062.1

KANAWHA FALLS PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS,
SERIES 2003 A (WEST VIRGINIA SRF PROGRAM) AND
SERIES 2003 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

3.6

RECEIPT FOR 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 6th day of November, 2003, in Charleston, West Virginia, the Authority received the Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), in the principal amount of $1,990,400, and the Sewer Revenue Bonds, Series 2003 B (West Virginia Water Development Authority), in the principal amount of $110,000, of Kanawha Falls Public Service District (the "Issuer"), both dated November 6, 2003, both issued in the form of one bond and both fully registered to the Authority (collectively, the "Bonds").

2. At the time of 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 6th day of November, 2003.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Barbara B Meadows
Authorized Representative

10/23/03
006699/00303

M0352088.1

KANAWHA FALLS PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS,
SERIES 2003 A (WEST VIRGINIA SRF PROGRAM) AND
SERIES 2003 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

3.7

RECEIPT FOR BOND PROCEEDS

The undersigned Chairperson of Kanawha Falls Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certifies as follows:

1. On the 6th day of November, 2003, the Issuer received and hereby acknowledges receipt from the West Virginia Water Development Authority (the "Authority"), as the original purchaser of the $1,990,400 Kanawha Falls Public Service District Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), dated November 6, 2003 (the "Series 2003 A Bonds"), of the sum of $128,848, being a portion of the principal amount of the Series 2003 A Bonds. The Issuer understands that the remaining proceeds of the Series 2003 A Bonds will be advanced to the Issuer from time to time as construction proceeds to completion.

2. On the 6th day of November, 2003, the Issuer received and hereby acknowledges receipt from the Authority, as the original purchaser of the $110,000 Kanawha Falls Public Service District Sewer Revenue Bonds, Series 2003 B (West Virginia Water Development Authority), dated November 6, 2003 (the "Series 2003 B Bonds"), of the sum of $110,000, being the entire principal amount of the Series 2003 B Bonds, there being no interest accrued thereon.

WITNESS my signature on this 6th day of November, 2003.

KANAWHA FALLS PUBLIC SERVICE DISTRICT

W L Wagner II
Chairperson

10/24/03
006699/00303

M0352068.1

28

KANAWHA FALLS PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS,
SERIES 2003 A (WEST VIRGINIA SRF PROGRAM) AND
SERIES 2003 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

REQUEST AND AUTHORIZATION TO
AUTHENTICATE AND DELIVER BONDS

November 6, 2003

City National Bank, as Registrar
Gauley Bridge, West Virginia

Ladies and Gentlemen:

We herewith hand to you, duly executed, the (i) $1,990,400 Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), in the form of one bond, numbered AR-1, dated November 6, 2003, and (ii) $110,000 Sewer Revenue Bonds, Series 2003 B (West Virginia Water Development Authority), in the form of one bond, numbered BR-1, dated November 6, 2003 (collectively, the "Bonds"), of Kanawha Falls Public Service District (the "Issuer"), authorized to be issued under and pursuant to a Bond Resolution duly adopted by the Issuer on November 4, 2003, and a Supplemental Resolution duly adopted by the Issuer on November 4, 2003.

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.

KANAWHA FALLS PUBLIC SERVICE DISTRICT

W K Wagner Jr
Chairperson

(SEAL)

Attest:

Nancy R. Pierce
Secretary

10/23/03
006699/00303

M0352056.1

KANAWHA FALLS PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS,
SERIES 2003 A (WEST VIRGINIA SRF PROGRAM) AND
SERIES 2003 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 6th day of November, 2003, by and between KANAWHA FALLS PUBLIC SERVICE DISTRICT, a public corporation (the "Issuer"), and CITY NATIONAL BANK, Gauley Bridge, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $1,990,400 Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program) and its $110,000 Sewer Revenue Bonds, Series 2003 B (West Virginia Water Development Authority) (collectively, the "Bonds"), each in the form of one bond, in fully registered form, pursuant to a Bond Resolution and a Supplemental Resolution, both adopted by the Issuer on November 4, 2003 (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 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:

Kanawha Falls Public Service District
P.O. Box 448
Gauley Bridge, WV 25085
Attention: Chairperson

REGISTRAR:

City National Bank
P.O. Box 489
Gauley Bridge, WV 25085
Attention: Corporate Trust Department

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.

KANAWHA FALLS PUBLIC SERVICE DISTRICT

W K Wagner Jr
Chairperson

CITY NATIONAL BANK

Michelle L. Fox
Authorized Officer

10/23/03
006699/00303

EXHIBIT A

See Bond Resolution (Tab No. 11)

See Supplemental Resolution (Tab No. 12)

KANAWHA FALLS PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS,
SERIES 2003 A (WEST VIRGINIA SRF PROGRAM) AND
SERIES 2003 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

3.10

CERTIFICATE OF REGISTRATION OF BONDS

CITY NATIONAL BANK, Gauley Bridge, West Virginia, as Registrar (the "Registrar"), hereby certifies that on the date hereof, the single, fully registered Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), of Kanawha Falls Public Service District (the "Issuer"), dated November 6, 2003, in the principal amount of $1,990,400, numbered AR-1, was registered as to principal only, and the single, fully registered Sewer Revenue Bonds, Series 2003 B (West Virginia Water Development Authority), of the Issuer, dated November 6, 2003, in the principal amount of $110,000, numbered BR-1, was registered as to principal and interest, 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 6th day of November, 2003.

CITY NATIONAL BANK,
as Registrar

Authorized Officer

10/23/03
006699/00303

M0352087.1

KANAWHA FALLS PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS,
SERIES 2003 A (WEST VIRGINIA SRF PROGRAM) AND
SERIES 2003 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

3.11

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

CITY NATIONAL BANK, Gauley Bridge, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Resolution and a Supplemental Resolution adopted by Kanawha Falls Public Service District (the "Issuer") on November 4, 2003 (collectively, the "Resolution"), authorizing issuance of the Issuer's Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program) and Series 2003 B (West Virginia Water Development Authority), in the respective aggregate principal amounts of $1,990,400 and $110,000, both dated November 6, 2003, and agrees to serve as Depository Bank, all as set forth in the Resolution.

WITNESS my signature on this 6th day of November, 2003.

CITY NATIONAL BANK

Michelle L. Fair
Authorized Officer

10/23/03
006699/00303

M0352067.1

WV MUNICIPAL BOND COMMISSION
Suite 500
8 Capitol Street, Charleston, WV 25301
(304) 558-3971

3.12 (A)
NEW ISSUE REPORT FORM
Date of Report: November 6, 2003

ISSUE: Kanawha Falls Public Service District Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program)
ADDRESS: P.O. Box 448, Gauley Bridge, WV 25085 COUNTY: Fayette
PURPOSE OF ISSUE: New Money X
Refunding ___ Refunds issue(s) dated: ___

ISSUE DATE: November 6, 2003 CLOSING DATE: November 6, 2003

ISSUE AMOUNT: $1,990,400 RATE: 0%; Administrative Fee: 0.5%

1st DEBT SERVICE DUE: June 1, 2005 1st PRINCIPAL DUE: June 1, 2005

1st DEBT SERVICE AMOUNT: $16,587 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: City National Bank
Contact Person: Michelle Fox
Phone: (304) 632-1333

ESCROW TRUSTEE: ___
Contact Person: ___
Phone: ___

KNOWLEDGEABLE ISSUER CONTACT:
Contact Person: Linda Dubee
Position: Manager
Phone: (304) 632-1633

OTHER: West Virginia Department of Environmental Protection
Contact Person: Rosalie Brodersen
Function: Branch Leader
Phone: (304) 558-0637

DEPOSITS TO MBC AT CLOSE:
By ___ Wire ___
X Check X
___ ___
Accrued Interest: $___
Capitalized Interest: $___
2003 A Reserve Account: $66,348
Other: ___ $___

REFUNDS & TRANSFERS BY MBC AT CLOSE:
By ___ Wire ___ To Escrow Trustee: $___
___ Check ___ To Issuer: $___
___ IGT ___ To Cons. Invest. Fund $___
___ To Other: ___ $___

NOTES: ___

FOR MUNICIPAL BOND COMMISSION USE ONLY:
Documents Required: ___
Transfers Required: ___

10/23/03
006699/00303

M0352086.1

33A

WV MUNICIPAL BOND COMMISSION
Suite 500
8 Capitol Street, Charleston, WV 25301
(304) 558-3971

3.12 (B)
NEW ISSUE REPORT FORM
Date of Report: November 6, 2003

ISSUE: Kanawha Falls Public Service District Sewer Revenue Bonds, Series 2003 B (West Virginia Water Development Authority)
ADDRESS: P.O. Box 448, Gauley Bridge, WV 25085 COUNTY: Fayette
PURPOSE OF ISSUE: New Money X
Refunding ___ Refunds issue(s) dated: ___

ISSUE DATE: November 6, 2003 CLOSING DATE: November 6, 2003

ISSUE AMOUNT: $110,000 RATE: 5.8%

1st DEBT SERVICE DUE: April 1, 2004 1st PRINCIPAL DUE: October 1, 2004

1st DEBT SERVICE AMOUNT: $2,569.72 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: City National Bank
Contact Person: Michelle Fox
Phone: (304) 632-1333

ESCROW TRUSTEE: ___
Contact Person: ___
Phone: ___

KNOWLEDGEABLE ISSUER CONTACT:
Contact Person: Linda Dubee
Position: Manager
Phone: (304) 632-1633

OTHER: West Virginia Water Development Authority
Contact Person: Daniel Yonkosky
Function: Director
Phone: (304) 558-3612

DEPOSITS TO MBC AT CLOSE: ___ Accrued Interest: $___
___ Capitalized Interest: $___
By X Wire X 2003 B Reserve Account: $9,386
___ Check X 1993 A Reserve Account: $98,351

REFUNDS & TRANSFERS BY MBC AT CLOSE:
By ___ Wire ___ To Escrow Trustee: $___
___ Check ___ To Issuer: $___
___ IGT ___ To Cons.Invest.Fund $___
___ To Other: ___ $___

NOTES: ___

R MUNICIPAL BOND COMMISSION USE ONLY:
Documents Required: ___
Transfers Required: ___

10/23/03
006699/00303

M0398286.1

33B

STATE OF WEST VIRGINIA
DIVISION OF ENVIRONMENTAL PROTECTION
OFFICE OF WATER RESOURCES
1201 GREENBRIER STREET
CHARLESTON, WV 25311

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
WATER POLLUTION CONTROL PERMIT

NPDES PERMIT NO.: WV0034991

SUBJECT: Sewage

ISSUE DATE: March 09, 2001
EFFECTIVE DATE : April 08, 2001
EXPIRATION DATE: March 08, 2006
SUPERSEDES: Permit No. WV0034991 dated February 03, 1992

LOCATION: DEEP WATER (City) Fayette (County) Upper Kanawha River (Drainage Basin)

See the next page for a list of Outlets.

TO WHOM IT MAY CONCERN:

This is to certify that: KANAWHA FALLS PSD
BOX 448
GAULEY BRIDGE, WV 25085

is hereby granted a West Virginia NPDES Water Pollution Control Permit to:

Operate and maintain an existing wastewater collection system and an existing 1.25 MGD contact stabilization wastewater treatment plant which are further described as follows..

A wastewater collection system comprised of approximately 7,000 linear feet of four(4) inch diameter, 11,400 linear feet of six(6) inch diameter, 88,800 linear feet of eight(8) inch diameter, 14,100 linear feet of 10 inch diameter, 28,500 linear feet of 12 inch diameter, and 6,500 linear linear feet of 14 inch diameter gravity sewer lines, 577 manholes, 10 cleanouts, one(1) combination pretreatment – odor control facility/lift station, 11 lift stations, 13 simplex grinder stations, 11 duplex grinder stations, 940 linear feet of one and one-fourth(1 1/4) inch diameter, 940 linear feet of one and one-half(1 1/2) inch diameter, 1,100 linear feet of two(2) inch diameter, 1,700 linear feet of three(3) inch diameter, 2,800 linear feet of six(6) inch diameter, 558 linear feet of eight(8) inch diameter, 26,800 feet of 10 inch diameter, and 17,400 feet of 12 inch diameter force mains, and all requisite appurtenances.

A wastewater treatment plant comprised of a grit chamber with three (3) channels, two (2) 625,000 gallon extended aeration or contact stabilization treatment units, each unit having a comminutor, a bar screen, a 78,100 gallon contact chamber, a 120,900 gallon clarifier with a surface area of 1,075 square feet, a 182,300 gallon stabilization chamber, a 17,400 gallon chlorine contact chamber and a 140,300 gallon aerobic digestor, six (6) wedgewire sludge drying beds with a surface area of 450 square feet each, a portable sludge dewatering belt press, and all requisite appurtenances.

These facilities are to serve a population equivalent of approximately 12,500 persons in the Kanawha Falls Public Service District, inclusive of the Town of Gauley Bridge, the Armstrong Public Service District, the Cannelton service area, the West Virginia Department of Public Safety Correctional Facility at Mount Olive, the Deepwater Public Service District, and environs, and discharge treated wastewater to the Kanawha River at Mile

Point 90.3.

To acquire, construct, install, operate and maintain, improvements to an existing wastewater collection system to be comprised of an upgrade to the existing Smithers Pump Station, an upgrade of the existing Adena Village Pump Station; abandonment and demolition of the Boomer Pump Station pretreatment units; replacement of approximately 900 feet of existing eight(8) inch diameter river crossing at Boomer with a new 10 inch diameter river crossing, 520 linear feet of 10 inch diameter force main, and all requisite appurtenances.

To acquire, construct, install, operate and maintain an upgrade to the existing wastewater treatment plant to be comprised of a mechanical bar screen, a manual bar screen, a flow splitter box, a 625,000 gallon per day contact stabilization treatment unit having a contact chamber with a volume of 78,100 gallons, a clarifier with a volume of 120,900 gallons and a surface area of 1,075 square feet, a stabilization chamber with a volume of 182,300 gallons, a chlorine contact chamber with a volume of 17,400 gallons, and an aerobic digester with a volume of 140,300 gallons, dechlorination facilities, a new washwater system, a 1.2 meter belt press sludge dewatering unit, post lime sludge stabilization facilities, and all requisite appurtenances.

Upon completion of the wastewater treatment plant improvements, the plant will be a 1.875 mgd contact stabilization wastewater treatment plant.

To authorize the acceptance of wastewater to be conveyed from the City of Smithers for subsequent treatment and discharge.

These facilities are to serve a population equivalent of approximately 18,750 persons in the Kanawha Falls Public Service District, inclusive of the Town of Gauley Bridge, the Armstrong Public Service District, the Cannelton service area, the West Virginia Department of Public Safety Correctional Facility at Mount Olive, the Deepwater Public Service District, the City of Smithers, and environs, and discharge treated wastewater, through Outlet No. 009, to the Kanawha River at Mile Point 90.3.

This permit is subject to the following terms and conditions :

The information submitted on, and with, Permit Application No. WV0034991, dated the 9th day of March 2000, additional information, dated the 30th day of October 2000, and additional information, dated the 4th day of January 2001, are all, hereby, made terms and conditions of this Permit with like effect as if all such permit application information were set forth herein, and with other conditions set forth in Sections A, B, C, and D, and Appendix A.

THE WASTEWATER TREATMENT PLANT AND WASTEWATER COLLECTION SYSTEM IMPROVEMENTS PROJECT SHALL BE CONSTRUCTED IN ACCORDANCE WITH:

Plans, Specifications, and Reports:
Date Approved: January 5, 1999
Prepared by: Ghosh Engineers, Inc.
12th Floor Union Building
723 Kanawha Boulevard East
Charleston, WV 25301
Title: Kanawha Falls Public Service District
Fayette County, West Virginia
Contract 1 – Wastewater System Improvements
SRF Project No. C-544227

The validity of this permit is contingent upon the payment of the applicable annual fee, as required by Chapter 22, Article 11, Section 10 of the Code of West Virginia.

Inspectable Unit	Latitude	Longitude	Receiving Stream
001	38°07'56"	81°16'33"	KANAWHA RV
009	38°07'56"	81°16'33"	KANAWHA RV

A.001 DISCHARGE LIMITATIONS AND MONITORING REQUIREMENTS:

Interim Limitations

Year Round

During the period beginning April 8, 2001 and lasting through midnight March 8, 2003 the permittee is authorized to discharge from Outlet Number(s) 001 (Sanitary)

Such discharges shall be limited and monitored by the permittee as specified below:

Effluent Characteristic	Discharge Limitations Quantity		Units		Other Units		Units	Monitoring Requirements Measurement Frequency	Sample Type
Flow, thru treatment plant (Year Round)	N/A	N/A	N/A	Rpt Only Daily Min.	Rpt Only Avg. Monthly	Rpt Only Max. Daily	mgd	Continuous	measured
BOD, 5-Day 20 Deg.C (Year Round)	312.8 Avg. Monthly	625.5 Max. Daily	Lbs/Day	N/A	30 Avg. Monthly	60 Max. Daily	mg/l	1/week	8 hr comp
Total Suspended Solids (Year Round)	312.8 Avg. Monthly	625.5 Max. Daily	Lbs/Day	N/A	30 Avg. Monthly	60 Max. Daily	mg/l	1/week	8 hr comp
Nitrogen, Kjeldahl Total (Year Round)	187.7 Avg. Monthly	375.3 Max. Daily	Lbs/Day	N/A	18 Avg. Monthly	36 Max. Daily	mg/l	1/week	8 hr comp
Coliform, Fecal (Year Round)	N/A	N/A	N/A	N/A	200 Mo. Geo. Mean	400 Max. Daily	Cnts/100ml	1/week	Grab
pH (Year Round)	N/A	N/A	N/A	6 Inst. Min.	N/A	9 Inst. Max.	S.U.	1/week	Grab
Chlorine, Total Residual (Year Round)	N/A	N/A	N/A	N/A	Rpt Only Avg. Monthly	Rpt Only Inst. Max.	mg/l	1/week	Grab
Toxicity,Pimephales Acute (Year Round)	N/A	N/A	N/A	N/A	N/A	1 Max. Daily	TUa	1/year	8 hr comp

Samples taken in compliance with the monitoring requirements specified above shall be taken at the following location(s):

Effluent BOD5 and Acute Toxicity samples shall be taken at a location immediately preceding disinfection. Other effluent samples shall be collected at, or as near as possible to, the point of discharge.

This discharge shall not cause violation of Title 46, Series 1, Section 3, of the West Virginia Legislative Rules issued pursuant to Chapter 22B, Article 3.

A.001 DISCHARGE LIMITATIONS AND MONITORING REQUIREMENTS:

Final Limitations

Year Round

During the period beginning March 9, 2003 and lasting through midnight March 8, 2006 the permittee is authorized to discharge from Outlet Number(s) 001 (Sanitary)

Such discharges shall be limited and monitored by the permittee as specified below:

Effluent Characteristic	Discharge Limitations						Units	Monitoring Requirements	
	Quantity		Units		Other Units			Measurement Frequency	Sample Type
Flow, thru treatment plant (Year Round)	N/A	N/A	N/A	Rpt Only Daily Min.	Rpt Only Avg. Monthly	Rpt Only Max. Daily	mgd	Continuous	measured
BOD, 5-Day 20 Deg.C (Year Round)	312.8 Avg. Monthly	625.5 Max. Daily	Lbs/Day	N/A	30 Avg. Monthly	60 Max. Daily	mg/l	1/week	8 hr comp
Total Suspended Solids (Year Round)	312.8 Avg. Monthly	625.5 Max. Daily	Lbs/Day	N/A	30 Avg. Monthly	60 Max. Daily	mg/l	1/week	8 hr comp
Nitrogen, Kjeldahl Total (Year Round)	187.7 Avg. Monthly	375.3 Max. Daily	Lbs/Day	N/A	18 Avg. Monthly	36 Max. Daily	mg/l	1/week	8 hr comp
Coliform, Fecal (Year Round)	N/A	N/A	N/A	N/A	200 Mo. Geo. Mean	400 Max. Daily	Cnts/100ml	1/week	Grab
pH (Year Round)	N/A	N/A	N/A	6 Inst. Min.	N/A	9 Inst. Max.	S.U.	1/week	Grab
Chlorine, Total Residual (Year Round)	N/A	N/A	N/A	N/A	0.028 Avg. Monthly	0.057 Inst. Max.	mg/l	1/week	Grab
Arsenic, Total (as As) (Year Round)	N/A	N/A	N/A	N/A	0.05 Avg. Monthly	0.0729 Max. Daily	mg/l	1/month	8 hr comp
Toxicity,Pimephales Acute (Year Round)	N/A	N/A	N/A	N/A	N/A	1 Max. Daily	TUa	1/year	8 hr comp

Samples taken in compliance with the monitoring requirements specified above shall be taken at the following location(s):

Effluent BOD5 and Acute Toxicity samples shall be taken at a location immediately preceding disinfection. Other effluent samples shall be collected at, or as near as possible to, the point of discharge.

This discharge shall not cause violation of Title 46, Series 1, Section 3, of the West Virginia Legislative Rules issued pursuant to Chapter 22B, Article 3.

A.001 DISCHARGE LIMITATIONS AND MONITORING REQUIREMENTS:

Final Limitations

Year Round

During the period beginning March 9, 2003 and lasting through midnight March 8, 2006 the permittee is authorized to discharge from Outlet Number(s) 001 (Sanitary)

Such discharges shall be limited and monitored by the permittee as specified below:

Effluent Characteristic	Discharge Limitations Quantity		Units		Other Units		Units	Monitoring Requirements Measurement Frequency	Sample Type
Zinc, Total Recoverable (Year Round) Refer to Section C.20	N/A	N/A	N/A	N/A	0.0583 Avg. Monthly	0.117 Max. Daily	mg/l	1/month	8 hr comp
Lead, Total Recoverable (Year Round) Refer to Section C.20	N/A	N/A	N/A	N/A	0.0026 Avg. Monthly	0.0052 Max. Daily	mg/l	1/month	8 hr comp
Copper, Total Recoverable (Year Round) Refer to Section C.20	N/A	N/A	N/A	N/A	0.0088 Avg. Monthly	0.0177 Max. Daily	mg/l	1/month	8 hr comp
Cyanide, Weak Acid Dissociable (Year Round) Refer to Section C.21	N/A	N/A	N/A	N/A	0.0041 Avg. Monthly	0.0073 Max. Daily	mg/l	1/month	Grab
Silver, Total Recoverable (Year Round) Refer to Section C.20	N/A	N/A	N/A	N/A	0.002 Avg. Monthly	0.0041 Max. Daily	mg/l	1/month	8 hr comp
Cadmium, Total Recoverable (Year Round) Refer to Section C.20	N/A	N/A	N/A	N/A	0.0009 Avg. Monthly	0.0019 Max. Daily	mg/l	1/month	8 hr comp
Mercury, Total (as Hg) (Year Round)	N/A	N/A	N/A	N/A	0.00014 Avg. Monthly	0.0002 Max. Daily	mg/l	1/month	8 hr comp
Nickel, Total Recoverable (Year Round) Refer to Section C.20	N/A	N/A	N/A	N/A	0.1291 Avg. Monthly	0.259 Max. Daily	mg/l	1/month	8 hr comp
Chromium, Hexavalent (Year Round)	N/A	N/A	N/A	N/A	0.008 Avg. Monthly	0.016 Max. Daily	mg/l	1/month	8 hr comp

Samples taken in compliance with the monitoring requirements specified above shall be taken at the following location(s):

Effluent BOD5 and Acute Toxicity samples shall be taken at a location immediately preceding disinfection. Other effluent samples shall be collected at, or as near as possible to, the point of discharge.

This discharge shall not cause violation of Title 46, Series 1, Section 3, of the West Virginia Legislative Rules issued pursuant to Chapter 22B, Article 3.

A.009 DISCHARGE LIMITATIONS AND MONITORING REQUIREMENTS:

Final Limitations

Year Round

During the period beginning April 08, 2001 and lasting through midnight March 08, 2006 the permittee is authorized to discharge from Outlet Number(s) 009 (Sanitary)

Such discharges shall be limited and monitored by the permittee as specified below:

Effluent Characteristic	Discharge Limitations Quantity		Units		Other Units		Units	Monitoring Requirements Measurement Frequency	Sample Type
Flow, thru treatment plant (Year Round)	N/A	N/A	N/A	Rpt Only Min.	Rpt Only Avg. Monthly	Rpt Only Max. Daily	mgd	Continuous	measured
BOD, 5-Day 20 Deg.C (Year Round)	469.1 Avg. Monthly	938.2 Max. Daily	Lbs/Day	N/A	30 Avg. Monthly	60 Max. Daily	mg/l	1/week	8 hr comp
Total Suspended Solids (Year Round)	469.1 Avg. Monthly	938.2 Max. Daily	Lbs/Day	N/A	30 Avg. Monthly	60 Max. Daily	mg/l	1/week	8 hr comp
Nitrogen, Kjeldahl Total (Year Round)	281.5 Avg. Monthly	562.9 Max. Daily	Lbs/Day	N/A	18 Avg. Monthly	36 Max. Daily	mg/l	1/week	8 hr comp
Coliform, Fecal (Year Round)	N/A	N/A	N/A	N/A	200 Mo. Geo. Mean	400 Max. Daily	Cnts/100ml	1/week	Grab
pH (Year Round)	N/A	N/A	N/A	6 Inst. Min.	N/A	9 Inst. Max.	S.U.	1/week	Grab
Chlorine, Total Residual (Year Round)	N/A	N/A	N/A	N/A	0.028 Avg. Monthly	0.057 Inst. Max.	mg/l	1/week	Grab
Arsenic, Total (as As) (Year Round)	N/A	N/A	N/A	N/A	0.05 Avg. Monthly	0.0729 Max. Daily	mg/l	1/month	6 hr comp
Toxicity,Pimephales Acute (Year Round)	N/A	N/A	N/A	N/A	N/A	1 Max. Daily	TUa	1/year	8 hr comp

Samples taken in compliance with the monitoring requirements specified above shall be taken at the following location(s):

Effluent BOD5 and Acute Toxicity samples shall be collected at a location immediately preceding disinfection. Other effluent samples shall be collected at, or as near as possible to, the point of discharge.

This discharge shall not cause violation of Title 46, Series 1, Section 3, of the West Virginia Legislative Rules issued pursuant to Chapter 22B, Article 3.

A.009 DISCHARGE LIMITATIONS AND MONITORING REQUIREMENTS:

Final Limitations

Year Round

During the period beginning April 08, 2001 and lasting through midnight March 08, 2006 the permittee is authorized to discharge from Outlet Number(s) 009 (Sanitary)

Such discharges shall be limited and monitored by the permittee as specified below:

Effluent Characteristic	Discharge Limitations							Monitoring Requirements	
	Quantity		Units		Other Units		Units	Measurement Frequency	Sample Type
Zinc, Total Recoverable (Year Round) Refer to Section C.20	N/A	N/A	N/A	N/A	0.0583 Avg. Monthly	0.117 Max. Daily	mg/l	1/month	8 hr comp
Lead, Total Recoverable (Year Round) Refer to Section C.20	N/A	N/A	N/A	N/A	0.0026 Avg. Monthly	0.0052 Max. Daily	mg/l	1/month	8 hr comp
Copper, Total Recoverable (Year Round) Refer to Section C.20	N/A	N/A	N/A	N/A	0.0088 Avg. Monthly	0.0177 Max. Daily	mg/l	1/month	8 hr comp
Cyanide, Weak Acid Dissociable (Year Round) Refer to Section C.21	N/A	N/A	N/A	N/A	0.0041 Avg. Monthly	0.0073 Max. Daily	mg/l	1/month	Grab
Silver, Total Recoverable (Year Round) Refer to Section C.20	N/A	N/A	N/A	N/A	0.002 Avg. Monthly	0.0041 Max. Daily	mg/l	1/month	8 hr comp
Cadmium, Total Recoverable (Year Round) Refer to Section C.20	N/A	N/A	N/A	N/A	0.0009 Avg. Monthly	0.0019 Max. Daily	mg/l	1/month	8 hr comp
Mercury, Total (as Hg) (Year Round)	N/A	N/A	N/A	N/A	0.00014 Avg. Monthly	0.0002 Max. Daily	mg/l	1/month	8 hr comp
Nickel, Total Recoverable (Year Round) Refer to Section C.20	N/A	N/A	N/A	N/A	0.1291 Avg. Monthly	0.259 Max. Daily	mg/l	1/month	8 hr comp
Chromium, Hexavalent (Year Round)	N/A	N/A	N/A	N/A	0.008 Avg. Monthly	0.016 Max. Daily	mg/l	1/month	8 hr comp

Samples taken in compliance with the monitoring requirements specified above shall be taken at the following location(s):

Effluent BOD5 and Acute Toxicity samples shall be collected at a location immediately preceding disinfection. Other effluent samples shall be collected at, or as near as possible to, the point of discharge.

This discharge shall not cause violation of Title 46, Series 1, Section 3, of the West Virginia Legislative Rules issued pursuant to Chapter 22B, Article 3.

B. SCHEDULE OF COMPLIANCE

1. The permitee shall achieve compliance with the provisions for waste treatment and the monitoring requirements specified in the permit in accordance with the following schedule :

Jan 31, 2002:	Begin Construction of the 1.875 mgd Wastewater Treatment Plant
Jan 31, 2003:	End Construction of the 1.875 mgd Wastewater Treatment Plant
Jul 31, 2003:	Comply with Effluent Limits for the New 1.875 mgd Wastewater Treatment Plant. (Outlet 009)
Mar 08, 2002:	Submit Progress Report on the Attainment of Compliance with the Final Total Residual Chlorine Effluent Discharge Limitation, As Specified in Section C.19, Other Requirements.
Mar 08, 2003:	Permittee Shall Have Installed the Necessary Treatment Units Required to Achieve Compliance with the Final Total Residual Chlorine Effluent Discharge Limitations, As Specified in Section C.19, Other Requirements.

2. Reports of compliance or non-compliance with, and progress reports on interim and final requirements contained in the above compliance schedule, shall be postmarked no later than 14 days following each schedule date.

Section C - Other Requirements

1. The herein-described treatment works, structures, electrical and mechanical equipment shall be adequately protected from physical damage by the maximum expected one hundred (100) year flood level, and operability shall be maintained during the twenty-five (25) year flood level.

2. The entire sewage treatment facility shall be adequately protected by fencing.

3. Continuous maintenance and operation of the listed sewage treatment facility shall be performed by, or supervised by, a certified operator possessing at least a Class II certificate for Waste Water Treatment Plant Operators issued by the State of West Virginia. On-site attendance by a Class II operator will be as directed by the Bureau for Public Health, Office of Environmental Health Services.

4. The arithmetic mean of values for effluent samples collected in a period of seven(7) consecutive days shall not exceed 45.0 mg/l for BOD5 and TSS.

5. The arithmetic mean of the effluent values of the BOD5 and TSS discharged during a period of 30 consecutive days shall not exceed 15 percent of the respective arithmetic mean of the influent values for these parameters during the same time period except as specifically authorized by the permitting authority.

6. The permittee shall not accept any new nondomestic discharges without first obtaining approval from the Chief, as provided in Title 47, Series 10, Section 14 of the West Virginia Legislative Rules.

7. If any existing nondomestic discharge causes, or is suspected of causing, interference or pass through, as defined by 40 CFR Part 403.3, or otherwise violates any provision of 40 CFR Part 403, the permittee shall notify the Chief of such violation or suspected violation.

8. If any existing nondomestic discharge is identified as being subject to Categorical Pretreatment Standard under 40 CFR Chapter 1, Subchapter N, and the discharge is not regulated by this permit, the permittee shall notify the Chief of such identification.

9. The permittee shall submit each month according to the enclosed format, a Discharge Monitoring Report (DMR) indicating in terms of concentration and/or quantities the values of the constituents listed in Section A analytically determined to be in the plant effluent(s). Additional information pertaining to effluent monitoring and reporting can be found in Appendix A, Part III.

10. The required DMRs should be received no later than 20 days following the end of the reporting period and be addressed to:

Chief Office of Water Resources 1201 Greenbrier Street Charleston, WV 25311-1088 Attention: Engineering Branch	U.S. Evironmental Protection Agency Region III, Water Protection Division NPDES Branch (3WP50) 1650 Arch Street Philadelphia, PA 19103-2029

11. For any noncompliance reports required to be submitted in writing by Appendix A, Part IV, of this Permit, a copy shall also be forwarded to the Environmental Protection Agency at the location specified in Section C.10, above.

12. For purposes of identity, in this permit, Outlet No. 001 refers to discharges from the existing 1.25 million gallons per day wastewater treatment facility. Outlet No. 009 refers to discharges from the upgraded 1.875 million gallons per day wastewater treatment facility.

13. The permittee shall continue to implement a program to identify and eliminate sources of inflow and infiltration. On, or before, the 9th day of July 2001, the permittee shall submit to the Chief a written Plan of Action that stipulates specific tasks and compliance dates for the implementation of the program. A written progress report shall be provided on a monthly basis, as an attachment to the Discharge Monitoring Report, detailing what has been performed in relation to the implementation and accomplishments of the inflow and infiltration elimination program. Failure of the permittee to comply with this requirement shall result in subsequent administrative and/or legal action, as may be necessary in order to obtain the compliance sought herein.

14. The average daily design flow of the existing Publicly Owned Treatment Works, discharging through Outlet No. 001, has been established at 1.25 million gallons per day. The average daily design flow of the proposed upgraded Publicly Owned Treatment Works, discharging through Outlet No. 009, has been established at 1.875 million gallons per day. When the average monthly effluent flow reported on Discharge Monitoring Reports reaches, or exceeds, 90 percent of the average design flow, (1.13 million gallons per day for Outlet No. 001 or 1.69 million gallons per day for Outlet No. 009) during three (3) consecutive monthly periods, the permittee shall submit a Plan of Action to the Chief. The Plan of Action shall present, at a minimum, an analyses of current hydraulic and organic loadings on the plant, an analysis of the future projected loadings, and a Schedule of Tasks to accomplish procedures necessary to maintain required treatment levels.

Section C - Other Requirements

15. Any future collection system extensions projected to cause an increase in the wastewater flow, equal to, or greater than, 62,500 gallons per day for Outlet No. 001 or 93,750 gallons per day for Outlet No. 009 (five (5) percent of average design flow) shall require the permittee to contact the Chief to secure approval of the extension. After consideration of the complexity of the project, and the available treatment capacity of the facility, the Chief may require the permittee to seek approval through Modification of the Permit.

16. The permittee shall perform whole effluent toxicity testing in accordance with the following.

    a) The whole effluent toxicity testing prescribed, herein, shall be the performance of a 48 - hour static acute toxicity test.

        (1) The acute toxicity testing shall be performed on an annual (1/year) basis.

        (2) The test shall be conducted using Pimephales promelas, fathead minnow, as the test species.

        (3) An eight(8) hour composite sample of the effluent, as prescribed in Section A.001 and Section A.009, shall be utilized for testing.

        (4) Test results shall be reported on the attached Discharge Monitoring Reports and copies of all test results provided as an attachment thereto. The acute toxicity units, TUa, required to be reported, are calculated by dividing 100 by the LC50.

    b) The monitoring required, herein, shall be conducted in accordance with the sample collection, preservation, and analytical procedures specified in 40 CFR Part 136.

    c) If whole effluent toxicity testing shows noncompliance with the specified limitations prescribed in Section A.001 and A.009, the permittee shall immediately resample and test the effluent. This shall be performed within 30 days of the initial demonstration of noncompliance with the whole effluent toxicity discharge limitations prescribed herein. Copies of the retesting results shall be provided to the Chief immediately upon completion of the test.

    d) If the second test shows compliance, whole effluent toxicity testing shall continue in accordance with the requirements, as prescribed herein. However, if the second test shows noncompliance, the Chief shall impose further requirements, as may be necessary, in order to obtain compliance with the whole effluent toxicity discharge limitations.

    e) The Chief shall impose further requirements should the whole effluent toxicity testing results demonstrate an irregular pattern of noncompliance.

17. The Chief is required to include effluent limitations in WV/NPDES Water Pollution Control Permits for all priority pollutants that are present in amounts that could potentially cause violation of Water Quality Standards. Certain pollutants are known to be present in Publicly Owned Treatment Works treatment systems. At the time of issuance of this Permit, the Chief does not have adequate information to determine if the pollutants are present in the effluent in amounts that would jeopardize Water Quality Standards. Further, uncertainty exists relative to the amounts of pollutants in the receiving stream upstream of Outlet No. 001 of Outlet No. 009, and to the efficiency of mixing of the effluent and the receiving stream. Therefore, the Chief is deferring assessment of water quality-based effluent limitations for priority pollutants, pending receipt of additional information.

    A phased information generation procedure is proposed herein. The first phase involves the collection of effluent data to determine if pollutants are potentially present in the effluent in amounts exceeding Water Quality Standards. The specifics relative to effluent monitoring are contained in Section C.17.a), below. If the effluent potentially contains priority pollutants in amounts above Water Quality Standards, then the Chief will consider the feasibility of granting a Zone of Initial Dilution (ZID) and/or a mixing zone in accordance with Title 46, Series I, of the Legislative Rules, as a potential compliance solution.

    In the second phase, the permittee will be required to generate information relative to the mixing characteristics of the receiving stream, and upstream water quality in order to obtain a ZID, or mixing zone. The second phase of information generation is described in Section C.17.b), below.

    a) The Chief will determine if there is reasonable potential for any priority pollutant to be present in Outlet No. 001 or Outlet No. 009 in amounts exceeding applicable Water Quality Standards. The Chief's assessment will be based upon the effluent data collected generated by the permittee and the statistical procedures of EPA's Technical Support Document for Water Quality-based Toxics Control. The permittee will be advised in writing of the results of this assessment. If one(1) or more pollutants are potentially present in amounts exceeding standards, then the Chief may authorize the permittee to request a mixing zone.

Section C - Other Requirements

17. a) (1) The permittee shall monitor the effluent discharge of Outlet No. 001 or Outlet No. 009 for Total Recoverable Cadmium, Hexavalent Chromium, Total Recoverable Copper, Total Recoverable Lead, Total Recoverable Nickel, Total Recoverable Silver, Total Recoverable Zinc, Total Mercury, Total Arsenic, Free Cyanide, and Total Hardness.

(2) The effluent monitoring shall be performed during the period beginning on the 9th day of April 2001, and lasting through, the 9th day of July 2001. The monitoring requirements measurement frequency shall be once per week (1/week), and the sample type shall be eight(8) hour composite. A minimum of 12 test results for each pollutant should be obtained.

(3) Unless otherwise specified herein, sample collection, preservation and analysis shall be conducted in accordance with the procedures of 40 CFR Part 136. The permittee should refer to the effluent discharge limitations prescribed in Section A.001 and Section A.009 for comparative purposes. The permittee shall assure that the test procedure being utilized has an appropriate method detection level (MDL) for the parameters. Analyses shall be conducted using the most sensitive methods and detection levels commercially available, and economically feasible. The following methods and detection levels are offered as a guide.

Parameter	EPA Method No.	Detection Level (ug/l)
Cadmium, Total Recoverable	213.2	0.2
Chromium, Hexavalent	218.4	1
Copper, Total Recoverable	220.2	1
Lead, Total Recoverable	239.2	1
Nickel, Total Recoverable	249.2	3
Silver, Total Recoverable	272.2	0.2
Zinc, Total Recoverable	289.2	1
Mercury, Total	245.1	0.2
Arsenic, Total	206.2	2
Cyanide, Free	Use the Standard Method for Weak Acid Dissociable Cyanide as specified in the latest edition of Standard Methods.	

(4) The analytical test procedures, set forth in 40 CFR Part 136, prescribes colorimetric methods for certain parameters. The digestion process for the performance of total recoverable is not sufficient for the utilization of a colorimetric procedure. Therefore, colorimetric procedures shall not be acceptable for the analysis of parameters prescribed as total recoverable.

(5) The permittee shall perform the analyses of the effluent discharge, as prescribed in Section C.17.a)(1) through Section C.17.a)(4), and shall, on or before, the 9th day of August 2001, submit to the Chief, a written summarization of the sampling data. Thereupon, the Chief shall perform a reasonable potential assessment. The Chief shall notify the permittee in writing of the pollutants which demonstrate a reasonable potential to be present in amounts that would violate Water Quality Standards. After receipt of the "reasonable potential" of pollutants determination from the Chief, the permittee shall, in writing, notify the Chief of its desire to seek a Zone of Initial Dilution (ZID) or a mixing zone. The permittee must commit to the generation and submission of the information specified in Section C.17.b), below.

(6) The Chief will consider reduction of self-monitoring frequency for pollutants determined not to have reasonable potential to be present in the effluent in amounts exceeding Water Quality Standards. If the permittee desires reduction of self-monitoring frequency, it must request such by filing a Permit Modification Application.

Section C - Other Requirements

17. b) The information collected and provided in this evaluation will be used to determine effluent limitations necessary to protect water quality in the Kanawha River, as provided in Title 46, Series I Water Quality Standards and Mixing Zone requirements. If effluent quality is such that compliance with the calculated limitations can be expected, then the Chief will modify this Permit to incorporate the limitations, effluent self-monitoring requirements, and ambient monitoring requirements. If effluent quality is such that pollutants are not potentially present in the effluent in amounts that will violate standards at the edges of the mixing zones, then the Chief will not prescribe effluent limitations, and will consider reduction of self-monitoring frequency. Such determination will again be based upon the reasonable potential procedures of the Technical Support Document, except in this case, the dilution available in the regulatory mixing zones will be considered. If effluent quality is such that it will cause violation of Water Quality Standards, and Mixing Zone requirements, the Chief will compel compliance through Permit Modification, and/or issuance of an Administrative Order. Reasonable time will be granted for the permittee to achieve compliance.

    (1) If the permittee desires a mixing zone and/or a ZID to be granted by the Chief, and is authorized to pursue such by written correspondence from the Chief, the information detailed in the West Virginia Division of Environmental Protection, Office of Water Resources, Water Quality Standards/Mixing Zones Implemention Guidance, must be generated, and reported to the Chief. The information must be included in a Permit Modification Application, which requests the granting of a mixing zone and/or ZID.

    (2) If the permittee desires a mixing zone and/or a ZID to be granted by the Chief, then the information must be generated, and a Permit Modification Application submitted to the Chief on, or before, the 8th day of November 2002.

    c) If the permittee proceeds to construction of the upgrade to the wastewater treatment plant in a timely manner, then the Chief may be amenable to extending the requirements relative to the generation of the data required herein.

    d) If the permittee submits an approvable permit modification application by the specified date in Section C.17.b)(2), and the Chief fails to process the application prior to the effective date of the effluent discharge limitations presented for the nonconventional parameters discussed in Section C.17.a)(1)and prescribed in Section A.001, Final Limitations on page 5 and 6 of 19, or Section A.009, Final Limitations, on page 7 and 8 of 19, then such limitations for the nonconventional pollutants shall not become effective until the Chief takes final action.

    e) Whereby, the permittee does not perform the monitoring and generate the requisite data, above, the permittee shall be required to comply with Water Quality Standards in the effluent at the point of discharge.

18. Over the term of this permit, the permittee is allowed up to three(3) excursions of the maximum daily fecal coliform effluent limitation prescribed in Section A.001 and Section A.009. The number of allowed excursions is based upon one (1) percent of the number of required self-monitoring events. Utilization of the excursion allowance is conditioned as follows.

    a) Excursion allowances are afforded only to self-monitoring results and only when self-monitoring activities assess compliance with the maximum daily effluent limitation by analysis of an individual grab sample. No excursion allowance can be applied to analytical results obtained by representatives of the Chief in the performance of their compliance assessment activities. Additionally, representatives of the Chief may assess compliance with the maximum daily effluent limitation by collection and analysis of an individual grab sample.

    b) No more than one excursion may be utilized in any calendar month.

    c) The excursion allowance is contingent upon the permittee's prompt return to compliance as evidenced by the next required fecal coliform self-monitoring event.

    d) The result for which an excursion allowance is claimed shall be included in the calculation of the average monthly effluent value.

    e) Should an excursion allowance be utilized by the permittee, said allowance must be reported as an attachment to the Discharge Monitoring Report. This attachment should state that (1) an excursion allowance was taken in accordance with the conditions outlined above, (2) the total number of allowances taken to date during the term of this permit, and (3) the total number of allowances remaining during the term of this permit. The permittee shall maintain an on-site record of the excursion allowances utilized during the term of the permit.

19. Additional treatment units shall be installed to achieve compliance with the final Total Residual Chlorine effluent discharge limitation, as prescribed in Section A.001.

Section C - Other Requirements

19. a) The additional treatment units required above, which are necessary for the upgrading of the wastewater treatment plant, shall be installed and operational, on, or before, the 8th day of March 2003.

    b) The permittee shall secure the appropriate approvals from the Bureau for Public Health and the Chief prior to the acquisition, construction, and installation of these facilities.

    c) Whereby, the requirement to comply with the final Total Residual Chlorine effluent discharge limitation is being imposed as an integral part of the permitting procedures being implemented herein, the authorization relative to the acquisition, construction, installation, operation, and maintenance of the required additional treatment units shall be afforded as a minor modification to the Permit.

    d) The above required treatment unit will be waived by the Chief, if the permittee can supply effluent test results documenting, and proving that such additional treatment unit is not necessary to meet the final Total Residual Chlorine effluent discharge limitation prescribed in this Permit.

    e) If the permittee proceeds to construction with the upgrade of the wastewater treatment plant, within the time frame of the schedule provided in Secton C.19.a), above, then the requirements of this section will be waived.

20. The analytical test procedures, set forth in 40 CFR Part 136, prescribe colorimetric methods for certain parameters. The digestion process for the performance of total recoverable is not sufficient for the utilization of a colorimetric procedure. Therefore, colorimetric procedures shall not be acceptable for the analysis of parameters prescribed as total recoverable.

21. For the measurement of Free Cyanide, the permittee shall use the standard method for weak acid dissociable cyanide, as specified in the latest edition of Standard Methods.

22. Available sampling methods for total residual chlorine (TRC) are currently not sensitive enough to confirm compliance with the permit limitations imposed for the wastwater treatment plant. Total residual chlorine (TRC) samples shall be taken, preserved and analyzed in accordance with the latest edition of 40 CFR Part 136. Because the permittee does not operate a certified wastewater laboratory at the plant site but still must comply with the instantaneous sample type requirements, the permittee shall use an EPA Approved Method with at least a method detection level (MDL) of 100 ug/l. Any TRC sampling result reported as less than the MDL stated above shall be assumed to confirm compliance for purposes of permit enforcement. Should a more sensitive EPA approved method become available for field analysis of TRC, the permittee shall perform TRC self-monitoring in accordance with the new method. However, the permittee shall not be obligated to commence TRC self-monitoring in accordance with the new method earlier than 90 days after the permittee has received notification of the new method by the Division. If the new method is not sensitive enough to determine compliance with specified TRC limits, analytical results reported as "not detected" at the MDL of the new method will be deemed compliant for purposes of permit enforcement.

23. The permittee may accept pretreated nondomestic wastewater from Elkem Metals Company for subsequent treatment and disposal. Approval is subject to and contingent upon compliance with the following terms and conditions:

    a) The nondomestic wastestream approved for acceptance is pretreated equipment steam cleaning operation wastewater.

    b) The maximum daily volume accepted shall not exceed 1,500 gallons. The actual volume accepted shall be estimated and recorded daily.

    c) The following limitations and self-monitoring requirements apply to the nondomestic wastewater discharge:

Parameter	Daily Maximum Limitation	Units	Monitoring Frequency	Sample Type
Oil and Grease	30	mg/l	1/Quarter	Grab
TSS	200	mg/l	1/Quarter	Grab
pH	Between 5.0 and 10.0	S.U.	1/Quarter	Inst. Mea.

    d) Grab samples and pH measurements shall be obtained at the effluent of the pretreatment unit [discharge line of the oil/water separator treatment sump] when a discharge to the permittee's collection system is occuring at a time that is representative of the normal equipment steam cleaning operations.

    e) Approval extends only to acceptance of the wastestreams described in Item No. 23.a. The acceptance of any other type of wastewater is expressly prohibited.

Section C - Other Requirements

23. f) The permittee shall ensure that the treatment sump is bermed or otherwise constructed to prevent stormwater from entering the unit.

24. The permittee may accept nondomestic wastewater from Armstrong Public Service District for subsequent treatment and disposal. Approval is subject to and contingent upon compliance with the following terms and conditions.

    a) The nondomestic wastewater approved for acceptance is pretreated filter backwash water from the waste treatment plant.

    b) The subject nondomestic wastewater shall be pretreated as detailed in the modification application.

    c) The maximum daily volume of the subject nondomestic wastewater accepted shall not exceed 9,000 gallons. The actual volume accepted shall be estimated and recorded daily. Estimates shall be based upon water usage for filter backwash.

    d) The following limitations and self-monitoring requirements apply to the subject nondomestic wastewater discharge:

Parameter	Maximum Daily Limitation	Units	Monitoring Frequency	Sample Type
Aluminum	Monitor Only	mg/l	1/Month	Grab
TSS	250	mg/l	1/Month	Grab
pH	Between 5.0 and 10.0	S.U.	1/Month	Inst. Meas.

Grab samples and pH measurements shall be obtained at the effluent of the pretreatment unit when a discharge to the permittee's collection system is occuring at mid point of filter backwash operations and a time that is representative of normal filter backwash operations.

25. All monitoring required by Section C.23.c., and Section C.24.d., shall be conducted in accordance with sample collection, preservation, and analytical procedures specified in 40 CFR Part 136.

26. Individual reports of monitoring required by Section C.23.c. and Section C.24.d. shall be submitted monthly to the Chief as an attachment to the permittee's Discharge Monitoring Reports (DMR). Reports become due 20 days after the end of the applicable monitoring period. Applicable periods for self-monitoring specified at a "1/Month" frequency are the calendar months. Applicable periods for self-monitoring specified at a "1/Quarter" frequency are January 1 - March 31, April 1 - June 30, July 1 - September 30, and October 1 - December 31. Reports shall include results of all self-monitoring, the average and maximum daily volume accepted during the period.

27. If the permittee or any of the indirect dischargers monitor more frequently than required, using analytical procedures specified in Section C.25, then the results of the additional monitoring shall be included in the reports required by Section C.26.

28. If the permittee does not accept wastewater from any of the facilities regulated by Section C.23, and Section C.24 during an applicable monitoring period, then the permittee shall submit a statement that certifies such, in lieu of a monitoring report.

29. Records of the following information relative to self-monitoring of the subject nondomestic wastewater discharge shall be maintained:

    a) The date, exact place, method and time of sampling, sample preservation techniques used, and the name of the person taking the samples;

    b) The date(s) analyses were performed, the analytical methods used;

    c) The name of the person performing the analyses & the analytical results.

30. The Chief reserves the right to disallow the continued acceptance of the subject nondomestic wastewater from any of the facilities described in Section C.23, and Section C.24, or require installation of additional pretreatment facilities, should the wastewater violate specified limitations, cause interference with the POTW operations, pass-through the POTW and result in effluent violations or receiving stream degradation, or adversely impact the permitteee's sludge disposal. Approval of the permittee's acceptance of nondomestic wastewater in no way relieves the permittee of its responsibility to comply with other terms and conditions of this permit, and shall not constitute an affirmative defense in any enforcement action brought against the permittee.

D. SEWAGE SLUDGE MANAGEMENT REQUIREMENTS

1. The permittee shall monitor and report monthly on the enclosed Sewage Sludge Management Report form the quality and quantity of sewage sludge produced. The required report shall be received no later than 20 days following the end of the reporting period and be addressed to:

Chief Office of Water Resources 1201 Greenbrier Street Charleston, WV 25311-1088 Attention: Engineering Branch	Regional Administrator U.S. Environmental Protection Agency Region III 1650 Arch Street Philadelphia, PA 19103

2. The permittee shall provide copies of monthly reports to the county or regional solid waste authority in which the facility or land application site(s) is located.

3. The Sewage Sludge Monitoring Report form shall be submitted quarterly. The required report shall be received no later than 20 days following the end of the reporting period and shall be addressed to:

Chief Office of Water Resources 1201 Greenbrier Street Charleston, WV 25311-1088 Attention: Engineering Branch	Regional Administrator U.S. Environmental Protection Agency Region III 1650 Arch Street Philadelphia, PA 19103

4. The following method of sludge disposal shall be used for sewage sludge generated and/or processed at the permitted facility:

   Landfill Disposal: Sewage sludge may be disposed at a landfill by placing the sewage sludge in the landfill cell, provided that the landfill obtains approval from the Office of Waste Management to allow the acceptance of sewage sludge from the permittee, and provided that the landfill(s) is/are identified in the permit application. Prior approval by the Office of Water Resources is required to change landfill disposal site(s).

5. Areas used for processing, curing, and/or storage of sewage sludge shall be designed, constructed and operated to prevent release of contaminants to the groundwater and/or surface water.

6. All analyses performed on soils and sewage sludges shall be analyzed in accordance with analytical methods listed in 40 CFR Part 503.8 except that Nutrients may be analyzed in accordance with the most recently approved edition of Standard Methods and pH may be analyzed using EPA Method 9045A.

7. Sewage sludge disposed in a landfill cell shall be a non-hazardous material as defined in 40 CFR Part 261.24 and a minimum of 20 percent solids. If the sewage sludge is not 20 percent solids, a bulking agent may be used to achieve 20 percent solids before the sewage sludge is weighed in at the landfill.

D. SEWAGE SLUDGE MANAGEMENT REQUIREMENTS (Continued)

8. If sewage sludge is used for revegetation, or spread in any other manner at the landfill, the sewage sludge shall meet all of the land application requirements. These requirements include vector attraction and pathogen reduction methods, heavy metals limits, and abiding by an approved loading rate based on soil analyses.

9. The permittee shall maintain all records and reports of all monitoring required by Section D of this permit for five(5) years after the date of monitoring or reporting. Records should include all sample results; any landfill receipts; copies of all required reports; and records of all data used to complete these reports.

10. The following limitations and monitoring requirements shall apply to the sewage sludge or sewage sludge products:

Parameter	Maximum Allowable Limitations (mg/kg)	Monitoring Frequency	*Sample Type
Arsenic	Monitor	1/Quarter	One Week Comp.
Cadmium	Monitor	1/Quarter	One Week Comp.
Chromium	Monitor	1/Quarter	One Week Comp.
Copper	Monitor	1/Quarter	One Week Comp.
Lead	Monitor	1/Quarter	One Week Comp.
Mercury	Monitor	1/Quarter	One Week Comp.
Molybdenum	Monitor	1/Quarter	One Week Comp.
Nickel	Monitor	1/Quarter	One Week Comp.
Selenium	Monitor	1/Quarter	One Week Comp.
Zinc	Monitor	1/Quarter	One Week Comp.
pH	Monitor	1/Quarter	Grab
Percent Solids	Monitor	1/Quarter	One Week Comp.
Magnesium	Monitor	1/Quarter	One Week Comp.
Potassium	Monitor	1/Quarter	One Week Comp.
Phosphorus	Monitor	1/Quarter	One Week Comp.
Calcium	Monitor	1/Quarter	One Week Comp.
Organic Nitrogen	Monitor	1/Quarter	One Week Comp.
Ammonia Nitrogen	Monitor	1/Quarter	One Week Comp.
Total Nitrogen	Monitor	1/Quarter	One Week Comp.

* The appropriate composite sampling procedures shall be based upon the particular sludge processing methods used by the permittee. The composite sampling procedures for the various methods are described as follows:

Belt Press or Vacuum Filter - During the week that the composite sample is obtained, the permittee shall take a minimum of three(3) grab samples during each day of the week that the dewatering system is in operation. These grab samples are to be mixed together and the final sample obtained from the composite. Samples should be collected at a point immediately after the dewatering operation.

Liquid Sludge - During the week that the composite sample is obtained, the permittee shall take a representative grab sample from each truck load of sewage sludge hauled during that week. These grab samples are to be mixed together and the final sample obtained from the composite. Samples should be collected from the sewage sludge being pumped into the truck or as the sewage sludge is being discharged from the truck.

D. SEWAGE SLUDGE MANAGEMENT REQUIREMENTS (Continued)

10. (Continued)

Sewage Sludge Drying Beds - During the week that the composite sample is obtained, the permittee shall take a minimum of four(4) grab samples from each bed finished during that week. These grab samples are to be mixed together and the final sample obtained from the composite.

Composting or Stock Piles - The permittee shall obtain a minimum of eight(8) grab samples from the pile of finished product. These grab samples are to be mixed together and the final sample obtained from the composite.

The herein-described activity is to be extended, modified, added to, made, enlarged, acquired, constructed or installed, and operated, used and maintained strictly in accordance with the terms and conditions of this permit, with the plans and specifications submitted with Permit Application No. WV0034991; with the plan of maintenance and method of operation thereof submitted with such application(s); and with any applicable rules and regulations promulgated by the Environmental Quality Board and the Director of the Division of Environmental Protection.

Failure to comply with the terms and conditions of this permit, with the plans and specifications submitted with Permit Application No. WV0034991; and with the plan of maintenance and method of operation thereof submitted with such application(s) shall constitute grounds for the revocation or suspension of this permit and the invocation of all the enforcement procedures set forth in Chapter 22, Article 11, or 15 of the Code of West Virginia.

This permit is issued in accordance with the provisions of Chapter 22, Article 11 and 12 and/or 15 of the Code of West Virginia and is transferable under the terms of Section 11 of Article 11.

Allyn S. Turner

Chief

SCHEDULE B

City of Smithers

A.	COST OF PROJECT	TOTAL	SCBG	RUS LOAN	RUS GRANT	IJDC
1.	Construction					
	Contract I	2,318,370	-	180,000	1,043,000	1,095,370
	Aid to Construction @ K.F.	1,270,812	728,410	1,590	-	540,812
	Work Performed Prior to Award	1,590	1,590	-	-	-
	Contract 4	-	-	-	-	-
2.	Technical Services			-		
	Design	150,400	-	10,200	58,900	81,300
	Engineering during Construction	38,962	-	2,600	15,200	21,162
	Inspection	102,638	-	7,000	40,200	55,438
	Special Services	-	-	-	-	-
	Other Engineering	-	-	-	-	-
3.	Legal & Fiscal					
	a. Legal	24,518	-	6,700	9,800	8,018
	b. Accounting	10,000	-	-	-	10,000
4.	Administrative					
	a. Region	-		-	-	-
	b. City	20,000	20,000	-	-	-
5.	Sites & Other Lands	12,500	-	9,300	2,000	1,200
6.	Design & Loan Repayment	120,900	-	115,400	2,300	3,200
7.	Interim Financing - **RUS**	140,000	-	140,000	-	-
8.	Contingency	169,310	-	21,710	147,600	-
9.	Miscellaneous					
	a. Electrical Services	-	-	-	-	-
	b. Highway Permit & Bond	-	-	-	-	-
	c. WVDEP E&S Permits	-	-	-	-	-
10.	TOTAL OF LINES 1 THROUGH 9	4,380,000	750,000	494,500	1,319,000	1,816,500
B.	SOURCES OF FUNDS					
11.	Federal Grants **RUS**	1,319,000	-	-	1,319,000	-
12.	State Grants **IJDC**	1,023,000	-	-	-	1,023,000
13.	Other Grants **SCBG**	750,000	750,000	-	-	
14.	Any Other Source	-	-	-	-	-
15.	TOTAL LINES 11 THROUGH 14	3,092,000	750,000	-	1,319,000	1,023,000
16.	Net Proceeds from Bond Issue	1,288,000		494,500	-	793,500
C.	COST OF FINANCING					
17.	Funded Reserve	-		-	-	-
	a. CWSRF Funded Reserve	-		-	-	-
	b. Other Funded Reserve	-		-	-	-
18.	Other Costs			-		
	a. Registar Fees			-	-	-
	b. Bond Counsel	12,000		5,500	-	6,500
19.	Total Cost of Financing	12,000	-	5,500	-	6,500
20.	Size of Bond Issue	1,300,000	-	500,000	-	800,000

30-Oct-03

OPERATING AGREEMENT

THIS OPERATING AGREEMENT, made this the 4th day of November, 2003, by and between the CITY OF SMITHERS, Fayette County, West Virginia, a municipal corporation, hereinafter designated as "City"; the SANITARY BOARD OF THE CITY OF SMITHERS, Fayette County, West Virginia, hereinafter designated as "Board"; and, the KANAWHA FALLS PUBLIC SERVICE DISTRICT, Fayette County, West Virginia, a public corporation of the State of West Virginia and public utility, hereinafter designated as "District".

WITNESSETH:

WHEREAS, the District owns and is responsible for the operation of a sanitary sewer collection system and wastewater treatment plant for which improvements are planned with the capability of providing secondary treatment levels as established by the United States Environmental Protection Agency and the West Virginia Department of Environmental Protection; and,

WHEREAS, the City and Board own and maintain a sanitary sewer collection system and have in effect certain rates and charges to be made by it for the sale of its services to its customers; and,

WHEREAS, the District's wastewater treatment plant and sewer system have an adequate design capacity to handle the City and Board, and the District agrees to reserve an adequate portion of

the design capacity for use by the City and Board, subject to the terms and conditions set forth herein; and,

WHEREAS, the District will construct sewer pipelines to enable the City to connect its sewage collection lines to the District and the District intends to increase the capacity of its wastewater treatment plant located in Fayette County, West Virginia, to enable it to properly treat the wastewater generated by the City; and,

WHEREAS, the parties hereto have planned this project and the City and the Board have applications for approval of grants and loans through the Rural Development Administration (formerly, the Farmers Home Administration), the Water Development Authority of the State of West Virginia, and the Small Cities Block Grant Program and perhaps some other government agencies; and,

WHEREAS, the City and Board desire to connect to the sanitary sewer system of the District and to be provided by secondary treatment of wastewater delivered to the District's sanitary sewer system by the City and Board; and,

NOW, THEREFORE, in consideration of the recitals, the parties do hereby agree as follows:

1. The City and Board shall design and cause to be constructed, at their sole cost, a sanitary sewer collection system meeting generally accepted sanitary engineering design standards which will collect and transport sewage from within the boundaries of the City to the District's sanitary sewer collection system at a point of connection, which connection is identified on plans and specifications prepared by Ghosh Engineers, Inc., of Charleston, West Virginia, as Drawing No. 14, Manhole No. B-1, Line ~~Sheet~~ B, said plans being dated April 1995, and are attached hereto and marked for identification purposes as Exhibit "A" and incorporated as part of this agreement for all pertinent purposes. No industrial customer will use the City's and Board's sanitary sewer system without prior approval of the District in order that pretreatment may be arranged and charges for the industrial waste formulated, if necessary. If such an industrial customer would make it necessary to increase the size of the District's treatment plant or sanitary sewer collection lines, a rate would be established at the appropriate time for any industrial customer.

The City and the Board agree to reimburse the District for the incremental increase in the size of the pump stations, force mains and the increased capacity of the treatment plant in the amount of Seven Hundred Fifty Thousand Dollars ($750,000.00), which is the grant awarded to the City by the Small Cities Block Grant Program. Payment shall be in direct proportion to the percentage of construction completed and shall be on a monthly basis as approved

by the District's engineers and the District's Commissioners and the City and the Board.

2. The District shall receive, treat and dispose of the wastewater from the City and Board at the District's wastewater treatment plant. The City and Board shall be liable for any fine and/or penalty incurred as a result of discharge violations occurring at the District's wastewater treatment plant that are a direct result of the City's introduction of prohibited materials into the District's sanitary sewer collection system. The District shall have the right to monitor the City's and Board's wastewater by random sampling and analysis for compliance with this provision. The City and Board, as well as the District, shall adopt a sewer use ordinance in accordance with Federal and State guidelines which sets forth restrictive covenants as it may relate to a sanitary sewer collection system. Copies of the sewer use ordinance from the City and Board and the District are attached hereto and incorporated herein for all pertinent purposes.

3. The fee for transportation and treatment of the City's and Board's wastewater by the District shall be based upon the metered water usage of the customers of the City and the Board and provided to the District, without cost, by the City and Board on a monthly basis and shall be calculated upon a rate to be established by the Public Service Commission of West Virginia. A copy of the initial rates established by the Public Service Commission of West Virginia

are attached hereto and incorporated herein for all pertinent purposes.

The monthly sewage bill from the District to the City and Board shall be established by multiplying the Public Service Commission established treatment rate plus the total "potable water usage" by all users of the City.

4. The City and District have been previously granted a Certificate of Convenience and Necessity for their respective projects by the Public Service Commission of West Virginia, which Order granting said Certificates is final and non-appealable.

5. The City and the Board agree not to make any major extension of its sanitary sewer collection system without first obtaining the written approval of the District which approval shall not be unreasonably withheld, provided such extension would not overly tax the wastewater/sewage treatment facility of the District. The term "major extension" shall include, but not be limited to a major industrial user, a subdivision of ten houses or more, a major school located in the City limits or adjoining the City limits which will use the Smithers' system, and any other industry or facility which shall generate sewage, which would have chemicals which might overtax the wastewater sewage treatment facility.

6. The City and the Board agree to be bound by and abide by all ordinances of the District relating to sewage and sanitary sewage collection and shall not allow any industrial waste to be introduced into its wastewater collection system without the specific written approval of the District.

7. The City and the Board shall provide the District with the total number of gallons of water billed its customers for the previous month by the 20th day of each month, or five days following receipt of this information by the City, whichever is later. Bills will be rendered each calendar month by the District to the City and the Board for the services rendered during the preceding calendar month and each such bill shall be payable at the office of the District on or before the 15th day of such bill. In the event that said bill is not paid on or before the 15th day after the rendering of such bill, the City and the Board agree to pay a penalty of ten percent (10%) of the amount owed which shall be a one time charge. This penalty must be approved by the Public Service Commission of West Virginia and contained in the District's approved Tariff on file with the Public Service Commission.

8. The District shall provide, operate and maintain the sewage and wastewater treatment facility sufficient to meet all applicable requirements of the federal, state and local governments and governmental agencies, and shall assume responsibility for all sewage and wastewater delivered to the District at the point or

points of service. The District shall further defend, indemnify and save harmless the City or Board from any compliance order issued against said treatment facility and from any claims, liability or damages against the City or Board arising out of the operation of said treatment facility or the handling and treatment of sewage and wastewater delivered to it by the City and Board at the point of service. The City and Board shall further defend, indemnify, and save harmless the District from any compliance order issued against the District and from all claims, liability, or damages against the District originating from the City's and Board's wastewater or sanitary sewer collection system.

9. The City and the Board shall provide that no individual customer shall introduce surface water into the system and that they will do whatever is necessary to enforce this ordinance, including the seeking of an injunction in an appropriate court of competent jurisdiction to force any of its customers to cease and desist from introducing surface water into the City's and Board's sanitary sewer collection system.

10. This operating agreement shall be binding upon and its benefits shall inure to the successors and assigns of the parties hereto and any sale or transfer by the parties hereto of all or any portion of their respective wastewater collection and/or wastewater treatment system shall be made in such a manner so that the rights

of the parties to this agreement shall be fully preserved and perpetuated.

11. It is further agreed by the parties that the books and records of each party shall be available for inspection by the other party which books and records shall relate to the pertinent data and other reports pertaining to the financial status of each party, and in particular, the number of gallons of water billed each month by each of the parties using the wastewater/sewage treatment facility.

12. The parties hereto agree that all communications, complaints, or other issues between the parties hereto shall be directed to the respective Chairman of the Public Service District and the Mayor of the City of Smithers. Should any complaints or issues not be satisfied, then the said complaints and issues shall be submitted, in writing, to the respective governing bodies of the District and the City.

13. This agreement shall not be binding on either party hereto unless adequate funds are secured by grants and/or loans to the City and Board and District for the construction of the proposed public sewage collection system within its area. This agreement and the terms and conditions contained herein shall be subject to review and approval by the Public Service Commission of West Virginia. The term of this agreement shall be for an initial

term of forty (40) years to cover the initial term of any indebtedness incurred by the City and Board and District. This agreement may be extended beyond the initial forty (40) year term upon such terms and conditions as mutually agreed upon by the parties hereto.

14. The Board and the City agree that they will establish a rate for its sewer customers, which will be adequate to pay the rates and charges of the District. The City and Board shall maintain, at its own cost, its own sanitary sewer collection system and the City and Board shall perform all billing and collecting and establish its own sewer rate. It is understood that the initial rate established for the District as the charge to the City and Board is subject to increase(s), but all such increase(s) resulting in a new rate must be reviewed and approved by the Public Service Commission of West Virginia.

The above agreement does not forbid the City from contracting with a third party for the performance of its collecting and billing services.

IN WITNESS WHEREOF, the Kanawha Falls Public Service District pursuant to a resolution adopted by the District on the 10th day of July, 2003, has caused its name to be subscribed hereto by Roger Wagner, Chairman of the District; the City of Smithers and the Sanitary Board of the City of Smithers, pursuant to a resolution adopted by them on the 27th day of October,

2003, have caused their names to be subscribed hereto by Martha Click, its Mayor and Chairman, respectively.

KANAWHA FALLS PUBLIC SERVICE DISTRICT

By: W K Wagner Jr

Its: Chairman

CITY OF SMITHERS

By: Martha Click

Its: Mayor

SANITARY BOARD OF THE CITY OF SMITHERS

By: Martha Click

Its: Chairman

Kanawha Falls Public Service District
July 10,2003

The Kanawha Falls PSD Board met for the monthly business meeting in the Gauley Bridge office on Thursday, July 10, at 5:00 PM. Attending were: Roger Wagner, Chairman, Nancy Ferrell and Alfred Lynch, Board Members, Wyatt Hanna, Attorney, Paul Ghosh, Ghosh Engineers, Duane Tyree, Sewer Supervisor, and Linda Dubee.

The meeting was called to order by Mr. Wagner. Mrs. Ferrell made a motion which was seconded by Mr. Lynch to accept the minutes of the June meeting. After reviewing financial statements prepared by Adkins & Young, Mr. Lynch seconded a motion by Mrs. Ferrell to accept invoices submitted for payment in both departments. All in favor.

The next item of business was the election of officers. It was moved by Mrs. Ferrell and seconded by Mr. Lynch that officers remain the same. All in favor. Positions are: Mr. Wagner-Chairman, Mrs. Ferrell-Secretary, and Mr. Lynch-Treasurer.

Mr. Ghosh presented Payment Resolution #13 which amounted to $31,989.06. Contract I, Mid Atlantic Storage Systems-$27,532.98 and Ghosh Engineers-$4,456.08. Mrs. Ferrell seconded a motion by Mr. Lynch approving Resolution #13 and authorized the Chairman to sign on behalf of the District. All in favor.

Demolition of the Glen Ferris tank is approximately 50% complete. All tanks are on line with the exception of the Gauley high service tank which will be on line once the telemetry is connected. Mr. Ghosh reminded the group that the 10% retainage is still being held.

Mr. Hanna reported that Jim Layne, attorney for Smithers, has requested two revisions to the operating agreement prepared by Mr. Hanna. He asked that paragraph 2, sentence 2, include the word "City's" before the word "introduction" and that the first sentence in paragraph 7 read "The City and the Board shall provide the District with the total number of gallons of water billed its customers for the previous month by the 20th day of each month, or five days following receipt of this information by the City, whichever is later."

Mr. Hanna saw no problem with the amendments and advised the Board to accept the revised agreement.

Therefore, Mrs. Ferrell made the motion to approve the revised agreement and authorize Mr. Hanna to submit the agreement to the PSC for review and approval. Mr. Lynch seconded the motion with all in favor. Mr. Hanna will move to reopen the certificate case and ask for expedited treatment. Approval should not be a problem.

Mr. Ghosh announced approval to bid the Smithers project has been received from USRD and and DEP. Dates will be scheduled once Mr. Cunningham returns from vacation. Bid opening should be around mid August which means work could begin in November.

A complaint concerning damanged clothing and a request for a bill adjustment was received from Mrs. Harry Graves. Due to the fact that Mr. Preast has been working with Mrs. Graves and is aware of the situation, Mrs. Ferrell made a motion to refer the matter to Mr. Preast and authorize him to make an appropriate settlement amount. Mr. Lynch seconded the motion with all in favor.

r. Wagner said measures need to be taken to prevent future problems at the Graves esidence. Members of the volunteer fire department open the hydrants causing the ater to be dirty.

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W L Wagner Sr

Nancy L. Ferrell

Alfred Lynch

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July 10,2003

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Due to a request from Mrs. Dubee, the Board agreed that Mr. Preast's salary could be taken from the water account until finances improve in the sewer department. Mr. Hanna said the adjustment should be made before the end of the year to balance out the two departments. Several pumps have been purchased or repaired in the sewer department which has created a financial burden in that department. Mr. Tyree said pump expenses should now be on the decline.

There being no further discussion, Mrs. Ferrell seconded a motion by Mr. Lynch to adjourn the meeting at 5:30 PM.

W K Wagner Sr

Nancy L. Ferrell

Clyde Lynch

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 KANAWHA FALLS 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 $268,137 (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.

KANAWHA FALLS PUBLIC SERVICE DISTRICT

By: W R Wagner
Its: Chairperson
Date: November 6, 2003

(SEAL)

Attest:

Nancy K. Harrell
Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: Daniel B. Campbell
Its: Director
Date: November 6, 2003

(SEAL)

Attest:

Barbara B. Meadows
Its: Secretary-Treasurer

000832/00466
10/24/03

Exhibit A

Project Description

The Project consists of increasing the capacity of the Governmental Agency's treatment plant, upgrading its sludge handling system and pump stations and extending its main line to connect to the Town of Smithers' sewer system, together with all appurtenant facilities.

SUMMARY OF INSURANCE

For: Kanawha Falls PSD
PO Box 446
Gauley Bridge, WV
25085 632-1633

Prepared: 08/06/03
Jim Lively Insurance
PO Box 1633
531 Jones Ave.
Oak Hill, WV
25901 304-465-5685

Coverage	Amount	Company	Policy No	Eff	Exp	
Property		State Auto Group	SPP2052496	02/19/03	02/19/04	10795.00
Policy Level Information						
BLD/CONTENTS	6,240,000					
Coins % 90						
Valuation ACV						
Cause of Loss SPECIAL						
Deductible 500.00						
Additional Coverages, Options, Restrictions, Endorsements, and Rating Information						
Employee Dishonesty $50,000 Money & Securitys $2,50						
0 in/out						
Glass and Sign		State Auto Group	SPP2052496	02/19/03	02/19/04	
Glass Coverage:						
Deductible	N/A					
* See Attached Glass Schedule						
* See Attached Sign Schedule						
Crime		State Auto Group	SPP2052496	02/19/03	02/19/04	604.00
Employee Dishonesty	$50,000					
Deductible	$0					
Blanket						
Theft, Disappearance & Destruction						
Inside Premises	2,500					
Outside Premises	2,500					
Schedule						
Equipment Floater		State Auto Group	SPP2052496	02/19/03	02/19/04	5813.00
Coverage/ Deductible						
CONTRACTORS EQUIP - $1,634.00						
SCHEDULED PROP						
$1,366.00						
% Coinsurance						
* See Attached Equipment Schedule						

SUMMARY OF INSURANCE

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Jim Lively Insurance
PO Box 1633
531 Jones Ave.
Oak Hill, WV
25901 304-465-5685

Glass Coverage

Policy No. SPP2052496

Premise	Building	Item	# Plates	Length	Width	Area	Description	Use and Position	Limit
1	1		2	48"	120		Exterior Window		
1	1		7	96"	24"		Exterior Window		
1	1		1	72"	36"		Exterior Window		

SUMMARY OF INSURANCE

For: Kanawha Falls PSD
PO Box 446
Gauley Bridge, WV
25085 632-1633

Prepared: 08/06/03
Jim Lively Insurance
PO Box 1633
531 Jones Ave.
Oak Hill, WV
25901 304-465-5685

Equipment Floater Equipment Schedule

Policy No. SPP2052496

#	Year	Description	ID/Serial Number	Date Purchased	New/Used	Amount of Insurance
1			17 RES GRINDER ST			42,500
002		Fire Hydrants	150 FIRE HYDRANTS			375,000

CLOSING MEMORANDUM

To: **Linda Dubee**
Rosalie Brodersen
John Tingley
Barbara Meadows
Sara Boardman
Samme Gee

From: **Francesca Tan**

Date: **November 6, 2003**

Re: **Kanawha Falls Public Service District Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program) and Series 2003 B (West Virginia Water Development Authority)**

---

1. DISBURSEMENTS TO DISTRICT

A.

Payor:	West Virginia Department of Environmental Protection
Source:	Series 2003 A Bonds Proceeds
Amount:	$128,848
Date:	November 6, 2003
Form:	Check
Payee:	Kanawha Falls Public Service District
Bank:	City National Bank
Account:	Series 2003 Bonds Construction Trust Fund

B.

Payor:	West Virginia Water Development Authority
Source:	Series 2003 B Bonds Proceeds
Amount:	$2,263
Date:	November 6, 2003
Form:	Wire
Payee:	Kanawha Falls Public Service District
Bank:	City National Bank, Gauley Bridge, West Virginia
Routing No.:	091904524
Account No.:	8002049636
Account:	Series 2003 Bonds Construction Trust Fund

2. DISBURSEMENTS TO MUNICIPAL BOND COMMISSION

A.	Payor:	Kanawha Falls Public Service District
	Source:	Series 2003 A Bonds Proceeds
	Amount:	$66,348
	Date:	November 6, 2003
	Form:	Check
	Payee:	West Virginia Municipal Bond Commission
	Account:	Fully fund the District's Series 2003 A Bonds Reserve Account
B.	Payor:	Water Development Authority on behalf of District
	Source:	Series 2003 B Bonds Proceeds
	Amount:	$9,386
	Date:	November 6, 2003
	Form:	Wire
	Payee:	West Virginia Municipal Bond Commission
	Bank:	Branch Banking & Trust Company, Charleston, West Virginia
	Routing No.:	051503394
	Account No.:	5270517317
	Contact:	West Virginia State Treasurer for West Virginia Municipal Bond Commission
	Account:	Fully fund the District's Series 2003 B Bonds Reserve Account
C.	Payor:	Water Development Authority on behalf of District
	Source:	Series 2003 B Bonds Proceeds
	Amount:	$98,351
	Date:	November 6, 2003
	Form:	Wire
	Payee:	West Virginia Municipal Bond Commission
	Bank:	Branch Banking & Trust Company, Charleston, West Virginia
	Routing No.:	051503394
	Account No.:	5270517317
	Contact:	West Virginia State Treasurer for West Virginia Municipal Bond Commission
	Account:	Fully fund up the deficiency in the District's Series 1993 A Bonds Reserve Account

D.	Payor:	Kanawha Falls Public Service District
	Source:	District's Funds
	Amount:	$142,000
	Date:	November 6, 2003
	Form:	Check
	Payee:	West Virginia Municipal Bond Commission
	Account:	Series 1981 Bonds Reserve Account (being transferred from local bank to Bond Commission)

10/30/03
006699/00303

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

November 6, 2003

Kanawha Falls Public Service District
Gauley Bridge, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Re: Kanawha Falls Public Service District Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program)

Ladies and Gentlemen:

We have served as bond counsel to Kanawha Falls Public Service District (the "Issuer") in connection with the issuance of its Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), dated the date hereof (the "Bonds").

We have examined certified copies of proceedings and other papers relating to the authorization of (i) a bond purchase agreement for the Bonds, dated October 23, 2003, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), 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 $1,990,400, in the form of one bond, registered as 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, 2005, 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 subject to the SRF Administrative Fee equal to 0.5% of the principal amount of the Bonds as set forth in the Schedule Y attached to the Loan Agreement.

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 22C, Article 2 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 sewer facilities of the Issuer (the "Project"); (ii) funding a reserve account for the Bonds; and (iii) 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 November 4, 2003, as supplemented by a Supplemental Resolution duly adopted by the Issuer on November 4, 2003 (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 a 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 DEP and cannot be amended so as to affect adversely the rights of the Authority and the DEP or diminish the obligations of the Issuer without the written consent of the Authority and the DEP.

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 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 Prior Bonds and the Sewer Revenue Bonds, Series 2003 B (West Virginia Water Development Authority), issued concurrently herewith, all in accordance with the terms of the Bonds and the Resolution.

6. Under the Act, the Bonds and any 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 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

10/23/03
006699/00303

M0352055.1

JACKSONKELLY
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November 6, 2003

Kanawha Falls Public Service District
Gauley Bridge, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Re: Kanawha Falls Public Service District Sewer Revenue Bonds, Series 2003 B (West Virginia Water Development Authority)

Ladies and Gentlemen:

We have served as bond counsel to Kanawha Falls Public Service District (the "Issuer") in connection with the issuance of its Sewer Revenue Bonds, Series 2003 B (West Virginia Water Development Authority), 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 November 6, 2003, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), 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 $110,000, in the form of one bond, registered as to principal and interest to the Authority, with interest payable semiannually on April 1 and October 1 of each year, commencing April 1, 2004, at the rate of 5.8% per annum, and with principal payable annually on October 1 of each year, commencing October 1, 2004, 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 22C, Article 1 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 sewer facilities of the Issuer (the "Project"); (ii) funding the Series 2003 B Bonds Reserve Account; (iii) funding the deficiency in the Series 1993 A Bonds Reserve Account of the Issuer to the requirement therefor; and (iv) 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 November 4, 2003, as supplemented by a Supplemental Resolution duly adopted by the Issuer on November 4, 2003 (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 cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the Issuer without the written consent of the Authority.

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 Prior Bonds and Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), issued concurrently herewith, 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 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 and authenticated Bond numbered BR-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

10/22/03
006699/00303

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November 6, 2003

Kanawha Falls PSD
Gauley Bridge, WV

WV Department of Environmental Protection
Charleston, WV

WV Water Development Authority
Charleston, WV

Jackson Kelly PLLC
Charleston, WV

RE: Kanawha Falls Public Service District Sewer Revenue Bonds
Series 2003 A (West Virginia SRF Program) and
Series 2003 B (West Virginia Water Development Authority)

Ladies and Gentlemen:

We are counsel to Kanawha Falls Public Service District (the "Issuer"). As such counsel, we have examined copies of the approving opinions of Jackson Kelly PLLC, as bond counsel, relating to the above captioned bonds of the Issuer (collectively, the "Bonds"), a bond purchase agreement for the Series 2003 A Bonds, dated October 23, 2003, including all schedules and exhibits attached thereto, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), a loan agreement for the Series 2003 B Bonds, dated November 6, 2003, including all schedules and exhibits attached thereto, by and between the Issuer and the Authority (collectively, the "Loan Agreement"), a Bond Resolution duly adopted by the Public Service Board of the Issuer (the "Board") on November 4, 2003, as supplemented by a Supplemental Resolution duly adopted on November 4, 2003 (collectively, the "Resolution"), orders of The County Commission of Fayette 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 meanings set forth in the Loan Agreement and the Resolution when used herein.

We are of the opinion that:

1. The Issuer is a duly created and validly existing public service district and is a public corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System and to adopt the Resolution, all under the Act and other applicable provisions of law.

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 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, including, without limitation, all requisite permits, approvals, orders and certificates from the DEP, the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia (the "PSC"), and the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer has received the PSC Order entered on April 24, 2003, and October 14, 2003, in Case No. 00-1256-PSD-S-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 order entered April 24, 2003,

has expired prior to the date hereof without any appeal. The time for appeal of the order entered October 14, 2003, has not expired prior to the date hereof. However, the parties to such order have stated that they do not intend to appeal such order. Both 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 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, and has duly complied with the provisions thereof.

8. To the best of our knowledge, there is no litigation, action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the 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 our review of the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, we are of the opinion that such surety bonds and policies: (1) are in compliance with the contracts; (2) are in 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.

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

Sincerely,

H. Wyatt Hanna, III

HWHIII/rb

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November 6, 2003

Kanawha Falls PSD
Gauley Bridge, WV

WV Department of Environmental Protection
Charleston, WV

WV Water Development Authority
Charleston, WV

Jackson Kelly PLLC
Charleston, WV

RE: Final Title Opinion for Kanawha Falls Public Service District

Ladies and Gentlemen:

We are counsel to Kanawha Falls Public Service District (the "Issuer") in connection with a proposed project to acquire and construct improvements and extensions to the existing public sewer facilities of the Issuer (the "Project"). We provide this final title opinion on behalf of the Issuer to satisfy the requirements of the West Virginia Department of Environmental Protection (the "DEP") and the West Virginia Water Development Authority 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 acquire, construct, operate and maintain the Project as approved by the DEP.

2. The Issuer has obtained all necessary permits and approvals for the construction of the Project.

3. We have investigated and ascertained the location of, and we are familiar with the legal description of, the necessary sites, including easements and/or rights of way, required for the Project as set forth in the plans for the Project prepared by Ghosh Engineers, Inc., the consulting engineers for the Project.

4. We have examined the records on file in the Office of the Clerk of the County Commission of Fayette County, West Virginia, the county in which the Project is to be located, and, in our opinion, the Issuer has acquired legal title or such other estate or interest in all of the necessary site components for the Project, including all easements and/or rights of way, sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the Project.

5. All deeds, easements and rights of way which have been acquired to date by the Issuer have been duly recorded in the Office of the Clerk of the County Commission of Fayette County to protect the legal title to and interest of the Issuer.

Sincerely,

H. Wyatt Hanna, III

HWHIII/rb