LOGAN COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 2002 A (West Virginia SRF Program),
Series 2002 B (West Virginia Infrastructure Fund) and
Series 2002 C (United States Department of Agriculture)

Date of Closing: December 12, 2002

JACKSON KELLY
ATTORNEYS AT LAW PLLC

LOGAN COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS,
SERIES 2002 A (WEST VIRGINIA SRF PROGRAM),
SERIES 2002 B (WEST VIRGINIA INFRASTRUCTURE FUND) AND
SERIES 2002 C (UNITED STATES DEPARTMENT OF AGRICULTURE)

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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, AND CHAPTER 16, ARTICLE 13A, OF THE 2002 CUMULATIVE SUPPLEMENT TO THE WEST VIRGINIA CODE, AS INDICATED BY THE RECORDS OF THIS OFFICE.

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

November 15, 2002

Secretary of State

16A

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-22. Validation of prior acts and proceedings of county courts for creation of districts, inclusion of additional territory, and appointment of members of district boards.
16-13A-23. Validation of acts and proceedings of public service boards.
16-13A-24. Acceptance of loans, grants or temporary advances.
16-13A-25. Borrowing and bond issuance; procedure.

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

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

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

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

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

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

§ 16-13A-1. Legislative findings.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Public corporation. — A public service

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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.
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16-13B-5. Notice to property owners before creation of assessment district and construction of project; form of notice; affidavit of publication.
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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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ARTICLE 13A.

PUBLIC SERVICE DISTRICTS FOR WATER, SEWERAGE AND GAS SERVICES.

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

§ 16-13A-1. Legislative findings.

Code of State Rules References. — Government of public service districts, 150CSR17, effective September 1, 1990.

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

Any territory constituting the whole or any part of one or more counties in the state so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of,

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

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

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

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

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

(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; 2002, c. 272.)

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

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

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

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

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; 2002, c. 272.)

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

§ 16-13A-5. General manager of board.

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

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

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

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

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

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

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

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

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

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

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

other municipal corporations and in conformity and compliance with the rights of the holders of any revenue bonds or obligations theretofore issued by such cities, incorporated towns or other municipal corporations then outstanding and in accordance with the ordinance, resolution or other proceedings which authorize the issuance of such revenue bonds or obligations.

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

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

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

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

The board may make, enact and enforce all needful rules in connection with the acquisition, construction, improvement, extension, management, mainte-

nance, operation, care, protection and the use of any public service properties owned or controlled by the district, and the board shall establish rates, fees and charges for the services and facilities it furnishes, which shall be sufficient at all times, notwithstanding the provisions of any other law or laws, to pay the cost of maintenance, operation and depreciation of 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, fees 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. However, no rates, fees or charges for stormwater services may be assessed against highways, road and drainage easements, or stormwater facilities constructed, owned or operated by the West Virginia division of highways. Where water, sewer, stormwater or gas services, or any combination thereof, are all furnished to any premises, the schedule of charges may be billed as a single amount for the aggregate 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, fees 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, fees and charges which were delinquent at the time of disconnection or termination of service, no reconnection or reinstatement of service may be made by the district until another minimum deposit of fifty dollars has been remitted to the district. Whenever any rates, fees, 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, fees 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, fees, 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.

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

All delinquent fees, rates and charges of the district for either water facilities, sewer facilities, stormwater systems or stormwater management systems 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, stormwater or gas bills. If the district collects the delinquent account, plus reasonable costs, from its customer or other responsible party, the district shall pay to the magistrate the normal filing fee and reasonable costs which were previously deferred. In addition, each public service district may exchange with other public service districts a list of delinquent accounts.

Anything in this section to the contrary notwithstanding, any establishment, as defined in section three [§ 22-11-3], article eleven, chapter twenty-two, now or hereafter operating its own sewage disposal system pursuant to a permit issued by the division of environmental protection, as prescribed by

section eleven [§ 22-11-11], article eleven, chapter twenty-two of this code, is exempt from the provisions of this section. (1953, c. 147; 1965, c. 134; 1980, c. 60; 1981, c. 124; 1986, c. 81; 1989, c. 174; 1994, c. 61; 2002, c. 272.)

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

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

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

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

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

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

The cost of any public service properties acquired under the provisions of this article shall be deemed to include the cost of the acquisition or construction thereof, the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; for stormwater systems and associated stormwater management programs, those activities which include, but are not limited to, water quality improvement activities necessary to comply with all federal and state requirements; interest upon bonds prior to and during construction or acquisition and for six months after completion of construction or of acquisition of the improvements and extensions; engineering, fiscal agents and legal expenses; expenses for estimates of cost and of revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized, and the construction or acquisition of the properties and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof. (1953, c. 147; 2002, c. 272.)

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

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

In any case where a public service district owns a water, sewer, stormwater or gas system, and a majority of not less than sixty percent of the members of the public service board thereof deem it for the best interests of the district to sell, lease or rent such water, sewer, stormwater or gas system to any

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

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

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

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

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

from any private agency, corporation or individual or from any combination of such sources of payment, and to enter into the necessary contracts and agreements to carry out the purposes hereof with any authorized agency or the United States of America or any federal or public agency or department of the United States, or with any private agency, corporation or individual. Any other provisions of this article to the contrary notwithstanding, interest on any such loans or temporary advances may be paid from the proceeds thereof until the maturity of such notes or other negotiable instrument. (1958, c. 14; 1980, c. 60; 1981, c. 124; 1986, c. 118; 2002, c. 272.)

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

ARTICLE 13C.

DRINKING WATER TREATMENT REVOLVING FUND ACT.

§ 16-13C-2. Designation of division of health as state instrumentality; rules; small systems; disadvantaged communities.

Code of State Rules References. — Drinking water treatment revolving fund, 64 CSR 49, effective June 1, 1998. Public water systems capacity development, 64 CSR 61, effective May 14, 1999.

ARTICLE 19.

ANATOMICAL GIFT ACT.

Sec.
16-19-2. Making, amending, revoking, and refusing to make anatomical gifts by individual.

§ 16-19-2. Making, amending, revoking, and refusing to make anatomical gifts by individual.

(a) An individual who is at least eighteen years of age may:

(1) Make an anatomical gift for any of the purposes stated in subsection (a), section six [16-19-6] of this article;

(2) Limit an anatomical gift to one or more of those purposes; or

(3) Refuse to make an anatomical gift.

(b) An anatomical gift may be made only by a document of gift signed by the donor. If the donor is unable to sign a document of gift and intends to make an anatomical gift, the document of gift must be signed by another individual and by two witnesses, all of whom have signed at the direction and in the presence of the donor and of each other, and state that it has been so signed.

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

November 15, 2002

Secretary of State

Director of Personnel

§ 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, 47 CSR 33, 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, 47 CSR 31, 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.

Sec.

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.

State of West Virginia

Certificate

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

THIS IS A TRUE COPY OF CHAPTER 31, ARTICLE 15A, OF THE WEST VIRGINIA CODE, AND CHAPTER 31, ARTICLE 15A, OF THE 2002 CUMULATIVE SUPPLEMENT TO THE WEST VIRGINIA CODE, AS INDICATED BY THE RECORDS OF THIS OFFICE.

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

November 15, 2002

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Secretary of State

Director by Personnel

§ 31-15-31. Foreign trade zones; authority approval.

Any public corporation located in the state is hereby authorized to apply for, develop, maintain and operate a foreign trade zone in the state pursuant to and in accordance with all applicable provisions of federal law: Provided, That any public corporation desiring to apply for or develop a foreign trade zone must first receive the approval of the authority. (1989, c. 54.)

§ 31-15-32. Severability.

If any section, subsection, subdivision, subparagraph, sentence or clause of this article is adjudged to be unconstitutional or invalid, such adjudication shall not affect the validity of the remaining portions of this article, and, to this end, the provisions of this article are hereby declared to be severable. (1989, c. 54.)

§ 31-15-33. Construction.

The provisions of this article are remedial and shall be liberally construed and applied so as to promote the purposes set out in section three [§ 31-15-3] of this article. (1989, c. 54.)

ARTICLE 15A.

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL.

Sec.
31-15A-1. Short title.
31-15A-2. Definitions.
31-15A-3. West Virginia infrastructure and jobs development council continued; members of council; staff of council.
31-15A-4. Development of guidelines and preliminary application for funding assistance.
31-15A-5. Requirements for project funding assistance; review of project preliminary applications by council.
31-15A-6. Powers, duties and responsibilities of the council generally; comprehensive assessment.
31-15A-7. Current and prospective planning; roads and highways; report to division of highways.
31-15A-8. Exemption of certain emergency projects from certificate of public convenience and necessity requirements; review of certain emergency projects by public service commission; and exemption for North Fork Hughes River watershed project.
Sec.
31-15A-9. Infrastructure fund; deposits in fund; disbursements to provide loans, loan guarantees, grants and other assistance; loans, loan guarantees, grants and other assistance shall be subject to assistance agreements.
31-15A-10. Recommendations by council for expenditures of funds by loan, grant or for engineering assistance.
31-15A-11. Reservation of funds for projects and infrastructure projects.
31-15A-12. Additional powers of water development authority.
31-15A-13. Prohibition on funds inuring to the benefit of or being distributable to water development board; transactions between the water development board and officers having certain interests in such transactions.
31-15A-14. Termination or dissolution.
31-15A-15. Projects not to be considered public improvements; competitive bid requirements.
31-15A-16. Dedication of severance tax proceeds.

Sec.
31-15A-17. Water development authority empowered to issue infrastructure revenue bonds and refunding bonds; creation of infrastructure revenue debt service fund; funding of infrastructure revenue debt service fund; requirements and manner of such issuance.
31-15A-18. Trustee for holders of infrastructure revenue bonds; contents of trust agreement.
31-15A-19. Legal remedies of infrastructure revenue bondholders or noteholders and trustees.
31-15A-20. Infrastructure revenue bonds lawful investments.
31-15A-21. Purchase and cancellation of infrastructure revenue bonds.
31-15A-22. Refunding revenue bonds.
31-15A-23. Infrastructure revenue bonds not debt of state, county, municipality or any political subdivision.
31-15A-24. Infrastructure revenue bonds exempt from taxation.

§ 31-15A-1. Short title.

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

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

§ 31-15A-2. Definitions.

For purposes of this article:

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

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

(c) "Cost" means, as applied to any project to be financed, in whole or in part, with infrastructure revenues or funds otherwise provided pursuant to this article, the cost of planning, acquisition, improvement and construction of the project; the cost of preliminary design and analysis, surveys, borings; the cost of environmental, financial, market and engineering feasibility studies, assessments, applications, approvals, submissions or clearances; the cost of preparation of plans and specifications and other engineering services; the cost of acquisition of all land, rights-of-way, property rights, easements, franchise rights and any other interests required for the acquisition, repair, improvement or construction of the project; the cost of demolishing or removing any buildings or structures on land so acquired, including the cost of acquiring any lands to which buildings or structures may be moved; the cost of excavation, grading, shaping or treatment of earth, demolishing or removing any buildings or structures; the cost of constructing any buildings or other improvements; the cost of all pumps, tanks, vehicles, apparatus and other machinery, furnishings and equipment; loan or origination fees and all finance charges and interest incurred prior to and during the construction and for no more than six months after completion of construction; the cost of all legal services and expenses; the cost of all plans, specifications, surveys and estimates of cost; all working capital and other expenses necessary or incident to determining the

feasibility or practicability of acquiring, repairing, improving or constructing any project; the cost of placing any project in operation; and all other costs and expenses of any kind or nature incurred or to be incurred by the project sponsor developing the project that are reasonable and necessary for carrying out all works and undertakings necessary or incident to the accomplishment of any project: Provided, That costs shall not include any amounts related to the ongoing operations of the owner or operator, depreciation thereof or any other cost which the council or the water development authority has not determined to be consistent with the purposes and objectives of this article;

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

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

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

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

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

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

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

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

(*l*) "Infrastructure project" means a project in the state which the council determines is likely to foster and enhance economic growth and development in the area of the state in which the project is developed, for commercial, industrial, community improvement or preservation or other proper purposes, including, without limitation, tourism and recreational housing, land, air or water transportation facilities and bridges, industrial or commercial projects and facilities, mail order, warehouses, wholesale and retail sales facilities and other real and personal properties, including facilities owned or leased by this state or any other project sponsor, and includes, without limitation: (1) The process of acquiring, holding, operating, planning, financing, demolition,

construction, improving, expanding, renovation, leasing or otherwise disposing of the project or any part thereof or interest therein; and (2) preparing land for construction and making, installing or constructing improvements on the land, including water or wastewater facilities or any part thereof, steam, gas, telephone and telecommunications and electric lines and installations, roads, bridges, railroad spurs, buildings, docking and shipping facilities, curbs, gutters, sidewalks, and drainage and flood control facilities, whether on or off the site;

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

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

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

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

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

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

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

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

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

(v) "Waste water facility" means all facilities, land and equipment used for or in connection with treating, neutralizing, disposing of, stabilizing, cooling,

segregating or holding waste water, including, without limitation, facilities for the treatment and disposal of sewage, industrial wastes or other wastes, wastewater, and the residue thereof; facilities for the temporary or permanent impoundment of wastewater, both surface and underground; and sanitary sewers or other collection systems, whether on the surface or underground, designed to transport wastewater together with the equipment and furnishings therefor or thereof and their appurtenances and systems, whether on the surface or underground including force mains and pumping facilities therefor;

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

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

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

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

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

The governor shall appoint the legislative members of the council: Provided, further, That no more than three of the legislative members may be of the same political party. The governor shall appoint the representatives of the governing boards from a list of three names submitted by each governing board. The advisory members shall be ex officio, nonvoting members of the council.

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

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

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

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

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

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

(a) To implement and carry out the intent of this article, the council shall promulgate legislative rules in accordance with article three [§§ 29A-3-1 et seq.], chapter twenty-nine-a of this code to develop comprehensive, uniform guidelines for use by the council and other state infrastructure agencies in evaluating any request by a project sponsor for funding assistance to plan, acquire, construct, improve or otherwise develop a project or infrastructure project. The guidelines shall include the following factors: (1) the public health

benefits of the project or infrastructure project; (2) the economic development benefits of the project or infrastructure project; (3) the degree to which the project or infrastructure project will correct deficiencies in the compliance of water supply or sewage treatment facilities with state or federal laws, regulations or standards; (4) the degree to which the project or infrastructure project encourages effective and efficient consolidation of water or sewage treatment systems consistent with the comprehensive plan developed pursuant to section six [§ 31-15A-6], of this article; (5) the cost effectiveness of the project or infrastructure project as compared with alternatives which achieve substantially the same public health or economic development benefits, including the consideration of providing maximum feasible fire protection; (6) the availability of alternative sources of funding which could finance all or a part of the project and infrastructure project, and the need for the assistance of the council to finance the project or infrastructure project or attract other sources of funding; (7) the applicant's ability to operate and maintain the system if the project or infrastructure project is approved; (8) the degree to which the project or infrastructure project achieves other state or regional planning goals; (9) the estimated date upon which the project or infrastructure project could commence if funding were available and the estimated completion date of the project or infrastructure project; and (10) such other considerations as the council may consider necessary or appropriate to accomplish the purpose and intent of this article.

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

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

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

(b) The council shall, within thirty days of receipt of each completed preliminary application submitted to it, review the preliminary application and either (i) make a written recommendation as to the infrastructure project or project financing, in terms of the kind, amount and source of funding, which the project sponsor submitting the application should pursue and which the state infrastructure agency or agencies should consider an appropriate investment of public funds, or (ii) if the council determines that (1) the proposed project or infrastructure project is not eligible for funding assistance from any state infrastructure agency, or (2) the proposed project or infrastructure project is not otherwise an appropriate or prudent investment of state funds, the council shall recommend that the project sponsor not seek funding from any state infrastructure agency. A project sponsor shall include the preliminary application and the council's recommendations in any application to a state infrastructure agency.

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) The water development authority shall establish a restricted account within the infrastructure fund to be expended for the construction of water and sewage lines as may be recommended by the council in accordance with this article and specifically, in accordance the plan developed under subsection (b) of this section. The reserve account shall be known as the "infrastructure road

improvement reserve account". The council and the division of highways may enter into agreements to share the cost of financing projects approved in accordance with this section from moneys available in the infrastructure road reserve account and moneys available from the state road fund. Annually, the council may direct the water development authority to transfer funds from the infrastructure fund in an amount not to exceed one million dollars to the restricted account: Provided, That at no time may the balance of the restricted account exceed one million dollars.

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

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

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

(a) If the council determines a project to be an emergency and the emergency project will be funded solely with grant money for the extension of an existing certificated water facility or wastewater facility, and if the council finds in its recommendation that the construction and acquisition of the emergency project will have no effect on the public utility's customer rates and will have no significant effect on its operational costs as a result of the project cost, then the emergency project is exempt from the requirement to obtain a certificate of public convenience and necessity under section eleven [§ 24-2-1], article two, chapter twenty-four of this code. If the public utility is a public service district, it is exempt from the approval of the public service commission required under section twenty-five [§ 16-13A-25], article thirteen-a, chapter sixteen of this code.

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

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

(d) The North Fork Hughes River watershed project, proposed to enhance economic growth and development through tourism as provided in subsection (*l*), section two [§ 31-15A-2(*l*)] of this article and to include a water facility project as defined in subsection (n), section two [§ 31-15A-2(n)] of this article, is hereby specifically exempted from any requirement imposed by this article, except that the provisions of subsection (a) of this section are specifically made applicable to the project. The project is hereby specifically authorized and the public land corporation shall have and may exercise the power of eminent domain and all authority otherwise prescribed by law to acquire necessary land and rights-of-way, to include approximately four hundred seventy-eight acres, in connection with the project. Funding for the project shall be provided by the federal government from the Appalachian regional commission through the United States soil conservation service. Upon completion of the project, the property acquired shall be transferred to the state park system. The commissioner of the division of tourism and parks or the successor to the commissioner's powers and duties is directed to expand the boundaries of North Bend state park to include the project area and to operate the expanded park property, including improved recreational facilities, from funds appropriated for that purpose. (1994, 1st Ex. Sess., c. 26; 1998, c. 180.)

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

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

Any money collected pursuant to this section shall be paid into the West Virginia infrastructure fund by the state agent or entity charged with the

collection of the same, credited to the infrastructure fund, and used only for purposes set forth in this article or article fifteen-b [§§ 31-15B-1 et seq.].

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) To further accomplish the purpose and intent of this article, the water development authority shall use the moneys in the infrastructure fund created pursuant to section nine [§ 31-15A-9] of this article, upon receipt of one or more recommendations from the council pursuant to section five [§ 31-15A-5] of this article, to make loans, with or without interest, loan guarantees or grants and to provide other assistance, financial, technical or otherwise, to finance all or part of the costs of infrastructure projects or projects to be undertaken by a project sponsor: Provided, That any moneys disbursed from the infrastructure fund in the form of grants shall not exceed twenty percent

of the total funds available for the funding of projects. No loan, loan guarantee, grant or other assistance shall be made or provided except upon a determination by the council that the loan, loan guarantee, grant or other assistance and the manner in which it will be provided are necessary or appropriate to accomplish the purposes and intent of this article, based upon an application submitted to the council: Provided, however, That no grant shall be made to a project sponsor that is not a governmental agency or a not for profit corporation under the provisions of section 501(c) [26 USCS § 501(c)] of the Internal Revenue Code of 1986 , as amended. Applications for loans, loan guarantees, grants or other assistance may be submitted by a project sponsor for one or more infrastructure projects on preliminary application forms prepared by the council pursuant to section four [§ 31-15A-4] of this article. Any recommendation of the council approving a loan, loan guarantee, grant or other assistance shall include a finding and determination by the council that the requirements of this section have been met. The council shall base any decisions to loan money for projects to project sponsors pursuant to this article solely on the need of the project sponsors.

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

(c) Notwithstanding any other provision of this article to the contrary, the council shall apply a mandatory minimum end user utility rate that must be met by the project sponsor before funding assistance may be awarded. The mandatory minimum end utility rate shall be be based upon a uniform statewide percentage of the median household income in a particular geographic area and said rate shall not exceed six tenths of one percent: Provided, That funding assistance made from the proceeds of any general obligation bonds and revenue bonds issued after the fifteenth day of March, one thousand nine hundred ninety-eight, after transfer required to make the state match for the water and wastewater revolving loan programs pursuant to article two [§§ 22C-2-1 et seq.], chapter twenty-two-c and article thirteen-c [§§ 16-13C-1 et seq.], chapter sixteen of this code, shall be provided by the council on a pro

rata basis divided equally among the congressional districts of this state as delineated in accordance with section three [§ 1-2-3], article two, chapter one of this code: Provided, however, That infrastructure projects as defined in subsection (1), section two [§ 31-15A-2] of this article shall not be subject to pro rata distribution. When determining median household income of a geographic area of the project to be served, the council shall consider any surveys of the income of the households that will be served by the project.

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

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

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

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

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

Eighty percent of the funds deposited in the West Virginia infrastructure fund shall be dedicated for the purpose of providing funding for the cost of projects as defined in subsection (n), section two [§ 31-15A-2(n)] of this article. Twenty percent of the funds deposited in the West Virginia infrastructure fund

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

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

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

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

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

or officer of the water development authority. (1994, 1st Ex. Sess., c. 26; 1998, c. 180.)

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

Upon the termination or dissolution of the water development authority, all rights and properties of the water development authority with respect to the infrastructure fund shall pass to and be vested in the state, subject to the rights of lienholders and other creditors. (1994, 1st Ex. Sess., c. 26.)

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

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

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

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

(c) This section does not:

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

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

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

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

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

Effect of amendment of 2001. — Acts 2001, c. 45, effective July 13, 2001, in (a), substituted "the" for "such"; in (b), substituted "subsection (c) of this section" for "this subsection", transferred sentences following the proviso to subsection (c) and made minor grammatical changes as necessary; in (c)(1), added the proviso; in (c)(4), substituted "fifty thousand dollars" for "twenty-five thousand dollars" in the proviso; and in (d), substituted "do not apply" for "shall not apply".

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

(a) There shall be dedicated an annual amount from the collections of the tax collected pursuant to article thirteen-a [§§ 11-13A-1 et seq.], chapter eleven of this code for the construction, extension, expansion, rehabilitation, repair and improvement of water supply and sewage treatment systems and for the acquisition, preparation, construction and improvement of sites for economic development in this state as provided in this article.

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

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

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

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

(a) To accomplish the purpose and intent of this article, the water development authority is hereby empowered at the written request of the council to issue from time to time infrastructure revenue bonds of the state in such principal amounts as the council deems necessary to make loans and loan guarantees and other forms of financial assistance to project sponsors for one or more projects or infrastructure projects: Provided, That the water development authority may not issue any such bonds, other than refunding bonds, unless the council by resolution determines that the aggregate cost of the projects or infrastructure projects expected to be constructed during any annual period exceeds (1) the projected annual infrastructure revenues for the same period, and (2) the principal and interest payments not otherwise pledged to the infrastructure revenue debt service fund that are due the water development authority on all outstanding loans previously made by the water development authority pursuant to the provisions of this article.

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

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

(d) There is hereby created in the water development authority a special fund which shall be designated and known as the "West Virginia Infrastructure Revenue Debt Service Fund," into which shall be transferred solely from the loan repayments deposited in the infrastructure fund the amounts certified by the director of the water development authority as necessary to pay the principal, premium, if any, and interest on infrastructure revenue bonds and any reserve requirements, subject to the terms of any agreement with the holders of the infrastructure revenue bonds. All amounts deposited in the West Virginia infrastructure revenue debt service fund shall be pledged to the repayment of the principal, interest and redemption premium, if any, on any infrastructure revenue bonds authorized by this article: Provided, That amounts on deposit in the fund may be used to establish or maintain reserves

created for the purposes of securing such infrastructure revenue bonds. The pledge shall be valid and binding from the time the pledge is made, and the West Virginia infrastructure revenue debt service fund so pledged shall immediately be subject to the lien of the pledge without any physical delivery thereof or further act, and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the water development authority irrespective of whether the parties have notice thereof.

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

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

(g) Any resolution authorizing any infrastructure revenue bonds may contain provisions, subject to any agreement with bondholders or noteholders which may then exist, which agreements shall be part of the contract with the holder thereof, with respect to the pledge of or other use and disposition of amounts in the infrastructure revenue debt service fund; the setting aside of reserve funds; the disposition of any assets of the water development author-

ity; limitations on the purpose to which the proceeds of sale of bonds may be applied; the authorization of notes issued in anticipation of the issuance of bonds; an agreement of the water development authority to do all things necessary for the authorization, issuance and sale of such bonds in such amounts as may be necessary for the timely retirement of such notes; limitations on the issuance of additional bonds; the terms upon which additional bonds may be issued and secured; the refunding of outstanding bonds and the renewal of outstanding notes; the procedures, if any, by which the terms of any contract with bondholders or noteholders may be amended or abrogated; the amount of bonds the holders of which must consent thereto and the manner in which such consent may be given; and any other matter which in any way affects the security for or protection of the bonds.

(h) In the event that the sum of all reserves pledged to the payment of the bonds is less than the minimum reserve requirements established in any resolution or resolutions authorizing the issuance of the bonds, the chairman or the director of the water development authority shall certify, on or before the first day of December of each year, the amount of such deficiency to the governor of the state for inclusion, if the governor shall so elect, of the amount of such deficiency in the budget to be submitted to the next session of the Legislature for appropriation to the water development authority to be pledged for payment of such bonds: Provided, That the Legislature shall not be required to make any appropriations so requested, and the amount of such deficiencies shall not constitute a debt or liability of the state.

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

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

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

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

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

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

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

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

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

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

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

(b) If the infrastructure revenue bonds are then redeemable, the price of the purchase shall not exceed the redemption price then applicable, plus accrued interest to the next interest payment date thereon. If the infrastructure revenue bonds are not then redeemable, the price of the purchase shall not exceed the redemption price applicable on the first date after the purchase

upon which the bonds become subject to redemption, plus accrued interest to such date. Upon purchase or redemption, the bonds shall be canceled. (1998, c. 180.)

§ 31-15A-22. Refunding revenue bonds.

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

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

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

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

The exercise of the powers granted to the water development authority by this article will be in all respects for the benefit of the people of the state, for

the improvement of their health, safety, convenience and welfare and for the enhancement of their residential, agricultural, recreational, economic, commercial and industrial opportunities and is for a public purpose. As the construction, acquisition, repair or renovation of projects or infrastructure projects will constitute the performance of essential governmental functions, the water development authority shall not be required to pay any taxes or assessments upon any project or upon any property acquired or used by the water development authority or upon the income therefrom. The infrastructure revenue bonds and all interest and income thereon shall be exempt from all taxation by this state, or any county, municipality, political subdivision or agency thereof, except estate taxes. (1998, c. 180.)

ARTICLE 15B.

INFRASTRUCTURE BONDS.

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

§ 31-15B-1. Definitions.

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

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

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

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

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

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

Bonds of the state of West Virginia, under authority of the infrastructure improvement amendment of 1994, of the par value not to exceed in the aggregate three hundred million dollars, are hereby authorized to be issued and sold solely for the construction, extension, expansion, rehabilitation, repair and improvement of water supply and sewage treatment systems and for the acquisition, preparation, construction and improvement of sites for economic development as provided for by the constitution and the provisions of this article.

These bonds may be issued by the governor upon resolution by the infrastructure council and certification to the governor. The bonds shall bear such date and mature at such time, bear interest at such rate not to exceed eight percent per annum, be in such amounts, be in such denominations, be in such registered form, carry such registration privileges, be due and payable at such time and place and in such amounts, and subject to such terms of redemption as such resolution may provide: Provided, That in no event may the amount of bonds outstanding exceed an amount for which twenty-four million dollars would not be sufficient to provide annual service on the total amount of debt outstanding.

Both the principal and interest of the bonds shall be payable in the lawful money of the United States of America and the bonds and the interest thereon shall be exempt from taxation by the state of West Virginia, or by any county, district or municipality thereof, which fact shall appear on the face of the bonds as part of the contract with the holder of the bond.

The bonds shall be executed on behalf of the state of West Virginia, by the manual or facsimile signature of the treasurer thereof, under the great seal of the state or a facsimile thereof, and countersigned by the manual or facsimile signature of the auditor of the state. (1995, c. 130; 1998, c. 180.)

§ 31-15B-3. Creation of debt service fund; disbursements to pay debt service on infrastructure general obligation bonds.

There is hereby created a special account in the state treasury, which shall be designated and known as the "West Virginia Infrastructure General Obligation Debt Service Fund", into which shall be deposited amounts pursuant to the provisions of section sixteen [§ 31-15A-16], article fifteen-a of this chapter, as well as any amounts appropriated by the Legislature. (1995, c. 130.)

§ 31-15B-4. Infrastructure general obligation debt service fund; sources used to pay bonds and interest; investment of remainder.

All money from any and all appropriations made by the state, all moneys transferred pursuant to the provisions of section sixteen [§ 31-15A-16], article

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ARTICLE 15A.

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL.

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

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

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

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

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

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

ARTICLE 17.

WEST VIRGINIA RESIDENTIAL MORTGAGE LENDER, BROKER AND SERVICER ACT.

Sec.

31-17-1. Definitions and general provisions.
31-17-2. License required for lender, broker or loan originator; exemptions.
31-17-4. Applications for licenses; requirements; bonds; fees; renewals; waivers and reductions; per loan fee.
31-17-5. Refusal or issuance of license.
31-17-6. Minimum net worth to be maintained; bond to be kept in full force and effect; foreign corporation to remain qualified to do business in this state.
31-17-7. Form of license; posting required; license not transferable or assignable; license may not be franchised; renewal of license.
31-17-8. Maximum interest rate on subordinate loans; prepayment rebate; maximum points, fees and charges; overriding of federal limitations; limitations on lien documents; prohibitions on primary and subordinate mortgage loans; civil remedy.
31-17-11. Records and reports; examination of records; analysis.
31-17-12. Grounds for suspension or revocation of license; suspension and revocation generally; reinstatement or new license.

BEFORE THE COUNTY COMMISSION OF LOGAN COUNTY, WEST VIRGINIA

IN RE: LOGAN COUNTY PUBLIC SERVICE DISTRICT

Be it resolved that the Logan County Commission on its own motion on the 5th May 1975, hereby proposes the creation of a public service district to be known as the Logan County Public Service District. The territory to be embraced in said public service district is as follows:

All of Logan County;

Excluding, however:

All of the municipality of Logan;
All of the municipality of Chapmanville;
All of municipality of Man;
All of the Buffalo Creek Public Service District of the Triadelphia Magisterial District of the County of Logan, West Virginia, more fully described as follows: BEGINNING at a point in the Spring Mountain Lookout Tower, said point being in the Boone-Logan County line 4.25 miles, more or less, to a point in the common corner to Boone-Wyoming and Logan County; thence, southwesterly with the meanders of the Wyoming-Logan County line and with the top of Buffalo Mountain 10.65 miles, more or less, to a point in the 37° - 45' meridian line; thence, due West with said 37° - 45' meridian line 5.85 miles, more or less, to a point in the eastern corporate boundary line of City of Man; thence, due North 1.65 miles, more or less, to a point in the Logan-Triadelphia Magisterial District line; thence northeasterly with the meanders of said Magisterial line 15.95 miles, more or less, to the place of beginning and containing 43.55 square miles (27,870 acres), more or less.

Said territory and said exclusions are more particularly shown by a map of Logan County attached hereto and incorporated as a part hereof and outlined in red.

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The County Commission further proposes that the Big Creek Public Service District heretofore created by Order of the County Court of Logan County on the 5th day of February, 1973, the Cora-Shamrock-Valley View Public Service District created by Order of the County Court of Logan County, on the 5th day of March, 1973, and the Guyan Public Service District heretofore created by Order of the County Court of Logan County on the 19th day of October, 1973, shall be consolidated with and incorporated into the proposed Logan County Public Service District.

The County Commission further Orders that a public hearing shall be held on the creation of said public service district and the date of said hearing shall be June 5, 1975, at 11 o'clock AM, at Logan County Courthouse. It is further Ordered that the necessary and proper legal advertisements and public notices in compliance with Chapter 16, Article 13A, Section 2 shall be held.

ENTERED this the 5th Day of May 1975.

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[illegible]

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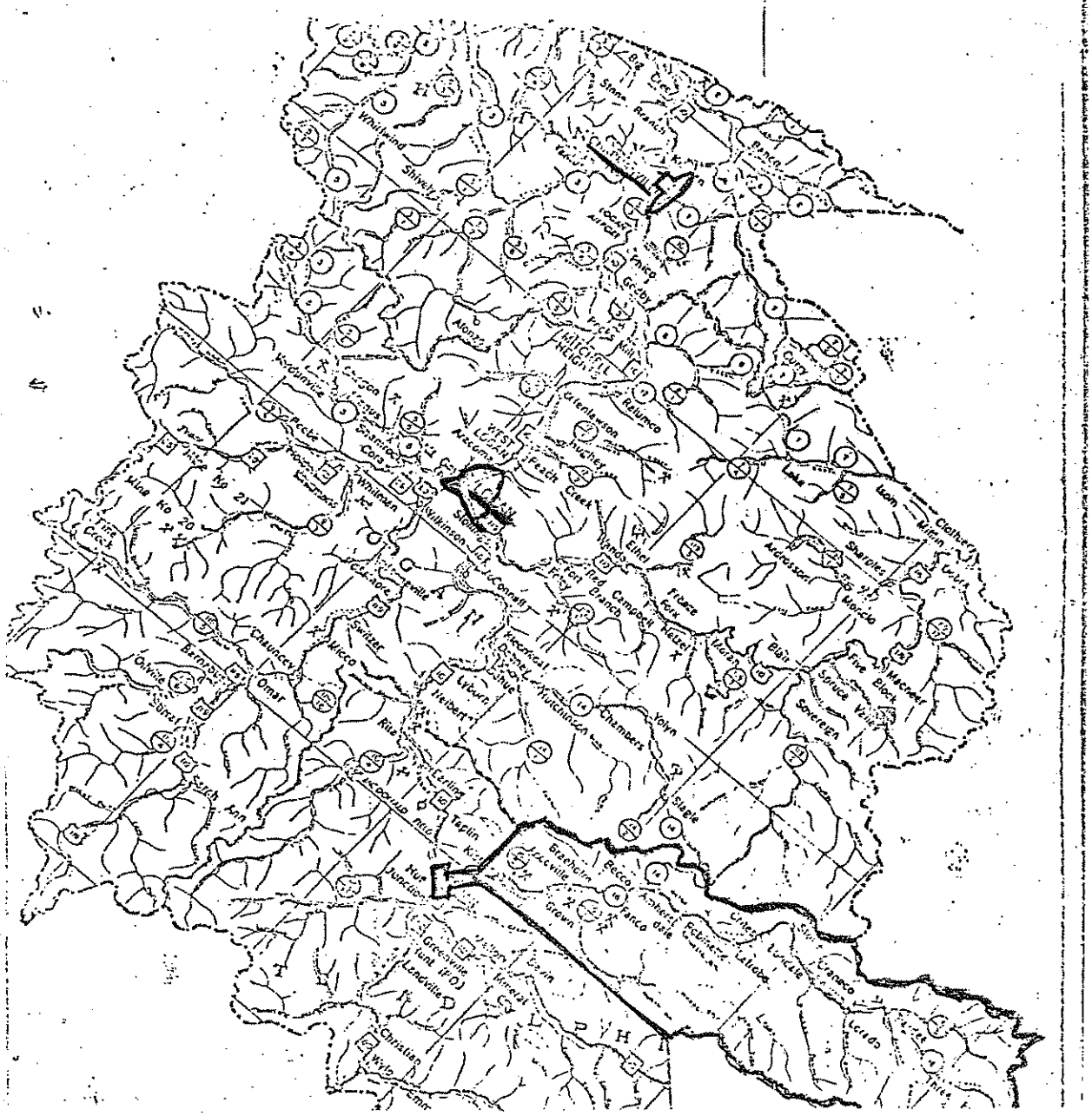
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Connell
Fort Branch
Red Campbell
Fraze Fork
Hetzel
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Clothier
Mifflin
Lake
Isom
Five Block
Spruce Valley
Sovereign
Macneer
Yolyn
Chambers
Hutchinson
Heibert
Lyburn
Rita
Carling
Taplin
Slagle
Hue Junction
Brasholm
Beccoville
Becco
Grown
Ambersdale
Robinson
Latrobe
Craneco
Lorado
Greenville
Landville
Christian
Wylo
Mine No 21
Mine No 20
Tire Creek
Chauncey
Omar
Barnabus
Oilville
Sarah Ann
Micco
Switzer
Wardanville
Peebe
Whitman
Cora
Shamrock
Mangus
Gorgon
Alonzo
Peeks Mill
Curry
Lake
Ohio

BEFORE THE COUNTY COMMISSION OF LOGAN COUNTY, WEST VIRGINIA

IN RE: LOGAN COUNTY PUBLIC SERVICE DISTRICT

WHEREAS, on the 5th day of May, 1975, pursuant to Chapter 16, Article 13A, Section 2, of the West Virginia Code the County Commission upon its own motion entered an order proposing the creation of a public service district in Logan County, West Virginia, to be known as the Logan County Public Service District.

WHEREAS, the municipality of West Logan has consented to be included within the boundary of the Logan County Public Service District by a resolution of its city council, which resolution is attached hereto and incorporated as a part hereof.

WHEREAS, pursuant to said motion there was on June 5, 1975, at 10:00 a.m. o'clock there was a public hearing at Room 104, Court House, Logan, West Virginia held in accordance with Chapter 16, Article 13A, Section 2 of the West Virginia Code with the proper notices of publication and all persons residing in or on or having any interest in property in said proposed district had an opportunity to be heard for and against its creation, at which hearing the County Commission determined that the creation of such public service district was feasible and recessed the hearing until the 30th day of June, 1975, at 10:00 a.m. o'clock for further consideration.

WHEREAS, on the 30th day of June, 1975, the public hearing on the creation of the Logan County Public Service District was reconvened and the County Commission of Logan County has determined that the creation of a county-wide public service district within Logan County would be conducive

to the preservation of public health, comfort and convenience of said area. Therefore, upon proper motion and second the County Commission of Logan County does hereby ORDER the establishment of and does establish and create a public service district under the provisions of Chapter 16, Article 13A, Section 2 of the West Virginia Statutory Code to have all of the powers enumerated in said Chapter and Article. Said public service district shall be known as Logan County Public Service District.

It is further ORDERED that the Logan County Public Service District shall embrace the following territory:

All of Logan County;

Excluding, however:

All of the municipality of Logan;
All of the municipality of Chapmanville;
All of the municipality of Man;
All of the Buffalo Creek Public Service District of the Triadelphia Magisterial District of the County of Logan, West Virginia, more fully described as follows: BEGINNING at a point in the Spring Mountain Lookout Tower, said point being in the Boone-Logan County line; thence, southeasterly with the meanders of said Boone-Logan County line 4.25 miles, more or less, to a point in the common corner to Boone-Wyoming and Logan County; thence, southwesterly with the meanders of the Wyoming-Logan County line and with the top of Buffalo Mountain 10.65 miles, more or less, to a point in the 37° - 45' meridian line; thence, due West with said 37° - 45' meridian line 5.85 miles, more or less, to a point in the eastern corporate boundary line of City of Man; thence, due North 1.65 miles, more or less, to a point in the Logan-Triadelphia Magisterial District line; thence northeasterly with the meanders of said Magisterial line 15.95 miles, more or less, to the place of beginning and containing 43.55 square miles (27,870 acres), more or less.

Said territory and said exclusions are more particularly shown by a map of Logan County attached hereto and incorporated as a part hereof and outlined in red.

It is further ORDERED that the Big Creek Public Service District heretofore created by Order of the County Court of Logan County on the 5th Day of February, 1973, the Cora-Shamrock-Valley View Public Service District created by Order of the County Court of Logan County, on the 5th day of March, 1973, and the Guyan Public Service District heretofore created by Order of the County Court of Logan County on the 19th day of October, 1973, shall be and hereby are consolidated with and incorporated into the Logan County Public Service District.

The establishment and creation of the Logan County Public Service District, embracing the territory above described, shall be effective upon the receipt and filing of a resolution in proper form by the City of Mitchell Heights, whereby the municipality of Mitchell Heights consents to be included within the boundary of the proposed public service district.

Done this the 20th day of June, 1975.

ENTER:

C. D. Dempsey

PRESIDENT

RESOLUTION

WHEREAS, on the 5th day of May, 1975, the County Commission of Logan County will consider proposing the creation of a public service district within Logan County, to be known as the Logan County Public Service District, and to include the following territory:

All of Logan County;

Excluding, however:

All of the municipality of Logan;
All of the municipality of Chapmanville;
All of the municipality of Man; and
All of the Buffalo Creek Public Service District of the Triadelphia Magisterial District of the County of Logan, West Virginia.

WHEREAS, the municipality of West Logan cannot be included within the boundaries of this proposed public service district without its consent;

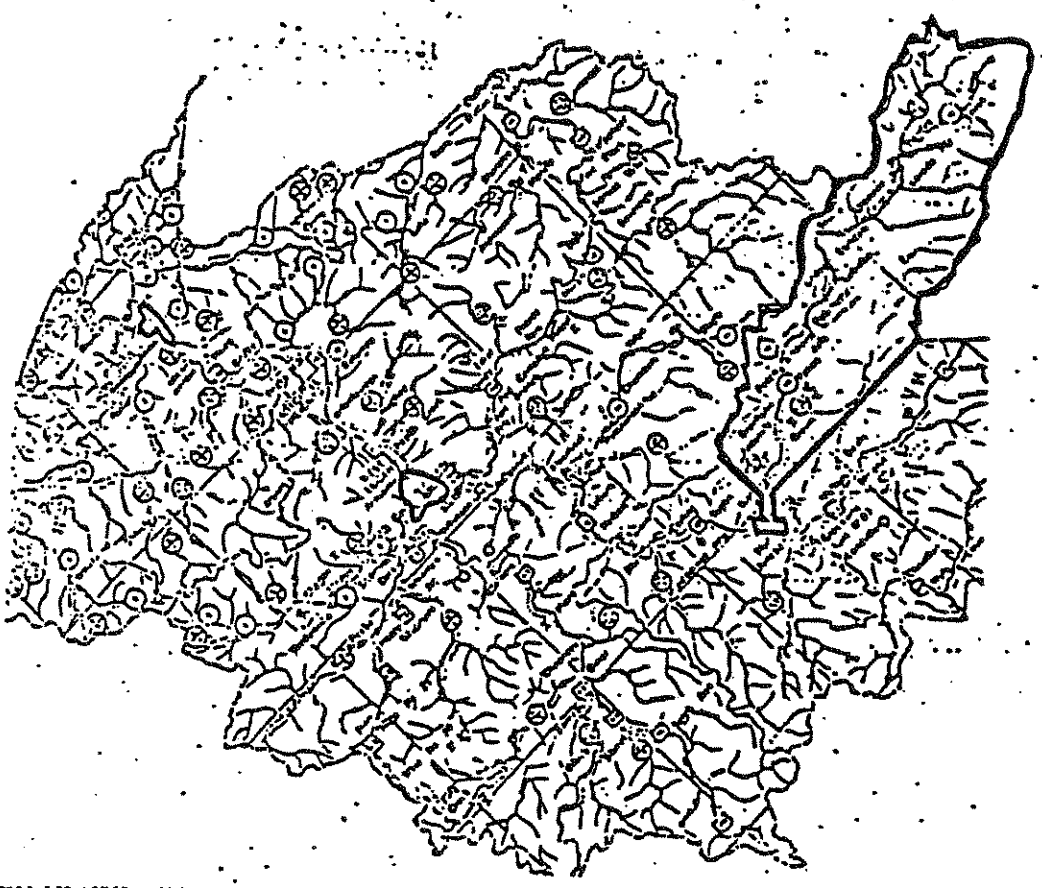
WHEREAS, the City Council of West Logan believes that the proposed public service district will be conducive to the preservation of the public health, comfort and convenience of the municipality of West Logan and all of Logan County;

THEREFORE, BE IT RESOLVED that the municipality of West Logan does hereby consent to be included within the boundaries of the proposed public service district.

Dated this 14th day of April, 1975.

Timothy L. Owens
Mayor

gals | 1 Legals | 1 Legals | 1 Legals



[illegible]

RESOLUTION

WHEREAS, on the 5 day of [illegible], 1975, the County Commission of Logan County will consider proposing the creation of a public service district within Logan County, to be known as the Logan County Public Service District, and to include the following territory:

All of Logan County;

Excluding, however:

All of the municipality of Logan;
All of the municipality of Chapmanville;
All of the municipality of Man; and
All of the Buffalo Creek Public Service District of the Triadelphia Magisterial District of the County of Logan, West Virginia.

WHEREAS, the municipality of Mitchell Heights cannot be included within the boundaries of this proposed public service district without its consent;

WHEREAS, the City Council of Mitchell Heights believes that the proposed public service district will be conductive to the preservation of the public health, comfort and convenience of the municipality of Mitchell Heights and all of Logan County;

THEREFORE, BE IT RESOLVED that the municipality of Mitchell Heights does hereby consent to be included within the boundaries of the proposed public service district, subject to and upon the following conditions:

1. All construction within the Town of Mitchell Heights shall comply with the ordinances of the town, including those hereafter enacted.

2. The location of and plans for all facilities in the Town must have the prior written approval of the Town of Mitchell Heights.

Dated this 3 day of SEPTEMBER, 1975.

David K. McAllister, Mayor

Upon motion this meeting is continued and adjourned to the next Regular Session to be held on Friday, September 5, 1975, at 10:00 o'clock A. M.

PRESIDENT

RESOLUTION

WHEREAS, on the 5th day of April, 1994 the County Commission of Logan County, West Virginia passed a resolution proposing the enlargement of the Loga County Public Service District to include the following territory in Wyoming County:

> Beginning at a point at the Logan and Wyoming County line at its intersection with West Virginia Route 10; thence, following said Logan and Wyoming line in a northwesterly direction approximately 6,400 feet, more or less, on said County line; thence, following the meanders of the Logan and Wyoming County line in a northeasterly direction approximately 58,000 feet, more or less, to a point located at the intersection of the Logan, Wyoming and Boone County lines; thence, following the Wyoming and Boone County line in a southeasterly direction approximately 14,200 feet to a point on Huff Mountain having an elevation of 3,177 feet M.S.L.; thence, on a straight line in a southwesterly direction approximately 19,800 feet to a point known as Panther Knob; thence, on a straight line in a Westerly direction approximately 10,400 feet, more or less, to a point known as Upper Gap; thence, on a straight line in a southwesterly direction approximately 14,000 feet to a point located at the intersection of the Logan and Wyoming County lines; thence, following the Logan and Wyoming County line in a northwesterly direction approximately 19,600 feet, more or less, to the point of beginning

WHEREAS, this territory is not included within the boundaries of any existing Public Service District;

WHEREAS, the County Commission of Wyoming County, West Virginia believe that the inclusion of the afore-described territory in the Logan County Public Service District will be conducive to the preservation of the public health, comfort and convenience of the residents of this area of Wyoming County;

THEREFORE, BE IT RESOLVED that the County Commission of Wyoming County, West Virginia, does hereby consent to the enlargement of Logan County Public Service District to include the above described territory.

Dated this 5th day of April, 1994.

President

IN THE COUNTY COMMISSION OF LOGAN COUNTY, WEST VIRGINIA

RE: ENLARGEMENT OF LOGAN COUNTY PUBLIC SERVICE DISTRICT

WHEREAS, on the 5th day of April, 1994, pursuant to Chapter 16, Article 13A, Section 2, of the West Virginia Code the County Commission of Logan County, West Virginia, upon its own motion entered on order proposing the enlargement of Logan County Public Service District into the Huff Creek area of Wyoming County, West Virginia.

WHEREAS, the County Commission of Wyoming County, West Virginia has consented to have the Huff Creek area included within the boundary of the Logan County Public Service District by resolution, which is attached and incorporated as part hereof.

WHEREAS, pursuant to said motion there was on May 5, 1994 at 6:00 p.m. o'clock there was a public hearing at Room 104 of the Logan County Courthouse, Logan, West Virginia held in accordance with Chapter 16, Article 13A, Section 2 of the West Virginia Code with the proper notices of publication and all persons residing in or on or having any interest in property in said proposed additional territory had an opportunity to be heard for and against its enlargement at which hearing the County Commission of Logan County, West Virgin determined that the enlargement of Logan County Public Service District to include the Huff Creek area of Wyoming County, West Virginia was feasible and would be conducive to the preservation of public health, comfort and convenience of said area. Therefore, upon proper motion and second the County Commission of Logan County, West Virginia does hereby ORDER the enlargement of and does enlarge the Logan County Public Service District under the provisions of Chapter 16, Article 13A, Section 2 of the West Virginia Code to have all of the powers enumerated in said Chapter and Article. Said public service district shall continue to be known as Logan County Public Service District.

It is further ORDERED that the area or portion of Wyoming County to be included in the Logan County Public Service District is as follows:

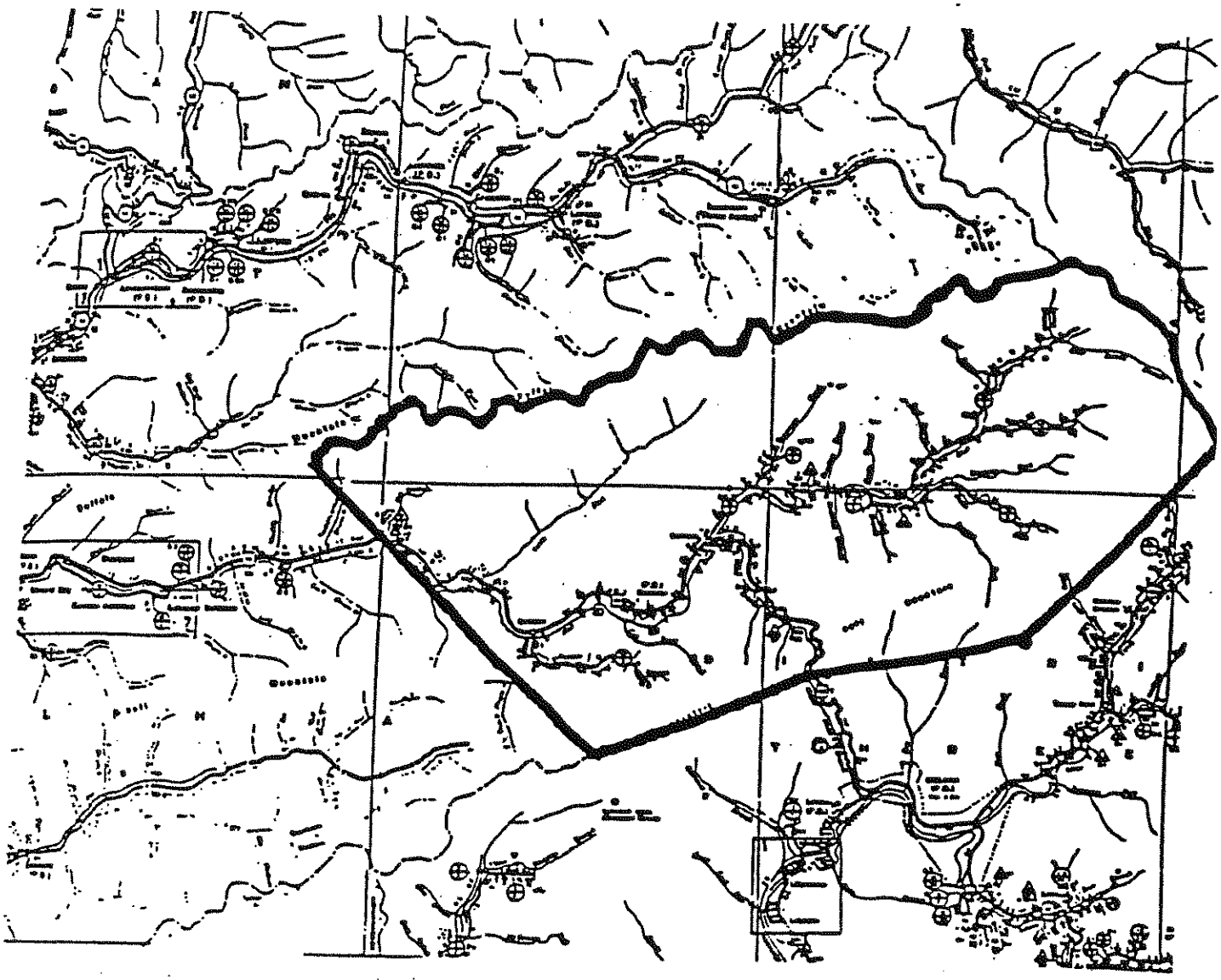
> Beginning at a point at the Logan and Wyoming County line at its intersection with West Virginia Route 10; thence, following said Logan and Wyoming line in a northwesterly direction approximately 6,400 feet, more or less, on said County line; thence, following the meanders of the Logan and Wyoming County line in a northeasterly direction approximately 58,000 feet, more or less, to a point located at the intersection of the Logan, Wyoming and

Boone County lines; thence, following the Wyoming and Boone County line in a southeasterly direction approximately 14,200 feet to a point on Huff Mountain having an elevation of 3,177 feet M.S.L.; thence, on a straight line in a southwesterly direction approximately 19,200 feet to a point known as Panther Knob; thence, on a straight line in a Westerly direction approximately 10,400 feet, more or less, to a point known as Upper Gap; thence, on a straight line in a southwesterly direction approximately 14,000 feet to a point located at the intersection of the Logan and Wyoming County lines; thence, following the Logan and Wyoming County line in a northwesterly direction approximately 19,600 feet, more or less, to the point of beginning. Said territory is more particularly shown on a map attached hereto and incorporated as a part herof and outline in black.

The enlargement of Logan County Public Service District as ordered herein shall be effective on the date of the Final Order issued by the Public Service Commission of West Virginia.

ENTERED this 5th day of May, 1994.

Mark S. Spurlock, M.D., PRESIDENT
LOGAN COUNTY COMMISSION



ORIGINAL

ENTERED
O.B. 94-Q Page

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
10-18-94

Entered: September 28, 1994

CASE NO. 94-0403-PWD-PC

LOGAN COUNTY COMMISSION and
WYOMING COUNTY COMMISSION
Petition to expand boundaries of
Logan County Public Service District
into the Huff Creek area of Wyoming County.

RECOMMENDED DECISION

On May 6, 1994, the Logan and Wyoming County Commissions filed with the Public Service Commission (Commission) a petition to approve the extension of the boundaries of the Logan County Public Service District into the Huff Creek area of Wyoming County, accompanied by documentation of the procedures followed by the Logan and Wyoming County Commissions, including a May 5, 1994, Order of the Logan County Commission expanding the boundaries.

On June 16, 1994, Staff Attorney Ronald E. Robertson, Jr., filed the Initial and Final Joint Staff Memorandum, with an attached memorandum from Robert M. Hubbard, Senior Utilities Analyst for the Public Service District Division of the Commission. Mr. Robertson stated that the boundary expansion will extend only into the Huff Creek area of Wyoming County. He further stated that, after approval of the expansion by the Wyoming County Commission, public hearing was held in Logan, West Virginia, on May 5, 1994, with notice posted and published in both Logan and Wyoming Counties. Mr. Robertson opined that the Logan and Wyoming County Commissions have substantially complied with the requirements of W.Va. Code §16-13A-2 and stated that Staff recommends approval of the expansion. Mr. Hubbard's memorandum stated that the expansion is necessary to provide water service to potential customers along West Virginia Route 10 in the Huff Creek area and will not conflict with any other public service district territories.

On June 27, 1994, the Commission issued an Order referring this matter to the Division of Administrative Law Judges (ALJ Division) for decision to be issued no later than December 7, 1994.

On July 14, 1994, the undersigned ALJ issued a Procedural Order stating that, under Code §16-13A-2, the Commission is required to provide a hearing "in the affected county" any time a county commission petitions to expand the boundaries of a public service district. The undersigned ALJ accordingly scheduled this matter for hearing on September 8, 1994, at 10:30 a.m. in the County Commissioners' Courtroom, Wyoming County Courthouse, Pineville, West Virginia, and at 2:30 p.m. in Courtroom No. 2, Room

RJW

307, Logan County Courthouse, Logan, West Virginia. Also ordered was publication of the Notice of Hearing in newspapers duly qualified by the Secretary of State, published and of general circulation in Logan and Wyoming Counties.

The bifurcated hearing was held as scheduled. Mr. Robertson appeared on behalf of Staff and submitted into evidence as Staff Ex. 1 the Initial and Final Joint Staff Memorandum. Mr. Hubbard was also present. James A. Walker, Esq., appeared on behalf of the Logan County Public Service District, and called the only witness, Charles R. Roberts, Jr., the Managing Engineer for the Logan County Public Service District, who made the following statement:

> The Logan County Public Service District has a water treatment facility located in Greenville and the attached distribution system comes very near the proposed area that the enlargement's going to cover. It is also in the same drainage as the existing system.
>
> The Logan County Public Service District approached the Wyoming County Commission to enlarge its boundaries into that area so that that system could be extended into Wyoming County.
>
> The capacity is present. It was designed with the Wyoming County area in mind. The Logan County Public Service District and the Wyoming County Commission both feel that this will be the most -- the quickest way to get water to the residents in the area to be included in the Logan County PSD.

(Tr. 5-6). Submitted into evidence as Logan Ex. 1 and 2, respectively, were affidavits of publication establishing that the Notice of Hearing was published on August 24, 1994, in the Independent Herald of Pineville, and on August 29, 1994, in The Logan Banner. No protestants appeared at hearing.

The transcript was filed on September 14, 1994.

FINDINGS OF FACT

1. The Logan and Wyoming County Commissions petitioned the Public Service Commission to approve an extension of the boundaries of the Logan County Public Service District into the Huff Creek area of Wyoming County, providing documentation of the procedures followed by the Logan and Wyoming County Commissions, including a May 5, 1994, Order of the Logan County Commission so expanding the boundaries. (See petition filed May 6, 1994).

2. Commission Staff recommended approval of the proposed expansion. (See Staff Exhibit 1).

3. Notice of Hearing was published on August 24, 1994, in the Independent Herald of Pineville, and on August 29, 1994, in The Logan Banner. (See Logan Exhibit 1 and 2).

4. No protestants appeared at the public hearing held on September 8, 1994, in Pineville and Logan, West Virginia. (Tr. 4, 10).

CONCLUSION OF LAW

Since a public hearing was held in Wyoming and Logan Counties on the petition filed by the Wyoming and Logan County Commissions and no one appeared at hearing to make protest to the petition, after proper publication was made, and since Staff has recommended granting the petition to expand the boundaries of the Logan County Public Service District into the Huff area of Wyoming County, it is determined that said petition should be granted as an unprotested case.

ORDER

IT IS, THEREFORE, ORDERED that the petition of the Wyoming and Logan County Commission, filed on May 6, 1994, to expand the boundaries of the Logan County Public Service District into the Huff Creek area of Wyoming County be, and it hereby is, granted, and the May 5, 1994, order of the Logan County Commission authorizing such expansion be, and it hereby is, approved.

IT IS FURTHER ORDERED that this matter be removed from the Commission's docket of open cases.

IT IS FURTHER ORDERED that the Executive Secretary 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.

Sunya Anderson
Administrative Law Judge

SA:mal

RESOLUTION

WHEREAS, on the 5th day of October, 1994, the County Commission of Logan County, West Virginia adopted an order proposing the enlargement of Logan County Public Service District to include the following territory in Lincoln County as further identified on the attached map:

> Beginning at a point at the intersection of the Lincoln, Wayne and Mingo County lines, thence, following said Lincoln and Mingo County line in a northeasternly direction approximately 34,850 feet, more or less to its intersection with the Logan County line; thence, following said Lincoln and Logan County line in a northeasternly direction approximately 84,450 feet, more or less to its intersection with the Boone County line; thence following said Lincoln and Boone County line in a northeasternly direction approximately 8,970 feet, more or less, to a point located on the eastern extreme of said county line; thence, following said Lincoln and Boone County line in a northwesternly direction approximately 39,600 feet, more or less, to a point having a latitude of N. 38° 05' located on said county line; thence, following a straight line due west approximatley 33, 790 feet, more or less, to a point having a latitude of N.38° 05' and a longitude of W. 82° 05'; thence, following a straight line in a southwesternly direction approximately 23,760 feet, more or less, to a point on West Virginia Route 10 at the top of Fourteen Mile Mountain; thence, following a straight line in a southwesternly direction approximately 13,200 feet, more or less, to a point on the Lincoln and Wayne County line located on said line approximately 5,000 feet north of its intersection with County Route 68; thence, following said Lincoln and Wayne County line in a southeasternly direction approximately 51,750 feet, more or less, to the point of beginning.

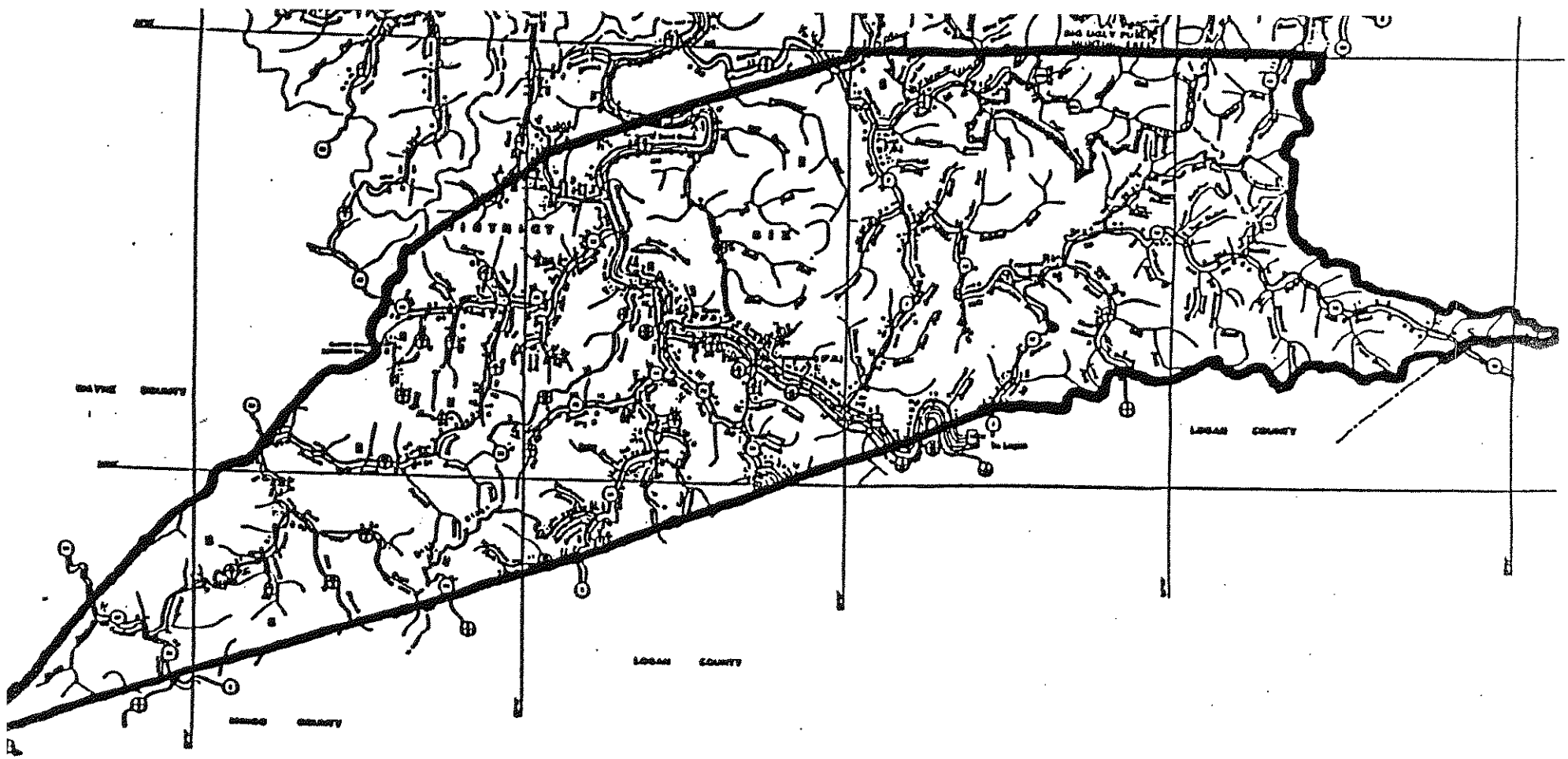
WHEREAS, previously on the 6th day of October, 1994, the County Commission of Lincoln County, West Virginia, adopted an order dissolving the Ranger-Harts Public Service District. THEREFORE, the area of Lincoln County to be included in Logan County Public Service District is not included within the boundaries of any existing Public Service District;

WHEREAS, the County Commission of Lincoln County, West Virginia believes that the inclusion of the afore-discribed territory in the Logan County Public Service District will be conducive to the preservation of the public health, comfort and convenience of the residents of this area of Lincoln County;

THEREFORE, BE IT RESOLVED that the County Commission of Lincoln County, West Virginia, does hereby consent to the enlargement of Logan County Public Service District to include the above described territory.

Dated this 6th day of October, 1994.

President, Lincoln County Commission


LOGAN COUNTY
LOGAN COUNTY

IN THE COUNTY COMMISSION OF LOGAN COUNTY, WEST VIRGINIA

RE: ENLARGEMENT OF LOGAN COUNTY PUBLIC SERVICE DISTRICT

WHEREAS, on the 5th day of October, 1994, pursuant to Chapter 16, Article 13A, Section 2, of the West Virginia Code the County Commission of Logan County, West Virginia, upon its own motion entered on order proposing the enlargement of Logan County Public Service District into the Southern portion of Lincoln County, West Virginia.

WHEREAS, the County Commission of Lincoln County, West Virginia has consented to have this area included within the boundary of the Logan County Public Service District by resolution, which is attached and incorporated as part hereof.

WHEREAS, pursuant to said motion there was on October 7, 1994, at 6:00 p.m. o'clock there was a public hearing at Room 104 of the Logan County Courthouse, Logan, West Virginia held in accordance with Chapter 16, Article 13A, Section 2 of the West Virginia Code with the proper notices of publication and all persons residing in or on or having any interest in property in said proposed additional territory had an opportunity to be heard for and against its enlargement at which hearing the County Commission of Logan County, West Virginia determined that the enlargement of Logan County Public Service District to include the southern portion of Lincoln County, West Virginia was feasible and would be conducive to the preservation fo public health, comfort and convenience of said area. Therefore, upon proper motion and second the County Commission of Logan County, West Virginia does hereby ORDER the enlargement of and does enlarge the Logan County Public Service District under the provisions of Chapter 16, Article 13A, Section 2 of the West Virginia Code to have all of the powers enumerated in said Chapter and Article. Said public service district shall continue to be known as Logan County Public Service District

It is further ORDERED that the area or portion of Lincoln County to be included in the Logan County Public Service District is as follows:

> Beginning at a point at the intersection of the Lincoln, Wayne and Mingo County lines, thence, following said Lincoln and Mingo County line in a northeasternly direction approximately 34, 850 feet, more or less to its intersection with the

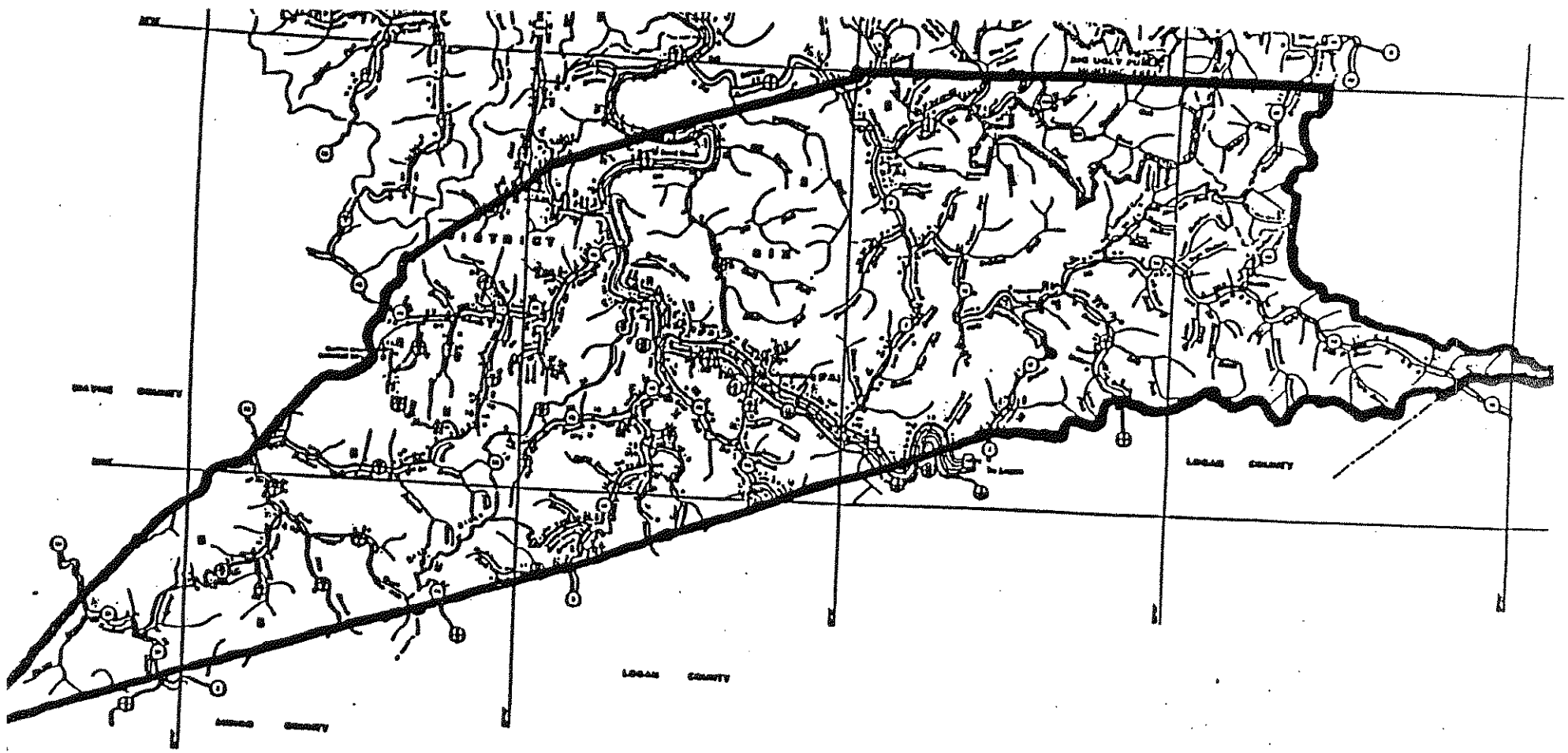
Logan County line; thence, following said Lincoln and Logan County line in a northeasterly direction approximately 84,450 feet, more or less, to its intersection with the Boone County line; thence, following said Lincoln and Boone County line in a northeasterly direction approximately 8,970 feet, more or less, to a point located on the eastern extreme of said county line; thence, following said Lincoln and Boone County line in a northwesterly direction approximately 39,600 feet, more or less, to a point having a latitude of N. 38° 05' located on said county line; thence, following a straight line due west approximately 33,790 feet, more or less, to a point having a latitude of N. 38° 05' and a longitude of W. 82° 05'; thence, following a straight line in a southwesterly direction approximately 23,760 feet, more or less, to a point on West Virginia Route 10 at the top of Fourteen Mile mountain; thence, following a straight line in a southwesterly direction approximately 13,200 feet, more or less, to a point on the Lincoln and Wayne County line located on said line approximatley 5,000 feet north of its intersection with County Route 68; thence, following said Lincoln and Wayne County line in a southeasterly direction approximately 51,750 feet, more or less, to the point of beginning.

The enlargement of Logan County Public Service District as ordered herein shall be effective on the date of the Final Order issued by the Public Service Commission of West Virginia.

ENTERED this 7th day of November, 1994.

Mark S. Spurlock, M.D., PRESIDENT

LOGAN COUNTY COMMISSION


LOGAN COUNTY
LOGAN COUNTY

ORIGINAL

ENTERED
O.B. 95 P---

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
5-3-95

Entered: April 13, 1995

CASE NO. 94-0889-PWD-PC

LINCOLN COUNTY COMMISSION,
Hamlin, Lincoln County.
Petition to dissolve Ranger-Harts
Public Service District.

CASE NO. 94-1065-PWD-PC

LOGAN COUNTY COMMISSION,
Logan, Logan County.
Petition to expand boundaries of
Logan County Public Service District
into Harts Creek area of Lincoln County.

RECOMMENDED DECISION

Case No. 94-0899-PWD-PC

On October 10, 1994, the Lincoln County Commission filed a petition requesting approval by the Public Service Commission (Commission) to dissolve the Ranger-Harts Public Service District (Ranger-Harts PSD). Included in the documentation was an October 6, 1994 order of the Lincoln County Commission authorizing dissolution of the Ranger-Harts Public Service District.

On December 16, 1994, Staff Attorney Ronald E. Robertson, Jr., filed the Initial and Final Joint Staff Memorandum, with attached memorandum from Charles Knurek, Utility Financial Analyst, Public Service District Division of the Commission. Mr. Knurek stated that the Lincoln County Commission informed him that the Ranger-Harts PSD is inactive, does not own or operate any existing facilities, and does not have any existing board members. Mr. Robertson stated that the dissolution of the Ranger-Harts PSD would provide the Logan County Public Service District (Logan County PSD) the opportunity to expand into the service area of the Ranger-Harts PSD, which is the subject of Case No. 94-1065-PWD-PC. Mr. Robertson further stated that it is the view of the Commission Staff that the Lincoln County Commission has substantially complied with the requirements of W.Va. Code §16-13A-2, and, therefore, Commission Staff recommends approval of the petition for dissolution, contingent upon hearing in Lincoln County. Finally, Mr. Robertson recommended that this

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA

matter and Case No. 94-1065-PWD-PC be consolidated and heard together because of the related issues they involve.

Case No. 94-1065-PWD-PC

On November 9, 1994, the Logan County Commission filed a petition requesting the Commission's approval for enlarging the boundaries of the Logan County PSD into the southern portion of Lincoln County generally referred to as the Harts Creek area. Included in the documentation was an Order 5, 1994 Order of the Logan County Commission proposing the enlargement and an October 6, 1994 Order of the Lincoln County Commission accepting the proposed enlargement.

On December 20, 1994, Mr. Robertson filed the Initial Joint Staff Memorandum, with attached memorandum from Mr. Knurek. Commission Staff stated that it was reviewing this matter, and, upon completion of its review, would make its final recommendation. Finally, Mr. Robertson recommended consolidation of this matter with Case No. 94-0899-PWD-PC.

On January 11, 1995, Mr. Robertson filed an Initial and Final Joint Staff Memorandum, with attached memorandum from Mr. Knurek. Mr. Robertson stated that it is the view of Commission Staff that the Logan County Commission has substantially complied with the requirements of Code §16-13A-2 and that hearing should be held in Logan County or in both Logan and Lincoln Counties.

Case Nos. 94-0889-PWD-PC and 94-1065-PWD-PC

On December 27, 1994, the Commission issued an Order Consolidating and Referring, consolidating the two cases and referring them to the Division of Administrative Law Judges (ALJ Division) for decision on or before June 7, 1995.

On January 18, 1995, the undersigned ALJ issued a Procedural Order scheduling these matters for hearing on March 7, 1995, at 10:30 a.m. in the County Commissioners' Courtroom, Lincoln County Courthouse, Hamlin, West Virginia, and at 1:00 p.m. in the County Commissioners' Courtroom, Logan County Courthouse, Logan, West Virginia. It was also ordered that the Lincoln County Commission cause to be published for public legal notice a copy of an attached Notice of Hearing once in a newspaper duly qualified by the Secretary of State, published and of general circulation in Lincoln County, West Virginia, and that the Logan County Commission cause to be published for public legal notice a copy of the attached notice once in a newspaper duly qualified by the Secretary of State, published and of general circulation in Logan County, West Virginia. Publication was required to be not more than twenty days and not less than five days prior to the date of hearing, with the date of publication counting as the first day.

On January 20, 1995, the undersigned ALJ issued a Procedural Order that, due to a typographical error on the notice attached to the January 18, 1994, order, substituted a corrected Notice of Hearing. The Petitioners were advised that the publication requirements of the prior order applied to the publication of the revised notice.

On March 6, 1995, Rick Roberts, Managing Engineer for the Logan County Public Service District, filed affidavits of publication establishing that the revised Notice of Hearing was published on February 22, 1995, in The Lincoln Journal and The Logan Banner.

Hearing was held as scheduled. Appearing at hearing in Hamlin, Lincoln County, was Mr. Robertson, representing Commission Staff, and making appearances for the petitioners were Mr. Roberts and members of the Lincoln County Commission, Doug Waldron, Buster Stowers, and Paul Duncan, President. Entered into the record were the affidavits of publication in The Lincoln Journal (Petitioner No. 1) and The Logan Banner (Petitioner No. 2) and Commission Staff's Initial and Final Joint Staff Memorandum in Case No. 94-0889-PWD-PC (Staff No. 1). Appearing at hearing in Logan, Logan County, were Mr. Robertson and Mr. Roberts, and entered into the record was the Commission Staff's Initial and Final Joint Staff Memorandum in Case No. 94-1065-PWD-PC (Staff No. 2). No protestant appeared at either segment of hearing. (Tr. 5-6).

On March 21, 1994, the transcript of hearing was filed.

FINDINGS OF FACT

1. On October 10, 1994, the Lincoln County Commission filed a petition requesting approval by the Commission to dissolve the Ranger-Harts Public Service District, with an attached October 6, 1994 order of the Lincoln County Commission authorizing dissolution of the Ranger-Harts Public Service District. (See petition).

2. On November 9, 1994, the Logan County Commission filed a petition requesting the approval by the Commission to enlarge the boundaries of the Logan County Public Service District into the southern portion of Lincoln County generally referred to as the Harts Creek area, with an attached October 5, 1994 order of the Logan County Commission proposing the enlargement and an October 6, 1994 order of the Lincoln County Commission accepting the proposed enlargement. (See petition).

3. The cases were consolidated by the Commission because the area of expansion of the Logan County Public Service District would consist of most of the area presently within the boundaries of the Ranger-Harts Public Service District, plus some area outside the service area of any utility. (See Commission order of December 27, 1994; Staff Exhibit 1).

4. Commission Staff recommended approval of the petitions. (See Staff Exhibits 1 and 2).

5. Notice of hearing was published on February 22, 1995, in The Lincoln Journal and The Logan Banner and no protestant to either petition appeared at hearing held on March 7, 1995 in Hamlin, Lincoln County, and Logan, Logan County. (See Tr. 5-6).

CONCLUSION OF LAW

Since a public hearing was held in Lincoln and Logan Counties on the petition filed by the Lincoln County Commission to dissolve the Ranger-Harts Public Service District and on the petition filed by the Logan County Commission to expand the boundaries of the Logan County Public Service District into the Harts Creek area of Lincoln County and no one appeared at hearing to make protest to the petitions, after proper publication was made, and since Commission Staff has recommended granting said petitions, it is determined that said petitions should be granted as unprotested cases.

ORDER

IT IS, THEREFORE, ORDERED that the petitions of the Lincoln County Commission and the Logan County Commission filed, respectively, on October 10, 1994, and November 9, 1994, be, and they hereby are, granted, and the October 5 and 6, 1994 orders of said County Commissions authorizing the dissolution of the Ranger-Harts Public Service District and the expansion of the boundaries of the Logan County Public Service District into the Harts Creek area of Lincoln County be, and they hereby are, approved.

IT IS FURTHER ORDERED that these matters be removed from the Commission's docket of open cases.

IT IS FURTHER ORDERED that the Executive Secretary 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.

Sonya Anderson
Administrative Law Judge

SA:mal

RESOLUTION

WHEREAS, on the 5th day of September, 1997, the Coun Commission of Logan County, West Virginia adopted an ord proposing the enlargement of Logan County Public Service Distri to include the following territory in Mingo County as furth identified on the attached map marked as Exhibit A:

> Beginning at a point in the Logan County/Mingo County community of Verner at the intersection of the midpoint of the Guyandotte River and the Logan and Mingo County line, thence, following the meanderings of said Logan and Mingo County line in a easterly direction approximately 14,500 feet, more or less, to a point on top of Verner Mountain, said point having an elevation of 2,426 M.S.L., thence, following a straight line in a south, southwesterly direction approximately 4,000 feet, more or less, to a point on the ridgeline separating the Spice Creek and Leatherwood Creek drainages at its intersection with Mingo County Route 12, thence, following a straight line due west approximately 11,900 feet, more or less, to a point in the center of the Guyandotte River, thence, following the midpoint of the Guyandotte River downstream in a northerly direction approximately 7,200 feet, more or less, to a point in the center of the Guyandotte River located approximately 2,500 feet, more or less, upstream of the confluence of Sylvia Branch and the Guyandotte River, thence, following a straight line in a west, northwesterly direction approximately 5,940 feet, more or less, to a point atop a mountain peak having an elevation of 1,850 feet M.S.L., thence, following a straight line due north approximately 3,340 feet, more or less, to the point of intersection of said line with the Logan and Mingo County line, thence, following the meanderings of said Logan and Mingo County line in a easterly direction approximately 15,000 feet, more or less, to the point of beginning.

WHEREAS, previously on the 1st day of October, 1997, County Commission of Mingo County, West Virginia, adopted an or reducing the size of the Mingo County Public Service District deleting the above described territory in Mingo County as furtl identified on the attached map marked as Exhibit A from the Mi County Public Service District. **THEREFORE**, the area of Mingo Cour to be included in Logan County Public Service District is r included within the boundaries of any existing Public Servi District; and,

WHEREAS, the County Commission of Mingo County, West Virgin believes that the inclusion of the afore-described territory in t Logan County Public Service District will be conducive to t preservation of the public health, comfort and convenience of t residents of this area of Mingo County;

THEREFORE, BE IT RESOLVED that the County Commission of Ming County, West Virginia, does hereby consent to the enlargement o Logan County Public Service District to include the above describe territory.

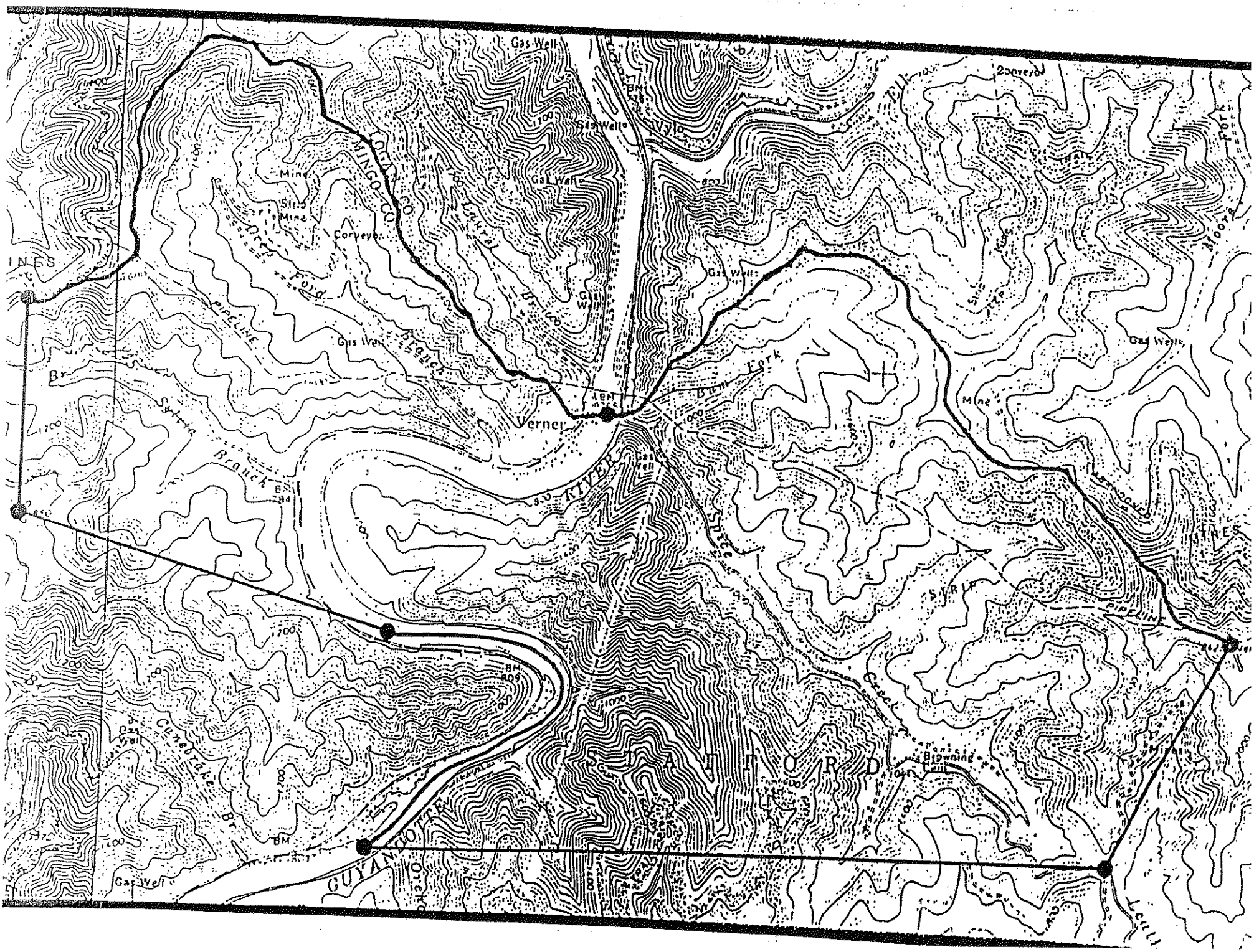
Dated this 1st day of October, 1997.

MINGO COUNTY COMMISSION

Mr. Larry Cline, President

Mr. Curtis Fletcher, Commissioner

Mr. Jim Hatfield, Commissioner


Gas Well
Vylo
Mine
Strip Mine
Conveyor
Ford
Branch
PIPELINE
Verner
Bum Fork
RIVER
Spice
Creek
STRIP
PIPELINE
Browning
Moore
Fork
Mine
Sylvia
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GUYANDOTTE
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INES

IN THE COUNTY COMMISSION OF LOGAN COUNTY, WEST VIRGINIA

RE: ENLARGEMENT OF LOGAN COUNTY PUBLIC SERVICE DISTRICT

WHEREAS, on the 5th day of September, 1997, pursuant Chapter 16, Article 13A, Section 2, of the West Virginia Code 1931, as amended, the County Commission of Logan County, W Virginia, upon its own motion entered an order proposing enlargement of Logan County Public Service District into the Ver and Spice Creek areas of Mingo County, West Virginia; and,

WHEREAS, the County Commission of Mingo County, West Virgi has consented to have this area included within the boundary of Logan County Public Service District by resolution, which attached hereto, and incorporated as part hereof; and,

WHEREAS, pursuant to said motion, on October 6, 1997 at 6 o'clock p.m. there was a public hearing at Room 104 of the Log County Courthouse, Logan, West Virginia, held in accordance wi Chapter 16, Article 13A, Section 2 of the West Virginia Code 1931, as amended, with the proper notices of publication and a persons residing in or on or having any interest in property said proposed additional territory had an opportunity to be hea for and against its enlargement at which hearing the Coun Commission of Logan County, West Virginia, determined that t enlargement of Logan County Public Service District to include t Verner and Spice Creek areas of Mingo County, West Virginia w feasible and would be conducive to the preservation of publ health, comfort and convenience of said area. Therefore, upo proper motion and second the County Commission of Logan County West Virginia, does hereby **ORDER** the enlargement of and doe enlarge the Logan County Public Service District under th provisions of Chapter 16, Article 13A, Section 2 of the Wes Virginia Code of 1931, as amended, to have all of the power numerated in said Chapter and Article. Said Public Servic District shall continue to be known as Logan County Public Servic District.

It is further **ORDERED** that the area or portion of Mingo Count to be included in the Logan County Public Service District is a

follows:

Beginning at a point in the Logan County/Mingo County community of Verner at the intersection of the midpoint of the Guyandotte River and the Logan and Mingo County line, thence, following the meanderings of said Logan and Mingo County line in a easterly direction approximately 14,500 feet, more or less, to a point on top of Verner Mountain, said point having an elevation of 2,426 M.S.L., thence, following a straight line in a south, southwesterly direction approximately 4,000 feet, more or less, to a point on the ridgeline separating the Spice Creek and Leatherwood Creek drainages at its intersection with Mingo County Route 12, thence, following a straight line due west approximately 11,900 feet, more or less, to a point in the center of the Guyandotte River, thence, following the midpoint of the Guyandotte River downstream in a northerly direction approximately 7,200 feet, more or less, to a point in the center of the Guyandotte River located approximately 2,500 feet, more or less, upstream of the confluence of Sylvia Branch and the Guyandotte River, thence, following a straight line in a west, northwesterly direction approximately 5,940 feet, more or less, to a point atop a mountain peak having an elevation of 1,850 feet M.S.L., thence, following a straight line due north approximately 3,340 feet, more or less, to the point of intersection of said line with the Logan and Mingo County line, thence, following the meanderings of said Logan and Mingo County line in a easterly direction approximately 15,000 feet, more or less, to the point of beginning.

The enlargement of Logan County Public Service District a ordered herein shall be effective on the date of the Final Orde approving the enlargement being issued by the Public Servic Commission of West Virginia.

ENTERED this 6th day of October, 1997.

Arthur E. Kirkendoll, Presiden
LOGAN COUNTY COMMISSION

LOGAN CO
MINGO CO
Verner
Spice
Laurel
Deep Ford
PIPELINE
Sylvia
Branch
Canebrake
Gas Well

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
4-2-98

Entered: March 13, 1998

CASE NO. 97-1344-PWD-PC

MINGO COUNTY COMMISSION
Petition to reduce the area of
the Mingo County Public Service
District.

CASE NO. 97-1370-PWD-PC

LOGAN COUNTY COMMISSION
Petition for approval of expansion into
the Verner and Spice Creek areas of
Mingo County.

RECOMMENDED DECISION

PROCEDURE

On October 3, 1997, the Logan County Public Service District filed a formal petition on behalf of the Mingo County Commission to reduce the territory of the Mingo County Public Service District, which was designated as Case No. 97-1344-PWD-PC.

On October 8, 1997, the Logan County Public Service District filed a formal petition on behalf of the Logan County Commission to enlarge the territory of the Logan County Public Service District to include the areas of Mingo County which were being withdrawn from the territory of Mingo County Public Service District in Case No. 97-1344-PWD-PC. This second petition was designated as Case No. 97-1370-PWD-PC. Both the Mingo and Logan County petitions included materials which detailed the process which the Mingo County and Logan County Commissions utilized to enact the respective boundary changes and both petitions requested that the Public Service Commission consolidate the two cases.

The territory to be withdrawn from the Mingo County Public Service District and added to the Logan County Public Service District encompasses the area of the pending Elk Creek, Verner and Spice Creek water project of the Logan County Public Service District. An application for a

certificate of convenience and necessity for this project was filed on November 21, 1997, and has been designated as Case No. 97-1326-PWD-CN on the Commission's docket. Pursuant to a Commission Order entered November 21, 1997, a Notice of Filing in that certificate case was published for public legal notice in both Logan and Mingo Counties on December 10, 1997, and as of the date of this Recommended Decision, no statements of protest or objection to the project or rates have been received by the Commission.

By a Commission Referral Order entered October 27, 1997, these cases were restyled to conform with past Commission practice in such matters, and were consolidated and referred to the Division of Administrative Law Judges for further proceedings with a decision due date of April 30, 1998.

On November 7, 1997, the Staff of the Public Service Commission filed its Final Joint Staff Memorandum in these consolidated cases. Staff stated that the Mingo and Logan County Commissions had substantially complied with West Virginia Code §16-13A-2 and Rule 6.0 of the Rules and Regulations for the Government of Public Service Districts, 150 WVCSR 17, §150-17-6.0, et seq. Staff stated further that the Petitioners needed to produce evidence concerning the public convenience and necessity, economic feasibility and adequacy of the proposed facilities before the expected recommendation of approval would be made.

By a Procedural Order entered January 20, 1998, these consolidated cases were scheduled for hearings to be held in Logan, Logan County, and Williamson, Mingo County, on March 4, 1998. This Order also required that the Petitioners publish for public legal notice a prepared Notice of Filing and Hearing in both Logan and Mingo Counties.

On February 6, 1998, the Petitioners filed copies of duly executed affidavits of publication demonstrating publication of the prepared Notice of Filing and Hearing on January 29, 1998, in The Logan Banner, and the Williamson Daily News, newspapers duly qualified by the Secretary of State, published and of general circulation in Logan and Mingo Counties, West Virginia, and all in compliance with the Order entered January 20, 1998.

The hearings convened as scheduled in both Logan and Williamson. The Logan County Public Service District was present in the person of its Managing Engineer Charles R. Roberts, Jr., and was represented by its attorney, James A. Walker. The Staff of the Public Service Commission was represented by Staff Attorney James V. Kelsh. No members of the public appeared at either hearing site to protest or object to these petitions. On March 9, 1998, an accurate transcript of these proceedings consisting of thirteen (13) pages of testimony was filed with the Commission.

EVIDENCE

At hearing, Charles R. "Rick" Roberts testified for the Petitioners. He is Managing Engineer of the Logan County Public Service District and was instrumental in developing the project underlying these boundary changes. Mr. Roberts stated, and produced documents to confirm, that the Logan County Public Service District is currently developing, and has sought a certificate of

convenience and necessity to construct, an appropriate public water system to serve the Mingo County service area sought to be annexed by the District in this proceeding. Actual construction bids on this project were to be opened on March 6, 1998. (Tr., pp. 5-6, 10-11).

In response, Commission Staff agreed that the Petitioners had demonstrated that an appropriate project was being developed to serve the area involved in these petitions and recommended approval of the petitions. Staff has examined all of the documents submitted by the Petitioners to show compliance with the procedural requirements of this boundary change and found them to be substantially complete and proper. (Tr., pp. 6-7, 12).

DISCUSSION

By a Final Joint Staff Memorandum filed February 11, 1998, in Case No. 97-1326-PWD-CN, the Staff of the Public Service Commission recommended approval of an application for a certificate of convenience and necessity filed by the Logan County Public Service District for the construction of a public water system to serve approximately 233 customers in the Logan County and Mingo County communities of Elk Creek, Verner and Spice Creek. Likewise, the State Office of Environmental Health Services has issued the project an Operations Permit No. 13,482. Clearly, this project is feasible and will serve the public convenience and necessity by bringing reliable, safe drinking water to an area currently without a public water supply.

It is also apparent that the County Commissions of Logan and Mingo Counties have taken all necessary procedural steps to enact and ratify this boundary change between the Mingo County Public Service District and the Logan County Public Service District. Additionally, there has been no protest or objection filed of record to any of these proceedings either before the County Commissions or the Public Service Commission. Consequently, the petitions filed in these consolidated cases will be granted and that portion of the service territory of the Mingo County Public Service District described in the petitions will be removed from that District and added to the service territory of the Logan County Public Service District.

FINDINGS OF FACT

1. On October 3, 1997, the Logan County Public Service District filed a formal petition on behalf of the Mingo County Commission to reduce the territory of the Mingo County Public Service District, which was designated as Case No. 97-1344-PWD-PC. (See, Petition filed October 3, 1997).

2. On October 8, 1997, the Logan County Public Service District filed a formal petition on behalf of the Logan County Commission to enlarge the territory of the Logan County Public Service District to include the areas of Mingo County which were being withdrawn from the territory of Mingo County Public Service District in Case No. 97-1344-PWD-PC. (See, Petition filed October 8, 1997).

3. The territory to be withdrawn from the Mingo County Public Service District and added to the Logan County Public Service District encompasses the area of the pending Elk Creek, Verner and Spice Creek water project of the Logan County Public Service District. An application for a certificate of convenience and necessity for this project was filed on November 21, 1997, and has been designated as Case No. 97-1326-PWD-CN on the Commission's docket. (See, Petitions filed October 3 and 8, 1997; Application filed November 21, 1997).

4. Pursuant to its review of the documents submitted with the petitions filed herein, Commission Staff has determined that the Mingo and Logan County Commissions have substantially complied with the procedural steps outlined in West Virginia Code §16-13A-2 and Rule 6.0 of the Commission's Rules and Regulations for the Government of Public Service Districts, 150 WVCSR 17, §150-17-6.0 et seq., for the transfer of the described service territory between the Public Service Districts. (See, Final Joint Staff Memorandum filed November 7, 1997; Tr., pp. 6-7, 12).

5. Pursuant to the requirements of West Virginia Code §16-13A-2 and a Notice of Filing and Hearing properly published for public legal notice in both Logan and Mingo Counties, West Virginia, a public hearing was convened in these consolidated cases on March 4, 1998, at which no members of the public appeared to protest or object to these petitions. (See, Affidavits of Publication filed February 6, 1998; Transcript generally).

CONCLUSION OF LAW

Under the facts and circumstances of these consolidated cases and the recommendation of Commission Staff, it is reasonable to grant the petitions filed herein, and approve the reduction of the Mingo County Public Service District and the enlargement of the Logan County Public Service District by the service territory described therein.

ORDER

IT IS, THEREFORE, ORDERED that the Order of the Mingo County Commission dated October 1, 1997, and filed herein on October 3, 1997, to reduce the existing service territory of the Mingo County Public Service District, as detailed in said Order and supporting documents, is approved, and that the Order of the Logan County Commission dated October 6, 1997, and filed herein on October 8, 1997, to increase the service territory of the Logan County Public Service District to incorporate the service territory ceded by the Mingo County Public Service District herein, is approved, both to be effective on and after the date that this Recommended Decision becomes a final order of the Commission.

IT IS FURTHER ORDERED that these consolidated cases shall be removed from the Commission's docket of open cases.

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.

Thomas N. Trent
Administrative Law Judge

TNT:dfs

IN THE COUNTY COMMISSION OF
LOGAN COUNTY, WEST VIRGINIA
IN RE: REAPPOINTMENT TO LOGAN COUNTY PSD

The County Commission of Logan County, West Virginia, being apprised that the term of Mr. Mike Stone on the Logan County Public Service District does expire this date, does, upon motion duly made, seconded and passed unanimously, reappoint Mr. Stone to a new term of five (5) years on the said Logan County PSD, said term to expire October, 2007.

ENTERED this the 10th day of October, 2001.

Arthur E. Kirkendoll, President

Danny R. Godby, Commissioner

Willie D. Akers, Jr., Commissioner

IN THE COUNTY COMMISSION OF
LOGAN COUNTY, WEST VIRGINIA

IN RE: LOGAN COUNTY PUBLIC SERVICE DISTRICT

The County Commission of Logan County, West Virginia, being cognizant that the terms of BEN LOWE, JR. and JAMES R. JEFFREY on the Logan County Public Service District Board do expire this date, upon motion duly made, seconded and passed, re-appoint Mr. Lowe and Mr. Jeffrey to new terms of six (6) years on the Logan County Public Service District, said terms to expire January, 2008.

ENTERED this the 7th day of January, 2002.

President

Commissioner

Commissioner

OFFICER'S OATH

THE STATE OF WEST VIRGINIA, LOGAN COUNTY, TO WIT:

I, Mike Stone, having been duly appointed to the office of Board Member of the Logan County Public Service District do solemnly swear that I will support the Constitution of the United States and the Constitution of this State, and that I will truly and faithfully discharge all the duties of said office, during my continuance therein, to the best of my skill and judgement, so help me, God.

Mike Stone

Mike Stone

Subscribed and sworn to before the undersigned Clerk of the County Commission of said county, this 9th day of January, 2002.

Glen D. Adkins

Glen D. Adkins, Clerk

By. Barbara Belcher, dc

OFFICER'S OATH

THE STATE OF WEST VIRGINIA, LOGAN COUNTY, TO WIT:

I, Ben F. Lowe, Jr., having been duly appointed to the office of Board Member of the Logan County Public Service District do solemnly swear that I will support the Constitution of the United States and the Constitution of this State, and that I will truly and faithfully discharge all the duties of said office, during my continuance therein, to the best of my skill and judgement, so help me, God.

Ben F. Lowe, Jr.

Subscribed and sworn to before the undersigned Clerk of the County Commission of said county, this 10th day of January, 2002.

Glen D. Adkins, Clerk

By: Barbara Belcher

OFFICER'S OATH

THE STATE OF WEST VIRGINIA, LOGAN COUNTY, TO WIT:

I, James R. Jeffrey, having been duly appointed to the office of Board Member of the Logan County Public Service District do solemnly swear that I will support the Constitution of the United States and the Constitution of this State, and that I will truly and faithfully discharge all the duties of said office, during my continuance therein, to the best of my skill and judgement, so help me, God.

James R. Jeffrey

Subscribed and sworn to before the undersigned Clerk of the County Commission of said county, this 9th day of January, 2002.

Glen D. Adkins, Clerk

By: Barbara Belcher D.C.

RULES OF PROCEDURE

LOGAN COUNTY PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

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

Section 2. The principal office of the District will be located at White & Browning Building, Suite 507, 201 ½ Stratton Street, Logan, West Virginia.

Section 3. The official seal of the District shall consist of 2 concentric circles between which circles shall be inscribed "LOGAN COUNTY PUBLIC SERVICE DISTRICT WEST VIRGINIA", and in the center "CORPORATE SEAL" as follows:

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

ARTICLE II

PURPOSE

Section 1. The District is organized and operated exclusively for the purposes set forth in Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act").

ARTICLE III

MEMBERSHIP

Section 1. The members of the Public Service Board of the District (the "Board") shall be those persons appointed by The County Commission of Logan 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 Logan 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 Logan Banner	P.O. Box 720 Logan, WV 25601
WVOW - AM/FM	P.O. Box 1776 Logan, WV 25601
Williamson Daily News	P.O. Box 1660 Williamson, WV 25661
The Lincoln Journal	P.O. Box 308 Hamlin, WV 25523
Independent Herald	P.O. Box 100 Pineville, WV 24874

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 Logan 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 9th day of May, 2002.

Chairperson and Member

Member

Member

CERTIFICATION

Certified a true copy of the Rules of Procedure duly adopted by the Board of Logan County Public Service District on May 9, 2002.

Dated this 10th day of May, 2002.

[SEAL]

Secretary

04/25/02
0001210/00323

LOGAN COUNTY
PUBLIC SERVICE DISTRICT

Suite 507, White & Browning Building
Logan, West Virginia 25601
(304) 752-1139 (TDD)
Fax (304) 752-0804
E-mail: scc01823@mail.wvnet.edu

BOARD MEMBERS:
James R. Jeffrey, Chair
Ben F. Lowe, Jr.
Mike Stone
MANAGING ENGINEER:
Rick Roberts, P.E.

MINUTES

January 10, 2002

Respectfully submitted,

Mr. James R. Jeffrey, Chair

Mr. Ben Lowe, Jr., Treasurer

Mr. Mike Stone, Secretary

The Logan County Public Service District held its Regular Monthly Board Meeting on Thursday, January 10, 2002, at 6:30 p.m., in Suite 507 of the White & Browning Building, Logan, WV. Mr. James R. Jeffrey, Chair, called the meeting to order and recognized the following persons as present:

Mr. James R. Jeffrey, Chair
Mr. Ben F. Lowe, Jr., Treasurer
Mr. Mike Stone, Secretary
Mr. Rick Roberts, LCPSD Managing Engineer
Mr. James A. Walker, LCPSD Legal Counsel
Mrs. Melinda Gullett, Administrative Assistant
Ms. Samme Gee, Counsel for Jackson & Kelly

APPROVAL OF MINUTES: The Board unanimously approved and signed the Minutes of the December 27, 2001 Regular Board Meeting.

✔ **ELECTION OF OFFICERS:** Being the first District Board Meeting of the new year, the election of the officers was discussed. A motion by Mr. Lowe that the District Board Officers remain the same as last year, seconded by Mr. Stone, and passed unanimously. The District Officers for 2002 are:

Mr. James R. Jeffrey, Chair
Mr. Ben F. Lowe, Jr., Treasurer
Mr. Mike Stone, Secretary

CUSTOMER/PUBLIC PRESENTATIONS: None

ANNOUNCEMENTS: This meeting should be recessed until 9:45 a.m. on Tuesday, January 22, 2002, to allow for possible further action concerning the Garrett Fork bond documents.

The pre-closing will be at 10:00 a.m. on Tuesday, January 22, 2002.

The next Regular Board Meeting will be held on Thursday, January 31, 2002, at 6:30 p.m., in Room 104, Logan County Courthouse, Logan, West Virginia.

The next Special Board Meeting will be held on Thursday, February 14, 2002, at 6:30 p.m., in Room 507 of the White & Browning Building, Logan, West Virginia.

The WV Rural Water Association Capacity Development Expo will be held on Thursday, January 24, 2002, in Charleston, West Virginia.

PROJECT IMPLEMENTATION:

Garrett Fork Water Project – Ms. Samme Gee presented the Bond Resolution for the Board's approval.

A motion was made by Mr. Stone to approve the Bond Resolution, seconded by Mr. Lowe, and passed unanimously by the Board.

Mr. Walker raised the question of the RUS Final Title Opinion letter. He needs a different sample opinion letter for this project instead of the one he has. Ms. Gee stated she would get a copy of the sample letter to Mr. Walker.

Ms. Gee presented the Supplemental Resolution for the Board's approval.

A motion was made by Mr. Lowe to approve the Supplemental Resolution, seconded by Mr. Stone, and passed unanimously by the Board.

Mr. Roberts represented that he thought Ms. Gee would be providing the Loan Agreement for the Rural Utility Service to the Board Meeting. Ms. Gee stated that RUS would prepare and provide their own preprinted federal government loan agreement. Ms. Gee stated she thought that the Board should go ahead and approve it in concept so that they can sign it.

A motion was made for approval on the consideration of a loan agreement by Mr. Stone, seconded by Mr. Lowe, and passed unanimously by the Board.

Mr. Jeffrey questioned the date that Holly Brothers have to respond to the Notice of Award. Mr. Roberts stated that they have until January 14, 2002 to provide everything requested which was included the payment and performance bond, each in the amount of 100% on the contract. Mr. Lowe questioned if Mr. Roberts had any information that they will respond. Mr. Roberts stated that he talked to Randy Bolton on Monday, January 7, 2002, and he had not heard anything back but he did not mail the Notice of Award out until January 3, 2002. Holly Brothers have 10 days to supply this information from the day Randy mailed it out.

The pre-closing will be held on Tuesday, January 22, 2002 at 10:00 a.m., in Room 507 of the White & Browning Building, Logan, West Virginia. The pre-construction conference will be held on Tuesday, January 22, 2002, at 11:00 a.m., in Room 507 of the White & Browning Building, Logan, West Virginia.

Mr. Roberts presented an Acceptance of Inspection Letter for RUS for James R. Jeffrey's signature in which James R. Jeffrey is certifying that each proposed resident project representative had provided satisfactory like services on previous water projects and these individuals are acceptable to the District.

Huff Creek Water Project – Mr. Roberts reported that the soil consultant has the field work done at the tank site that we had the problem with before, but the final report is still pending.

Phase I Wastewater Project – Mr. Roberts reported that everything had been sent to the Public Service Commission for approval of the lowered rates but they have taken no action other than to log it in. Mr. Roberts stated that he is not anticipating any problems because they actually recommended that we continue to try to lower the rates. At the present time, there are 940 Users Agreements in hand. Next week, we are going to try to get someone from the District to start going door to door. At the present time, there are 165 of 216 Rights-of-Way in hand or about 76% and we need 80% to bid and Mr. Walker has some that will be condemned. Mr. Walker stated that he has eight (8) lawsuits now that is ready to file. Mr. Roberts stated that the Easements that we have in hand and the eight that Mr. Walker has ready to file are exactly 80%. This will give us enough to go ahead with the project. Mr. Roberts stated that he thinks in about three weeks or so we will have either a Users Agreement or Service Declination Statement from everyone, we then submit it to RUS to verify and it would be up to RUS as to how quick they can verify the User List.

Atenville Water Project – Mr. Roberts stated that the Public Service Commission Certificate Case has been filed including the Certificate of Publication. In order to get the highway permit, we have to provide a highway bond for the project in the amount of $100,000.00.

A motion was made to approve the highway bond by Mr. Stone, seconded by Mr. Lowe, and passed unanimously by the Board.

Mill Creek Water Project – Mr. Roberts stated that in regards to Contract No. 3 (Tank) that there has been no progress. The contractor was supposed to start back on the site on Monday, January 14, 2002. In regards to Contract No. 4, the main progress has been the installation of the Pressure Reducing Valve and the Master Meter Valve (PRV/MM), which is located on the Henlawson end of the property and it will reduce the pressure and control the flow and measure the flow coming from the plant up the river. In regards to Contract No. 5 (Plant), sand drying bed concrete work is complete, the intake piping is assembled and will be installed next week, the site drainage is about 45% complete, the yard piping is about 55% complete and building footer is done and the wall materials are to be delivered next week. There was some discussion on the Mill Creek Tank slippage.

Mr. Roberts presented a proposal from Diversified Enterprises for possible change order pricing on Contract #5 to the Board. Mr. Lowe made a motion to approve, seconded by Mr. Stone, and passed unanimously by the Board.

Other Projects – Mr. Roberts reported that materials still being delivered for Mill Branch, Snap Creek and Verner Rt. 80 Projects.

Wyoming County Water Systems – Mr. Roberts reported that there are major problems with water outages and leaks and water operator problems. There was a PSC rate hearing on Thursday, January 3, 2002 and the order came out on Friday, January 4, 2002.

Other - Mr. Roberts reported that on the new field office and business office the best route was to gut the existing office and start over. They have the shelves moved out and are in the process of tearing down the walls to develop a more user friendly office space.

SYSTEM OPERATIONS:

The Board reviewed all invoices presented and signed checks for the same. They also reviewed the Delinquent Report, the Water Accountability Summary, the monthly vehicle use summary and the purchased water report.

EXECUTIVE SESSION: The Board unanimously agreed to retire into Executive Session to discuss private matters. The Board unanimously agreed to arise from Executive Session with no action taken.

ADJOURNMENT: Being no other business, a motion to recess the meeting until 9:45 a.m. on Tuesday, January 22, 2002, was made by Mr. Stone, seconded by Mr. Lowe, and passed unanimously by the Board.

The meeting was reconvened at 9:45 a.m. on Tuesday, January 22, 2002. Mr. Lowe was not in attendance. Mr. Roberts presented a construction contract with Holley Brothers Construction Company, Inc. for Contract No. 1 of the Garrett Fork Water Project in the amount of $1,330,289.00 for the Board's consideration. Motion by Mr. Stone to approve the contract and authorize Mr. Jeffrey to sign on behalf of the District. Mr. Jeffrey seconded, motion passed. Ms. Samme Gee presented funding Requisition Number 1 in the amount of $89,278.27 for the Board's consideration. Motion by Mr. Stone to approve the Requisition. Seconded by Mr. Jeffrey, motion passed.

Being no other business, the meeting was adjourned.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
8-9-01

Entered: July 20, 2001

CASE NO. 00-1469-PSD-CN

LOGAN COUNTY PUBLIC SERVICE DISTRICT,
a public utility.
Application for a certificate of convenience and necessity to construct and operate a wastewater collection and treatment system to serve approximately 1,217 new customers in the Towns of West Logan and Mitchell Heights and the unincorporated communities of Aracoma, Peach Creek, Crooked Creek, Justice Addition, Henlawson and surrounding areas in Logan County.

RECOMMENDED DECISION

On December 1, 2000, the Logan County Public Service District (District) filed an application, duly verified, for a certificate of convenience and necessity to construct and operate a wastewater collection and treatment system to serve approximately 1,217 new customers in the Towns of West Logan and Mitchell Heights and the unincorporated communities of Aracoma, Peach Creek, Crooked Creek, Justice Addition, Henlawson and surrounding areas in Logan County.

The District estimated the total cost of this project would not exceed $13,800,000. Funding will be provided by a Small Cities Block Grant in the amount of $1,250,000; a USDA-Rural Development Grant in the amount of $2,400,000; a West Virginia Infrastructure Fund Grant in the amount of $3,000,000; a USDA-Rural Development Loan in the amount of $600,000 at an interest rate not to exceed 6 percent for a term not to exceed 40 years; a West Virginia Infrastructure Fund Loan in the amount of $1,000,000 at an interest rate not to exceed 3 percent for a period not to exceed 40 years; and, a West Virginia Department of Environmental Protection (DEP) State Revolving Fund Loan in the amount of $5,500,000 at an interest rate not to exceed 3 percent for a term not to exceed 40 years.

On January 4 and 5, 2001, the Public Service Commission entered an Amended Notice of Filing and a Corrective Order which, pursuant to West Virginia Code §24-2-11, required the District to give public legal notice of this filing by publishing a copy of the Amended Notice of Filing once in a newspaper duly qualified by the Secretary of State, published and of general circulation in Logan County, West Virginia, and to make due return to the Commission of a proper certification of publication immediately thereafter. This Amended Notice of Filing contained the

proposed rates and charges and made provision for the filing of written statements of protest or objection to the application by the filing of such statements with the Commission within thirty (30) days after the date of publication. The Notice further notified the public and all parties that, if no protests were received within said thirty-day period, the Commission may waive formal hearing and grant the application based on the documentary evidence submitted and its review thereof.

On January 22, 2001, the Applicant filed a duly executed certificate of publication demonstrating publication of the Amended Notice of Filing on January 15, 2001, in The Logan Banner, all in compliance with said Notice. As of February 14, 2001, no written statements of protest or objection had been filed with the Public Service Commission.

By a previous Commission Order entered January 3, 2001, this matter was referred to the Division of Administrative Law Judges for further proceedings with a decision due date of June 28, 2001.

On February 1, 2001, Commission Staff filed its Initial Joint Staff Memorandum in this matter. Staff stated that its investigation and review of this application was continuing and that a final recommendation would be forthcoming at the conclusion of that process. On February 27, 2001, Staff filed a Further Joint Staff Memorandum stating that it was currently in the process of scheduling a field investigation in this matter.

Also on February 27, 2001, the Sanitary Board of the City of Logan (Board or City), a municipal corporation, filed a formal petition to intervene in this matter. In support of its petition, the Board stated that it currently operates a wastewater treatment facility in the same vicinity as the plant proposed by the District. The Board stated that it would be upgrading its existing wastewater treatment plant in the future, thereby alleviating the necessity of constructing the new plant described in this application. The Board sought intervenor status in order to address the substantive issues pertaining to this project and requested that a hearing be conducted to protect its interests.

On March 6, 2001, one late letter of protest, from Clarence Crum, Jr., was received concerning this matter.

On March 14, 2001, the Applicant, Logan County Public Service District, filed a formal response to the Petition to Intervene filed by the City of Logan. The District objected to the Motion to Intervene based on the extremely poor financial and operational condition of the City of Logan's sewer utility. The City of Logan is currently in default on its sewer bonds in an amount exceeding $300,000, which has resulted in a Commission-ordered surcharge on all its customers and is under a consent decree concerning the operation and condition of its main treatment plant. The District suggested that it would be more appropriate to consider the City of Logan for a general investigation rather than for an expanded sewer facility. The District believes that the City has no legitimate or recognized interests that need to be protected in this matter and that its request to intervene should be denied.

By Procedural Order entered March 26, 2001, this matter was scheduled for hearing to be held on May 4, 2001, in Logan, West Virginia. Additionally, the Motion to Intervene filed by the Sanitary Board of the City of Logan was granted and the Board was accorded the status of a named party in the proceeding.

On March 27, 2001, Commission Staff filed a Further Joint Staff Memorandum containing a report from the Commission's financial Staff. The financial Staff recommended approval of this certificate application with certain modifications to the District's proposed tariff. The tariff was modified to exclude the leak adjustment increment and to reduce the service connection charges and returned check charge.

On April 3, 2001, the Intervenor, the Sanitary Board of the City of Logan, filed a general objection to the Further Joint Staff Memorandum filed March 27, 2001, and the financial recommendations contained therein.

The Applicant, Logan County Public Service District, and the Intervenor, Sanitary Board of the City of Logan, initiated and conducted substantial discovery during the pre-hearing development of this case.

On April 13, 2001, the Applicant filed certain amended pages to the Project Report previously filed by the District in this case, reorganized as requested by Staff.

On May 2, 2001, Commission Staff filed a second Further Joint Staff Memorandum in this matter containing the substantive recommendation of the Engineering Division of the Public Service Commission. The Engineering Division recommended approval of this certificate application with a revised tariff. The Engineering Division reduced operation and maintenance (O&M) expenses by $14,854 annually, based upon its review of the individual components of the District's projected O&M expenses. Staff submitted a revised tariff reflecting a reduction of $0.27 in the first rate block to account for the reduced O&M expenses. Pursuant to its review of the plans and specifications for this project, Staff stated that they are in general conformance with the Public Service Commission's rules and regulations.

The hearing convened as scheduled on May 4, 2001, in the Logan County Courthouse with all parties in attendance. The Applicant, Logan County Public Service District, was present and represented by its attorney Mark E. Kauffelt. The Intervenor, City of Logan Sanitary Board, was present and represented by its attorney, H. Wyatt Hanna, III. Commission Staff was present and represented by Staff Attorney Meyishi Blair. On May 10, 2001, an accurate transcript of this proceeding, consisting of sixty-five (65) pages of testimony was filed with the Commission.

There were no post-hearing briefs or memoranda of law filed in this matter. However, on July 19, 2001, the Applicant filed a letter which detailed the most recent information, terms and conditions concerning the funding sources for this project.

On May 4, 2001, the Applicant filed a copy of the engineering plans and specifications for this project with the Public Service Commission for inclusion in this case file as a post-hearing exhibit.

Starting on May 8, 2001, a large number of protest letters were filed in this matter by prospective customers of this project. Additionally, several petitions in opposition to the project were received and filed.

In response to the large number of late-filed protest letters received in the matter, the Public Service Commission entered, on June 15, 2001, an order which extended the decision due date in this matter from June 28, 2001, until July 20, 2001. At the direction of the Commission, a Procedural Order was entered on that same date, which scheduled this matter for a supplemental public hearing to be held at 6:00 p.m., on June 27, 2001, in Logan. Additionally, the West Virginia Department of Environmental Protection was granted intervenor status in this proceeding, in order to accommodate its voluntary participation in the supplemental public hearing.

On July 20, 2001, a certificate of publication was filed which demonstrated publication of a prepared Notice of Hearing on June 20 and 27, 2001, in The Logan Banner, a newspaper duly qualified by the Secretary of State, published and of general circulation in Logan County, West Virginia, all in accordance with the Procedural Order entered on June 15, 2001.

The supplemental hearing convened as scheduled with all parties in attendance as well as a significant number of public Protestants. Additionally, the West Virginia DEP was present in the person of its Secretary, Michael O. Callaghan, and several members of DEP's technical staff. Well over thirty statements of public protest were made and brief statements were made by the formal parties. The Protestants were also allowed to pose appropriate questions to the formal parties, as well. On July 6, 2001, an accurate transcript consisting of one hundred thirteen (113) pages of testimony was filed with the Commission.

On June 29, 2001, the Applicant filed a duly executed original of a Joint Stipulation between the Logan County Public Service District and the City of Logan Sanitary Board, as outlined at hearing and attached hereto as Appendix B. Under the terms of the Stipulation, the City of Logan Sanitary Board agreed to withdraw its intervention and protest in this proceeding.

EVIDENCE

At hearing, the Intervenor, City of Logan Sanitary Board, and the Applicant, Logan County Public Service District, announced that, pursuant to negotiations between these parties, their differences had been settled and an agreement on this proposed project and future anticipated projects had been reached. Essentially, the Sanitary Board agreed to withdraw its intervention and protest in this case and would not raise any further objections to the construction of the District's current project and the District's Phase II, the next contemplated, but yet uncertificated, project which will serve the unincorporated areas of Deskins Addition,

Mount Gay, Whites Addition, Lower Mud Fork and surrounding areas. For its part, the District agreed not to object to the City of Logan's anticipated project to serve Stollings, McConnell, Dingess Run and surrounding areas, and to upgrade the capacity of its existing sewer plant from .5 to 1.0 Mgd. It is expected that the areas of Stollings, McConnell and Dingess Run will be less expensive to serve by the City of Logan than by the District and that this settlement thus serves the interests of all prospective sewer customers in the areas surrounding Logan. Additionally, a commercial shopping mall currently served by the City of Logan would continue to be served by it, but such service would not be used in any way to "poach" additional customers from the District's service territory. The attorneys for both parties endorsed this representation of settlement and reserved the right to file a formal joint stipulation at a later date. (Tr., pp. 6-9).

Commission Staff stated that the agreement between the District and the Sanitary Board seemed to be a "win-win" situation for the citizens of Logan County and that it had no objection to the stipulation, as outlined. (Tr., pp. 11-12).

Statements of public protest were taken and James D. Charles, a reporter for The Logan Banner newspaper, complained that the District had refused to answer his question concerning why a previously planned project was not implemented. (Tr., p. 13).

Protestant Patty Justice stated that, while the people of Logan County were ready to clean up the river, the monthly rates projected for this project are too high and unaffordable. She also feels like the County has been pushed into a situation where, if you don't pay your sewer bill, your natural gas service will be cut off [*sic*], as well as your water service. She believes this was done to scare older people. She also is concerned about what her property will look like after construction, and why the existing City of Logan sewer plant can't be used for this project. She also believes that water rate increases automatically raise sewer rates. (Tr., pp. 14-21).

By agreement of the parties, Staff then presented its case-in-chief. Staff called Engineer-in-Training II, Audra L. Blackwell, as its first witness. Ms. Blackwell stated that there was clearly a need for this project. The 1,217 proposed customers are currently using septic systems or dump their untreated sewerage directly into the river, which is a threat to the public health. At the time of hearing, the Staff Engineer believed that the N.P.D.E.S. water pollution control permit had been drafted for this project, but was still open for public comment. The District intends to construct a sequencing batch reactor wastewater treatment facility with ultraviolet disinfection. Projected construction and O&M expenses are appropriate. The witness produced, identified and sponsored the Staff Engineering Report filed May 2, 2001, as Staff's Exhibit One in this proceeding. She then detailed Staff's adjustments to O&M expenses, which resulted in an overall reduction of $14,854.00 per year from the District's estimate. Ms. Blackwell also confirmed that the design drawings, engineering report, technical specifications and contract documents were reviewed and found to be unobjectionable. The cost per customer of this project is approximately $11,340.00, which is not unusual for a project of this scale. The customer density is approximately 57 customers per mile, which is very acceptable. The Staff

Engineer-in-Training recommended that this certificate application be approved, conditioned upon receipt of the final N.P.D.E.S. permit. (Tr., pp. 22-32).

Staff then called Senior Utilities Analyst, Frederick H. Goff, Jr., as its next witness. Mr. Goff identified and confirmed the revised tariff filed in this matter on May 2, 2001, and contained in Staff's Exhibit One. He then detailed the adjustments to the revised tariff occasioned by Staff's reduction of the projected O&M expenses. Mr. Goff then produced, identified and sponsored the Staff financial report filed on March 26, 2001, as Staff's Exhibit Two. The witness detailed the funding package proposed for this project and confirmed that letters of commitment were on file for all funding sources. The rates proposed for this project are appropriate because they are based on the actual cost of providing the service contemplated. The rates are not excessive from a regulatory viewpoint, because they do not allow for the over-recovery of revenue. The witness then adopted the Staff Report filed March 26, 2001, as his testimony in this matter. Staff Exhibits One and Two were admitted to the record without objection. (Tr., pp. 33-41).

This concluded Staff's case-in-chief.

At the request of the Applicant, leave was granted for the filing, post-hearing, of an exhibit consisting of the engineering plans and specifications for this project. The District also stipulated to the acceptability of Staff's revised O&M expenses and proposed revised tariff, but sponsored its original Rule 42 Financial Exhibit as Applicant's Exhibit One, which was admitted to record. (Tr. pp. 42-44).

The Applicant, Logan County Public Service District, called the Director of Environmental Health, Logan County Health Department, Pete Spurlock, as its first witness. Mr. Spurlock stated that, in West Logan and Mitchell Heights, probably 95% of all residences are connected to sewage collection lines that empty untreated sewage into the Guyandotte River. The collection lines are not part of an organized utility, but were installed by unknown individuals 60 or 70 years ago. The lines are deteriorating and failing, causing sewage to back up into homes and onto the ground. There is no reasonable way to fix this system and the West Virginia Department of Environmental Protection (DEP) has appropriately threatened enforcement action. It is the DEP's position that the lack of adequate centralized wastewater collection and treatment facilities poses an extreme threat to the public health and welfare in the area and contribute significantly to the degradation of the environment, to which Mr. Spurlock agrees. (Tr., pp. 44-49).

On cross-examination by the Staff Attorney, Mr. Spurlock stated that, since he started work at the Logan County Health Department in 1988, this sewage discharge situation has gotten worse, particularly the condition of the lines. It is unsanitary and a disease threat. Alleviation of this problem is the number one public health priority for Logan County. (Tr., pp. 49-52).

The Applicant then called the Managing Engineer for the Logan County Public Service District, Charles Richard Roberts, Jr., as its next witness in this case. The District serves approximately 7,500 water customers and operates twelve separate water systems in Logan County and

adjoining areas of Lincoln, Mingo and Wyoming Counties. This proposed project will be the District's first facility for treating sewage, and is the first stage of a regional sanitation plan. Mr. Roberts produced, identified and sponsored a report entitled, Phase I Wastewater Project, dated September 2000, as Applicant's Exhibit Three. This current certificate application is for the Phase I area of the larger regional sanitation proposal. Mr. Roberts confirmed his understanding of, and agreement with, the stipulation in settlement of this case with the City of Logan. The witness also stated that the District had, in fact, just received its final N.P.D.E.S. permit for this project, Number WV-0105171, which was marked as Applicant's Exhibit Four, and admitted to record. (Tr., pp. 53-58).

Under cross-examination by the Staff Attorney, Mr. Roberts confirmed that the District uses the Guyandotte River as a raw water source for some of its water customers and that the river is adversely affected by the lack of a modern sewage treatment facility in this area. Several other downstream water utilities use the river for a raw water source as well. The District was given authority to provide sewer service in Logan County in 1975, and has been trying to develop a project since that time. This is the first proposed project to get this far in the planning and regulatory process. (Tr., pp. 58-61).

Under cross-examination by Mr. Hanna, Mr. Roberts confirmed his understanding of the joint stipulation proposed in this matter, and that it was fair and reasonable and in the public interest. (Tr., pp. 61-63).

This concluded the testimony at hearing.

DISCUSSION

Pursuant to Commission Orders entered January 4 and 5, 2001, the Logan County Public Service District published public legal notice of this pending project and rates on January 15, 2001, in The Logan Banner. During the Commission-ordered thirty (30) day protest period, not one letter of protest concerning this project was filed with the Commission. However, on February 27, 2001, the Sanitary Board of the City of Logan filed a petition to intervene in this matter. By a Procedural Order entered March 26, 2001, the petition to intervene was granted and, based upon the dispute between the District and the City of Logan, this matter was scheduled for hearing at a normal business hour in Logan. On the date of hearing, only two prospective customers of this project showed up to voice their protests concerning this project. One Protestant was a reporter who was frustrated by his perception that the District's Managing Engineer had not been responsive to his legitimate inquiry concerning past proposed projects which were not implemented. The second Protestant admitted that the area's waterways had to be cleaned of raw sewage, but protested the cost and apparent high rates of this project. At the conclusion of the May hearing, this case file contained one late-filed letter of protest and the public statements at hearing of only two individuals in protest of this project of over 1,200 new customers.

Anyone viewing this record would have been justified in concluding that this project had considerable public acceptance, if not outright support. In fact, the only organized opponent to this project, the City

of Logan Sanitary Board, withdrew its opposition at hearing once it had secured, by negotiation, the right to expand its own sewer territory into Stollings, McConnell and other areas east of Logan, and to conduct its own construction and plant upgrade project. The City made no effort to demonstrate that it could build the project on the western boundary of the City, the project which is the subject of this case, for one dime less than the District. The current treatment plant operated by the City is under a consent decree to improve operations and the City is also in technical default on its sewer bonds. It seems very unlikely that the City could organize and fund a major construction and extension project under those circumstances. To state otherwise is sheer speculation. No facts, of record in this case, support the notion that a less expensive alternative to the District's project exists.

The demonstrated need for this project is beyond question. Commission Staff, DEP, Logan County Health Department Officials and most of the Protestants all agree that this area's informal sewage systems are illegal and failing and that the area's streams must be cleaned of untreated sewage. Much of the area's drinking water comes from the same river that currently serves as its sewer. The public health consequences and environmental liabilities are obvious to any rational citizen. Because the current situation cannot be allowed to continue, this public sewage utility project is clearly necessary.

The sheer volume of late-filed protests in this case is dramatic. Many of the protest letters and statements at hearing were heartfelt and sincere. Each of these letters and statements has been reviewed and considered by the Administrative Law Judge. Certainly the major concern of most Protestants was high rates. This is understandable; however, as explained later in this decision, to put this project off would not increase the likelihood of lower rates and would certainly jeopardize the current favorable funding package. The second major concern appears to be the fact that the upper end of Crooked Creek Road is not currently included in this project and the homeowners in that region want service. As was explained at the supplemental public hearing, the actual customer density in that area, as well as the current funding levels for the project, did not allow the lines to be extended further as part of the initial project. The District will, however, be required to expend any surplus construction funds by reasonably extending the Crooked Creek Road main to more customers. Concern was also expressed at hearing about easements, rights-of-way and construction property damage. Standard utility easements and rights-of-way exist for almost any residential lot in West Virginia. These legal conventions allow the orderly and widespread distribution of the utility services we all enjoy. Utilities use these easements carefully and efficiently every day and there is no reason to expect the Logan County Public Service District to do otherwise. Additionally, any actual individual dispute or complaint in that regard will be handled by the courts or this Commission on a case-by-case basis. There are always protests to any large-scale and expensive public utility project. However, the inescapable conclusion remains the same. The Logan County Public Service District project is the only viable alternative for providing modern reliable sewer service to this area in the foreseeable future.

The estimated total cost of this project is $13,800,000, of which over 48% is grant funded. The remaining borrowed money has been acquired

at very favorable terms with almost no interest or borrowing expense. The District continues to search for additional grant money. However, the total annual revenue requirement, as reviewed and reduced by Commission Staff is approximately $550,000. Staff has recommended a rate of $9.93 per 1,000 gallons for all usage up to 10,000 gallons per month, and $7.50 per 1,000 gallons thereafter. Staff has also recommended a preconstruction service connection fee of $150. After construction begins that fee increases to $450. Minimum bill customers will be charged $24.82, based on 2,500 gallons of usage, while the average monthly bill will run $44.67 for 4,500 gallons of water usage. These billed amounts appear to be reasonable when compared to other projects currently before the Commission for review and approval. When compared to the rates of older, larger sewer systems, rates for the District's project seem high, but that is due to the size of the customer base, date of original construction and other factors unrelated to the actual expense of the District's project.

The proposed rates required to support this project are steep. Staff recommended, and the District has accepted, a slight reduction from the original rates due to Staff-recommended reductions in the predicted costs of annual operation and maintenance expense. However, the resulting rates are still very high. The reason for this is simply the estimated cost of the project. As pointed out by DEP Secretary Callaghan at hearing, the state and federal governments have done a good job of providing fair grant funding and very low cost loans for this project. No better deal is currently available, nor likely to develop in the foreseeable future. While the federal government has stepped up enforcement action against unsewered areas, the amount of federal grant funding per project has not significantly increased. Had this area been sewered in the 1970s or perhaps the early 1980s, rates would have been lower, but that action was not taken and now a system must be constructed and funded under current economic realities. Although the District will be required to continue to seek additional grant funding for this project, the overall expense of this project is not likely to come down if the project were to be delayed. The residents of this area have a legal obligation to refrain from discharging raw sewage into the waterways of West Virginia and a moral obligation to accomplish that task as soon as reasonably possible. The District's current project will meet both those objectives.

As detailed in the Findings of Fact, below, this project is appropriately planned, designed and funded and is responsive to the public health and environmental requirements of its service territory. For these reasons, it will be approved.

FINDINGS OF FACT

1. On December 1, 2000, the Logan County Public Service District filed an application, duly verified, for a certificate of convenience and necessity to construct and operate a wastewater collection and treatment system to serve approximately 1,217 new customers in the Towns of West Logan and Mitchell Heights and the unincorporated communities of Aracoma, Peach Creek, Crooked Creek, Justice Addition, Henlawson and surrounding areas in Logan County. (See application filed December 1, 2000).

2. This application was prefiled with the Public Service Commission pursuant to West Virginia Code §16-13A-25, on September 29, 2000, and was published for prefiling public legal notice on September 22 and 29, 2000, in The Logan Banner, a newspaper duly qualified by the Secretary of State, published and of general circulation in Logan County. (See prefiled application filed September 29, 2000; certificate of publication filed October 4, 2000).

3. The District estimates the total cost of this project will not exceed $13,800,000. Funding will be provided by a Small Cities Block Grant in the amount of $1,250,000; a USDA-Rural Development Grant in the amount of $2,400,000; a West Virginia Infrastructure Fund Grant in the amount of $3,000,000; a USDA-Rural Development Loan in the amount of $600,000 at an interest rate of 5.125 percent for a term not to exceed 40 years; a West Virginia Infrastructure Fund Loan in the amount of $1,000,000 at an interest rate of zero percent for a period not to exceed 40 years; and, a West Virginia Department of Environmental Protection (DEP) State Revolving Fund Loan in the amount of $5,500,000 at an interest rate of zero percent and an administrative fee of 0.5% for a term not to exceed 40 years. (See application filed December 1, 2000; Further Joint Staff Memorandum filed March 26, 2001; letter filed July 19, 2001).

4. Pursuant to Commission Orders entered January 4 and 5, 2001, and West Virginia Code §24-2-11, the District filed, on January 22, 2001, a duly executed certificate of publication demonstrating publication for public legal notice of the prepared Amended Notice of Filing on January 15, 2001, in The Logan Banner, all in compliance with said Commission Orders. The Amended Notice of Filing contained the proposed rates and charges for this project and made provision for the filing of written statements of protest or objection to the application within thirty (30) days of publication. (See, Amended Notice of Filing and Corrective Order entered January 4 and 5, 2001; certificate of publication filed January 22, 2001).

5. The estimated total cost of this project is $13,800,000, and the cost per customer is approximately $11,340, which is acceptable for a sewer project of this scale. The customer density is approximately 57 customers per mile which is very acceptable. Commission Staff has reviewed, revised and recommends annual operating and maintenance expenses of $249,876, which appear to be reasonable for the scope of this project. (See, Further Joint Staff Memorandum dated May 2, 2001; Staff Exhibit No. 1; Tr., pp. 22-32).

6. Commission Staff has reviewed the design drawings, engineering report, technical specifications and contract documents submitted with this project and has identified no conflicts with the Commission's rules and regulations or current engineering standards. (Tr., pp. 22-32).

7. The Applicant has been issued a final N.P.D.E.S. permit, Number WV-0105171, for this project. (See, Permit Applicant's Exhibit No. 4; Tr., pp. 53-58).

8. The 1,217 customers to be served by this project currently rely on individual septic systems or have connected their plumbing to antiquated and failing collection lines which dump untreated sewage

directly into the Guyandotte River. This poses a direct threat to the public health and the quality of the environment. (See, Tr., pp. 44-49, 49-52).

9. The Guyandotte River is used as a source of raw water for several water utilities in Logan County as well as other downstream utilities. (See, Tr., pp. 58-61).

10. The Staff-recommended rates, attached hereto as Appendix A, will generate sufficient revenue to cover the debt service and operating expense of this project when operational, but are not excessive and will not allow for the over-recovery of revenue. (See, Tr., pp. 33-41).

11. Commission Staff has reviewed the funding package proposed for this project and has determined that it is sufficient. Letters of commitment are on file for all funding sources. (See, Tr., pp. 33-41).

12. A substantial number of public protests have been received concerning this project. The majority of these protests recognize the necessity of building a modern sewage treatment system for this area, but state that this project will result in unacceptably high rates. A significant portion of the Protestants also desire that the project be extended to include the remaining homes on Crooked Creek Road. (See, letters of protest, Commission case file generally; Tr., pp. 13, 14-21; Tr. II, pp. 6-45, 62-113).

13. No other project has been proposed as a realistic, viable alternative to this project or to meet the immediate sanitation needs of the area included in this project. The City of Logan Sanitary Board has withdrawn its protest and intervention in this matter and has made no formal proposal to construct a project in the area here in question. (See, Commission case file generally; Joint Stipulation filed June 29, 2001).

CONCLUSIONS OF LAW

1. The project proposed in this application presents a fair and balanced funding package and is economically feasible.

2. The public convenience and necessity requires this project to alleviate the current widespread practice of illegally dumping untreated residential sewage into the Guyandotte River and for preservation of the public health in Logan County and other downstream communities.

3. Under the facts and circumstances of this case and the recommendation of Commission Staff, it is reasonable to approve this application and issue a certificate of convenience and necessity to the Logan County Public Service District for the project detailed in the application filed in this prcceeding.

ORDER

IT IS, THEREFORE, ORDERED that the application filed herein on December 1, 2000, be approved and that a certificate of convenience and

necessity be issued to the Logan County Public Service District for the construction and operation of the sewage collection and treatment project detailed in said application and as modified by the Further Final Joint Staff Memorandum dated May 2, 2001.

IT IS FURTHER ORDERED that the Staff-recommended rates, attached hereto as Appendix A, be approved for collection and use by the Logan County Public Service District for all service rendered on and after the date this project becomes operational. The District shall file with the Commission an original and five (5) copies of its actual tariff within thirty (30) days of the in-service date of the project. The District shall also notify the Commission of the in-service date within five (5) days of the project becoming operational.

IT IS FURTHER ORDERED that the funding package proposed for this project be approved and that the Logan County Public Service District be authorized to accept, borrow and execute the individual components of that package as follows:

1) $1,250,000 Small Cities Block Grant;

2) $2,400,000 Rural Development Service Grant;

3) $3,000,000, West Virginia Infrastructure and Jobs Development Fund Grant;

4) $600,000 Rural Development Service Loan, at an interest rate of 5.125% for a term not to exceed 40 years;

5) $1,000,000 West Virginia Infrastructure and Jobs Development Fund Loan, at an interest rate not to exceed zero percent for a term not to exceed 40 years; and

6) $5,500,000 West Virginia Department of Environmental Protection State Revolving Fund Loan at an interest rate not to exceed zero percent and an administrative fee of 0.5% for a term not to exceed 40 years.

IT IS FURTHER ORDERED that, if actual bids exceed the estimated construction costs detailed in the Further Joint Staff Memorandum dated May 2, 2001, or if there are significant changes in the plans, scope or terms of financing of this project, the Applicant shall request subsequent review and approval of said changes or necessary project revisions by the Public Service Commission prior to construction.

IT IS FURTHER ORDERED that the Applicant continue to seek additional grant funding for this project and make every reasonable effort to reduce the cost and rate impact of this critical project. Any excess construction funds should be applied to the reasonable extension of the Crooked Creek Road portion of the project in an effort to connect and serve as many residences as possible in that area.

IT IS FURTHER ORDERED that the Logan County Public Service District shall file an application with the Public Service Commission seeking a full rate review of its new sewer operation not more than one year after

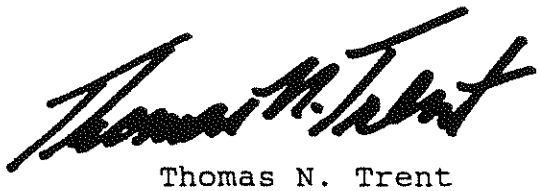
the date the project certificated herein is completed and fully operational.

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

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

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

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



Thomas N. Trent
Administrative Law Judge

TNT:pst:mal
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LOGAN COUNTY PUBLIC SERVICE DISTRICT
Case No. 00-1469-PSD-CN

P.S.C. W.Va. Tariff No.
Original Sheet No

SCHEDULE I

(N) APPLICABILITY

Applicable in entire territory served.

(N) AVAILABILITY OF SERVICE

Available for domestic. commercial, industrial (except unusual industrial waste) and resale sewer service.

(N) RATES

Commodity Charges

First 10,000 gallons used per month **$ 9.93** per 1,000 gallons.
All over 10,000 gallons used per month **$ 7.50** per 1,000 gallons.

(N) MINIMUM BILL

Each customer shall pay a minimum charge of **$24.82** per month, based on 2,500 gallons of water usage per month.

(N) UNMETERED RATE

A flat fee of **$44.67**, based on 4,500 gallons of water usage per month, will be charged for all unmetered water customers.

(N) SERVICE CONNECTION CHARGE

Prior to construction	**$150.00**
After construction	**$450.00**

(N) DELAYED PAYMENT PENALTY

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

(N) WATER DISCONNECT-RECONNECT-ADMINISTRATIVE FEES

Whenever water service has been disconnected for non-payment of sewer bills, a disconnection fee of **$10.00** shall be charged; or in the event the delinquent sewer bill is collected prior to actual disconnection, an administrative fee of **$10.00** shall be charged. Whenever water service which has been previously disconnected for non-payment of sewer bills is reconnected, a reconnection fee of **$10.00** shall be charged.

LOGAN COUNTY PUBLIC SERVICE DISTRICT
Case No. 00-1469-PSD-CN

P S.C. W Va. Tariff No
Original Sheet No.

SCHEDULE I

(N) RETURNED CHECK CHARGE

If a check received is returned by the bank for any reason, the bank's charge to the District shall be the District's charge to the customer for such returned check and under no circumstances shall the fee collected by the District exceed **$15.00**.

(N) LEAK ADJUSTMENT INCREMENT - $1.33 PER 1,000 GALLONS

To be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate is used to calculate consumption above the customer's historical average usage. Will be charged according the Rules and Regulations of the Public Service Commission.

(N) Indicates new

LOGAN COUNTY PUBLIC SERVICE DISTRICT
Case No. 00-1469-PSD-CN
(N)

P.S.C. W Va. Tariff No
Original Sheet No

SCHEDULE II

SURCHARGE FORMULA TO BE APPLIED IN CASES WHERE SURFACE DRAINAGE IS CONNECTED TO THE DISTRICT'S SANITARY SEWER SYSTEM

Where the District has discovered that a customer's roof drain, down spouts, storm sewer or other similar facilities conducting surface water have been connected to the District's sewer system, and such customer has failed to take appropriate action, within thirty (30) days of receipt of a demand by the District in accordance with the Rules and Regulations of the Public Service Commission, to eliminate such connection, a surcharge will be imposed upon the customer calculated on the basis of the following formula:

S = A X R X .0006233 X C

S - The surcharge in dollars.

A - The area under roof and/or the area of any other water collection surface connected to the sanitary sewer, in square feet

R - The measured monthly rainfall, in inches

.0006233 - A conversion factor to change inches of rain x square feet of surface to thousands of gallons of water

C - The District's approved rate per thousand gallons of metered water usage

The District shall not impose the surcharge unless and until the customer has been notified by certified mail, return receipt requested, or by hand delivery, that it has been established by smoke testing, dye testing, or on-site inspection that rain or other surface water is being introduced into the sanitary sewer system at the customer's location, and that the customer has not acted within thirty (30) days from receipt of such notice to divert the water from the sanitary sewer system.

Said surcharge shall be calculated and imposed for each month that said condition continues to exist. Failure to pay the surcharge and/or correct the situation shall give rise to the possible termination of water service in accordance with the Rules and Regulations of the Public Service Commission of West Virginia.

(N) Indicates new.

LOGAN COUNTY PUBLIC SERVICE DISTRICT
Case No. 00-1469-PSD-CN

P.S.C. W.Va. Tariff No.
Original Sheet No.

SCHEDULE III

SURCHARGE FORMULA TO BE APPLIED IN THE CASE 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 year

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 material which, in judgement of the Logan County 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 th Logan County Public Service District records, new cost figures wil! 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 Logan County 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.

Comment - Not part of the rate schedule:
This schedule is included on an if-and-when basis.

(N) Indicates new

SCHEDULE IV

APPLICABLE INSIDE AND OUTSIDE OF THE CORPORATE LIMITS OF THE LOGAN COUNTY PUBLIC SERVICE DISTRICT

Where the amount of sanitary sewage discharged into the Logan County 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 of plants will pay to the Logan County Public Service District a sewer charge calculated at fifty (50) gallons of water per each employee at the plant each working day.

This explanation is not part of the rate schedule:
This schedule is included on an if-and-when basis.

(N) Indicates New

LOGAN COUNTY PUBLIC SERVICE DISTRICT
Case No. 00-1469-PSD-CN

P.S.C. W Va. Tariff No
Original Sheet No

(N)

SCHEDULE V

(N) APPLICABILITY

Applicable in entire territory served.

(N) AVAILABILITY OF SERVICE

Available for wastewater and leachate haulers.

(N) RATES

Commodity Charge - Each hauler shall pay a commodity charge of **$20.40** per 1,000 gallons per load. Load will be the actual capacity of the truck or other transport method delivering wastewater and leachate.

(N) DELAYED PAYMENT PENALTY

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

(N) RETURNED CHECK CHARGE

If a check received is returned by the bank for any reason, the bank's charge to the District shall be the District's charge to the customer for such returned check and under no circumstances shall the fee collected by the District exceed **$15.00**.

(N) Indicates new

JOINT STIPULATION

WHEREAS, the Logan County Public Service District ("District") and the City of Logan Sanitary Board ("City") wish to extend sewer service to as many residents of Logan County as is economically feasible; and,

WHEREAS, the District and the City both have plans, in various stages of development, to increase sewer service in Logan County; and,

WHEREAS, it is in the best interest of the District and the City, and the residents of Logan County, for the District and the City to work together to provide this sewer service.

NOW, THEREFORE, the City and the District hereby stipulate and agree to the following:

1. The City will withdraw its intervention and protest, and refrain from raising any further objection in any court, agency, or other forum, to the District's project covered by the pending certificate Application in Case No. 00-1469-PSD-CN. That sewer Application contemplates the construction of a 1.0 mgd sewage treatment plant and the construction of sewer collection lines in the Towns of Mitchell Heights and West Logan and the unincorporated areas of Aracoma, Peach Creek, Crooked Creek, Henlawson, Justice Addition and surrounding areas (known as Phase I of the District's project and set out in the plans and specifications on file with the Public Service Commission in Case No. 00-1469-PSD-CN).

2. The City will refrain from protesting or objecting in any way and before any court, agency, or other forum, to the District's construction of sewer collection lines in the unincorporated areas

of Deskins Addition, Mt. Gay, Whites Addition, Lower Mud Fork, and surrounding areas (known as Phase II of the District's project).

3. Both parties agree that the Fountain Place Mall property, which is located within the limits of the City, is, and shall remain, a sewer customer of the City. In the event that the City constructs a sewer line to transport sewage from the Mall property to the City's treatment facility, the City will not use the line to provide service to any additional sewer customers located outside the City limits without the prior written consent of the District.

4. The District will refrain from protesting or objecting in any way and before any court, agency, or other forum, to the City's planned upgrade of its existing sewage treatment plant to a capacity of 1.0 mgd, as set forth in its Preapplication and Preliminary Engineering Report filed on April 20, 2000, with the West Virginia Infrastructure and Jobs Development Council.

5. The District will refrain from protesting or objecting in any way and before any court, agency, or other forum, to the City's construction of sewer collection lines in the unincorporated areas of Stollings, McConnell, Dingess Run and surrounding areas (previously known as Phase III of the District's project). The District hereby formally agrees to the entry of the City into the service territory of the District in order to provide sewer service in these areas.

6. The parties agree to publicly and privately support each other's projects and provide such assistance as is needed to implement the terms of this Stipulation.

Dated this 27th day of June, 2001.

LOGAN COUNTY PUBLIC SERVICE DISTRICT
By Counsel

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Chairman
Logan County Public Service District

CITY OF LOGAN SANITARY BOARD
By Counsel

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512 D Street
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South Charleston, WV 25303
(304) 744-3150

Chairman
City of Logan Sanitary Board

THOMAS E. ESPOSITO

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 7th day of February, 2002.

CASE NO. 00-1469-PSD-CN (REOPENED)

LOGAN COUNTY PUBLIC SERVICE DISTRICT,
a public utility.

Application for a certificate of convenience and necessity to construct and operate a wastewater collection and treatment system to serve approximately 1,217 new customers in the Towns of West Logan and Mitchell Heights and the unincorporated communities of Aracoma, Peach Creek, Crooked Creek, Justice Addition, Henlawson and surrounding areas in Logan County.

COMMISSION ORDER

This is before the Commission on the Logan County Public Service District's (District's) petition to reopen the above-styled case for the purpose of having the Commission approve its amended financing. For reasons explained below, the Commission will reopen the above-styled case and will approve the amended financing as requested by the District.

Background

In a Recommended Decision entered on July 20, 2001, and final on August 9, 2001, the District was granted a certificate of convenience and necessity to construct and operate a wastewater collection and treatment system to serve approximately 1,217 new customers in the Towns of West Logan and Mitchell Heights and the unincorporated communities of Aracoma, Peach Creek, Crooked Creek, Justice Addition, Henlawson and surrounding areas in Logan County.

On November 30, 2001, the District filed a petition to reopen the above-styled case for the purpose of having the Commission approve its amended financing. The District's financing would be amended as follows:[1]

	APPROVED	REVISED	CHANGE $
SOURCE	AMOUNT $	AMOUNT $	
SCB Grant	1,250,000	1,250,000	-0-
USDA-RD Grant	2,400,000	2,921,060	521,060
Infrastructure Grant	3,000,000	3,000,000	-0-
Infrastructure Loan	1,000,000	1,000,000	-0-
USDA-RD Loan	600,000	300,000	(300,000)
CWSRF Loan	5,550,000	5,328,940	(221,060)
TOTALS	13,800,000	13,800,000	-0-

The Infrastructure Fund Loan carries an interest rate of 0% for a term of forty years. The USDA-RD Loan carries an interest rate of 5.125% for a term of forty years, and the CWSRF Loan carries an interest rate of 0% for a term of forty years and is subject to a 0.5% administrative fee. The District attached to its petition a letter from the West Virginia Infrastructure and Jobs Development Council approving the revised financing; a letter from the West Virginia Department of Environmental Protection extending the SRF loan term from thirty to forty years; a letter from the USDA–Rural Development approving an additional RUS grant of $521,060; and a revised Rule 42 Exhibit dated October 16, 2001.

The District asserted that the revised funding would result in a significant reduction in rates.

On January 14, 2002, Staff filed an Initial and Final Joint Staff Memorandum. Technical Staff stated that under the revised financing the District's minimum bill would be reduced from $24.82 per month to $21.25 per month, and the average bill would be reduced from $44.67 per month to $38.25 per month. Technical Staff recommended that the revised financing be approved. Engineering Staff concluded that there were no engineering issues raised in the District's petition to reopen. The Staff Attorney

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[1]The chart that appears above was compiled by Technical Staff based on information found in the District's petition. See Utilities Division Final Recommendation at p. 1 attached to Initial and Final Joint Staff Memorandum filed January 14, 2002.

Public Service Commission
of West Virginia
Charleston

concurred with Technical Staff's recommendation that the District's proposed revised financing be approved.

On February 1, 2002, Staff filed a Further Final Joint Staff Memorandum. Technical Staff explained that based on the above revised financial plan submitted by the District, the tariff changes are as follows:

(1) RATES

COMMODITY CHARGES

First	10,000 gallons used per month $8.50 per 1,000 gallons.
All over	10,000 gallons used per month $6.50 per 1,000 gallons.

(2) MINIMUM BILL

Each customer shall pay a minimum charge of $21.25 per month based on 2,500 gallons of water usage per month.

(3) UNMETERED RATE

A flat fee of $38.25 based on 4,500 gallons of water usage per month will be charged for all unmetered water customers.

Quoted from Utilities Division Further Recommendation attached to Further Final Joint Staff Memorandum filed February 1, 2002. Technical Staff attached a revised Staff-recommended Tariff to its Utilities Division Further Recommendation.

DISCUSSION

Upon review, the Commission concludes that it is reasonable to grant the District's petition to reopen and approve the District's revised financing of its project. It is also reasonable to approve the Staff-recommended revisions to the Staff-recommended tariff that was attached to the Recommended Decision entered on July 20, 2001, and final on August 9, 2001. The revised Staff-recommended tariff is attached to this order as Attachment A.

FINDINGS OF FACT

1. The District filed a petition to reopen the above-styled case for the purpose of having the Commission approve its amended financing, which is more fully described above. The District asserted that the revised funding would result in a significant reduction in rates. District's petition filed November 30, 2001.

Public Service Commission
of West Virginia
Charleston

2. Staff recommended that the District's petition to reopen be granted and the revised funding be approved. Initial and Final Joint Staff Memorandum filed January 14, 2002.

3. Staff recommended that its recommended tariff approved in the Recommended Decision entered on July 20, 2001, and final on August 9, 2001, be revised to reflect the District's revised funding. Staff's revised recommended tariff shows a decrease in the District's rates and is more specifically explained above. Utilities Division Further Recommendation attached to Further Final Joint Staff Memorandum filed February 1, 2002.

CONCLUSIONS OF LAW

1. The Commission concludes that it is reasonable to grant the District's petition to reopen and approve the District's revised financing of its project.

2. The Commission concludes that it is reasonable to approve the revised Staff-recommended tariff, which is attached to this order as Attachment A.

ORDER

IT IS, THEREFORE, ORDERED that the above-styled case be reopened.

IT IS FURTHER ORDERED that revised financing, which is more fully described above, is approved.

IT IS FURTHER ORDERED that the revised Staff-recommended tariff that is attached to this order as Attachment A is approved for collection and use by the Logan Public Service District for all service rendered and after the date this project becomes operational. The District shall file with the Commission an original and five (5) copies of its actual tariff within thirty (30) days of the in-service date of the project. The District shall also notify the Commission of the in-service date within five (5) days of the project becoming operational.

IT IS FURTHER ORDERED that if there are changes in the plans, scope or terms of financing of this project, the Logan County Public Service District shall request subsequent review and approval of said changes or necessary project revisions by the Commission prior to construction.

IT IS FURTHER ORDERED that the Recommended Decision entered on July 20, 2001, and final on August 9, 2001, remain in full force and effect except as modified herein.

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

LJA/ljm
001469ca.sca

A True Copy, Teste:

Sandra Squire

Sandra Squire
Executive Secretary

STAFF RECOMMENDED RATES

LOGAN COUNTY PUBLIC SERVICE DISTRICT

SCHEDULE I

(N) APPLICABILITY

Applicable in entire territory served.

(N) AVAILABILITY OF SERVICE

Available for domestic, commercial, industrial (except unusual industrial waste) and resale sewer service.

(N) RATES

Commodity Charges

First 10,000 gallons used per month **$ 8.50** per 1,000 gallons.
All over 10,000 gallons used per month **$ 6.50** per 1,000 gallons.

(N) MINIMUM BILL

Each customer shall pay a minimum charge of **$21.25** per month, based on 2,500 gallons of water usage per month.

(N) UNMETERED RATE

A flat fee of **$38.25**, based on 4,500 gallons of water usage per month, will be charged for all unmetered water customers.

(N) SERVICE CONNECTION CHARGE

Prior to construction	**$150.00**
After construction	**$450.00**

(N) DELAYED PAYMENT PENALTY

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

(N) WATER DISCONNECT-RECONNECT-ADMINISTRATIVE FEES

Whenever water service has been disconnected for non-payment of sewer bills, a disconnection fee of **$10.00** shall be charged; or in the event the delinquent sewer bill is collected prior to actual disconnection, an administrative fee of **$10.00** shall be charged. Whenever water service which has been previously disconnected for non-payment of sewer bills is reconnected, a reconnection fee of **$10.00** shall be charged.

STAFF RECOMMENDED RATES

LOGAN COUNTY PUBLIC SERVICE DISTRICT

SCHEDULE I

(N) RETURNED CHECK CHARGE

If a check received is returned by the bank for any reason, the bank's charge to the District shall be the District's charge to the customer for such returned check and under no circumstances shall the fee collected by the District exceed **$15.00**.

(N) LEAK ADJUSTMENT INCREMENT

To be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate is used to calculate consumption above the customer's historical average usage. Will be charged according the Rules and Regulations of the Public Service Commission.

(N) Indicates new

LOGAN COUNTY PUBLIC SERVICE DISTRICT

(N)

SCHEDULE II

SURCHARGE FORMULA TO BE APPLIED IN CASES WHERE SURFACE DRAINAGE IS CONNECTED TO THE DISTRICT'S SANITARY SEWER SYSTEM

Where the District has discovered that a customer's roof drain, down spouts, storm sewer or other similar facilities conducting surface water have been connected to the District's sewer system, and such customer has failed to take appropriate action, within thirty (30) days of receipt of a demand by the District in accordance with the Rules and Regulations of the Public Service Commission, to eliminate such connection, a surcharge will be imposed upon the customer calculated on the basis of the following formula:

$$S = A \times R \times .0006233 \times C$$

S - The surcharge in dollars.

A - The area under roof and or the area of any other water collection surface connected to the sanitary sewer, in square feet

R - The measured monthly rainfall, in inches

.0006233 - A conversion factor to change inches of rain x square feet of surface to thousands of gallons of water

C - The District's approved rate per thousand gallons of metered water usage

The District shall not impose the surcharge unless and until the customer has been notified by certified mail, return receipt requested, or by hand delivery, that it has been established by smoke testing, dye testing, or on-site inspection that rain or other surface water is being introduced into the sanitary sewer system at the customer's location, and that the customer has not acted within thirty (30) days from receipt of such notice to divert the water from the sanitary sewer system.

Said surcharge shall be calculated and imposed for each month that said condition continues to exist. Failure to pay the surcharge and or correct the situation shall give rise to the possible termination of water service in accordance with the Rules and Regulations of the Public Service Commission of West Virginia.

(N) Indicates new.

(N)

SCHEDULE III

SURCHARGE FORMULA TO BE APPLIED IN THE CASE 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 year

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 material which, in judgement of the Logan County 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 th Logan County 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 Logan County 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.

Comment - Not part of the rate schedule:
This schedule is included on an if-and-when basis.

(N) Indicates new

STAFF RECOMMENDED RATES

LOGAN COUNTY PUBLIC SERVICE DISTRICT

(N)

SCHEDULE IV

APPLICABLE INSIDE AND OUTSIDE OF THE CORPORATE LIMITS OF THE LOGAN COUNTY PUBLIC SERVICE DISTRICT

Where the amount of sanitary sewage discharged into the Logan County 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 of plants will pay to the Logan County Public Service District a sewer charge calculated at fifty (50) gallons of water per each employee at the plant each working day.

This explanation is not part of the rate schedule:

This schedule is included on an if-and-when basis.

(N) Indicates New

STAFF RECOMMENDED RATES

LOGAN COUNTY PUBLIC SERVICE DISTRICT

(N)

SCHEDULE V

(N) APPLICABILITY

Applicable in entire territory served.

(N) AVAILABILITY OF SERVICE

Available for wastewater and leachate haulers.

(N) RATES

Commodity Charge - Each hauler shall pay a commodity charge of **$20.40** per 1,000 gallons per load. Load will be the actual capacity of the truck or other transport method delivering wastewater and leachate.

(N) DELAYED PAYMENT PENALTY

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

(N) RETURNED CHECK CHARGE

If a check received is returned by the bank for any reason, the bank's charge to the District shall be the District's charge to the customer for such returned check and under no circumstances shall the fee collected by the District exceed **$15.00**.

(N) Indicates new

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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 22nd day of February, 2002.

CASE NO. 00-1469-PSD-CN (REOPENED)

LOGAN COUNTY PUBLIC SERVICE DISTRICT,
a public utility.

Application for a certificate of convenience and necessity to construct and operate a wastewater collection and treatment system to serve approximately 1,217 new customers in the Towns of West Logan and Mitchell Heights and the unincorporated communities of Aracoma, Peach Creek, Crooked Creek, Justice Addition, Henlawson and surrounding areas in Logan County.

COMMISSION ORDER CORRECTING FEBRUARY 7, 2002, ORDER

On February 8, 2002, the Logan County Public Service District (District) filed a petition for reconsideration, in which it explained that Staff's revised tariff, which the Commission attached to and approved in its February 7, 2002, order, inadvertently failed to list the District's leak adjustment rate of $1.33 per thousand gallons of metered water usage. The District requested that the Commission add the $1.33 per thousand gallons leak adjustment rate to Staff's revised recommended tariff.

DISCUSSION

The Commission notes that the District's leak adjustment rate of $1.33 per thousand gallons was approved in a Recommended Decision entered on July 20, 2001, and final on August 9, 2001, in the above-styled case. The District's amended financing, which led to a reduction in the District's rates, did not affect the District's leak adjustment rate of $1.33 per thousand gallons of metered water usage. Thus, the $1.33 rate should

have appeared in Staff's revised recommended tariff which was approved by the Commission in its February 7, 2002, order. Accordingly, the Commission will authorize the District to include the $1.33 per thousand gallons leak adjustment rate in its tariff filings the Commission required the District to make in its February 7, 2002, order.

FINDING OF FACT

The District filed a petition for reconsideration, in which it explained that Staff's revised recommended tariff, which the Commission attached to and approved in its February 7, 2002, order, inadvertently failed to list the District's leak adjustment rate of $1.33 per thousand gallons of metered water usage. The District requested that the Commission add the $1.33 per thousand gallons leak adjustment rate to Staff's revised recommended tariff which was approved by the Commission's February 7, 2002, order. District's petition for reconsideration filed February 8, 2002.

CONCLUSION OF LAW

The District's leak adjustment rate of $1.33 per thousand gallons was approved in a Recommended Decision entered on July 20, 2001, and final on August 9, 2001, in the above-styled case, and was not affected by the District's amended financing, which led to a reduction in the District's rates. Thus, the $1.33 rate should have appeared in Staff's revised recommended tariff which was approved by the Commission in its February 7, 2002, order. Accordingly, the Commission will authorize the District to include the $1.33 per thousand gallons leak adjustment rate in its tariff filings the Commission required the District to make in its February 7, 2002, order.

ORDER

IT IS, THEREFORE, ORDERED that Staff's revised recommended tariff that was approved by the Commission's February 7, 2002, order, be corrected to reflect that the District is authorized to impose a $1.33 per thousand gallons of metered water usage leak adjustment rate.

IT IS FURTHER ORDERED that District include the $1.33 per thousand gallons of metered water usage leak adjustment rate in its tariff filings that it is required to make with the Commission pursuant to the Commission's February 7, 2002, order.

IT IS FURTHER ORDERED that the February 7, 2002, order remain in full force and effect except as modified herein.

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

LJA/ljm
001469cb.wpd

A True Copy, Teste:

Sandra Squire

Sandra Squire
Executive Secretary

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 26th day of November, 2002.

CASE NO. 00-1469-PSD-CN (REOPENED)

LOGAN COUNTY PUBLIC SERVICE DISTRICT,
a public utility.

Application for a certificate of convenience and necessity to construct and operate a wastewater collection and treatment system to serve approximately 1,217 new customers in the Towns of West Logan and Mitchell Heights and the unincorporated communities of Aracoma, Peach Creek, Crooked Creek, Justice Addition, Henlawson and surrounding areas in Logan County.

COMMISSION ORDER

This is before the Commission on the Logan County Public Service District's (District's) second petition to reopen the above-styled case for the purpose of having the Commission approve revised financing and rates. For reasons explained below, the Commission will reopen the above-styled case and will approve the revised financing and rates as requested by the District.

BACKGROUND

In a Recommended Decision entered on July 20, 2001, and final on August 9, 2001, the District was granted a certificate of convenience and necessity to construct and operate a wastewater collection and treatment system to serve approximately 1,217 new customers in the Towns of West Logan and Mitchell Heights and the unincorporated communities of Aracoma, Peach Creek, Crooked Creek, Justice Addition, Henlawson and surrounding areas in Logan County. That order approved rates resulting in a average bill of $44.67 per month for 4,500 gallons of water usage. However, the District was directed to continue to seek additional grant funding and to make reasonable efforts to reduce the cost and rate impact of the project.

On November 30, 2001, the District filed a petition to reopen this case for the purpose of having the Commission approve amended financing and reduced rates. On February 7, 2002, the Commission approved the amended financing and rates. The revised rates resulted in an average monthly bill of $38.25 for 4,500 gallons of water usage.

On October 11, 2002, the District filed its Second Petition to Reopen. The District is seeking approval of amended financing and resulting rates. In support of its petition, the District states that it has received bids for the project that have resulted in the cost of the project rising from $13,800,000 to $16,540,000. The District proposes funding the project as follows:

SOURCE	ORIGINAL AMOUNT	ADJUSTMENTS	ADJUSTED AMOUNT
SCB Grant	1,250,000	0	1,250,000
USDA-RD Grant	2,921,060	1,300,000	4,221,060
Infrastructure Grant	3,000,000	250,000	3,250,000
Infrastructure Loan	1,000,000	1,190,000	2,190,000
USDA-RD Loan	300,000	0	300,000
DEP SRF Loan	5,328,940	0	5,328,940
TOTALS	$13,800,000	$2,740,000	$16,540,000

As a result of the revised funding, the District proposes rates that will result in an average bill of $40.95 per month for 4,500 gallons of water usage. The District notes that these proposed rates are higher than the rates approved by the Commission's February 7, 2002, order, but are lower than the rates initially approved in this case on July 20, 2001, as just and reasonable.

From October 29, 2002, through November 6, 2002, the Commission received five (5) letters of protest regarding the higher rates proposed by the District.

On November 18, 2002, Staff filed its Initial Joint Staff Memorandum. Staff noted that the District has been able to obtain funding for the increased project cost. Staff indicated that the District's request appeared reasonable. However, Staff planned to file a final recommendation upon further review.

On November 25, 2002, Staff filed its Final Joint Staff Memorandum. Staff noted that the rise in the cost of the project results in an increase in the cost per customer from $11,340 to $13,591. Due to the revised funding, Staff stated that the minimum bill would

Public Service Commission
of West Virginia
Charleston

change from $21.25 per month to $22.75 and the average bill would change from $38.25 per month to $40.95 per month. Since these rates are lower than the rates initially approved by the Commission, Staff opined that no further publication was necessary. Staff recommended approval of the District's request.

DISCUSSION

Upon review, the Commission concludes that it is reasonable to grant the District's petition to reopen and approve the District's revised financing of its project.

The Commission notes that the rates being sought by the District as a result of the change of funding are less than the rates originally approved by the July 20, 2001, recommended decision that became a final Commission order on August 9, 2001. The higher rates were previously published and a public hearing was held. (*See* July 20, 2001, Recommended Decision and file generally). The District was later able to reduce the approved rates by securing additional grant funding and reducing required loan amounts. Now, due to the higher than anticipated project costs, the District must seek another revision in the project rates. The Commission also notes that none of the rates approved in this case take effect until after the project is completed and becomes operational. Accordingly, no additional publication of the rates is necessary

Upon review, the Commission concludes that it is reasonable to modify the rates approved in the February 7, 2002, Commission order and as corrected by order dated February 22, 2002. The rates shall be modified as indicated in Staff's final memorandum.

FINDINGS OF FACT

1. On October 11, 2002, the District filed a second petition to reopen the above-styled case for the purpose of having the Commission approve its amended financing, as more fully described above. The District asserted that the revised funding was necessary as the bids have resulted in the cost of the project rising from $13,800,000 to $16,540,000.

2. By memorandum dated November 25, 2002, Staff recommended that the District's petition to reopen be granted and the revised funding be approved.

3. Staff also recommended that the District's minimum bill change from $21.25 per month to $22.75 and that the average bill change from $38.25 per month to $40.95 per month.

CONCLUSIONS OF LAW

1. The Commission concludes that it is reasonable to grant the District's second petition to reopen and approve the District's revised financing of its project.

2. The Commission concludes that it is reasonable to modify the previously approved rates as recommended by Staff.

3. The Commission concludes that no additional publication of the rates is necessary

ORDER

IT IS, THEREFORE, ORDERED that the above-styled case be reopened.

IT IS FURTHER ORDERED that revised financing, which is more fully described above, is approved.

IT IS FURTHER ORDERED that the rates approved in the February 7, 2002, Commission order and as corrected by order dated February 22, 2002 are hereby modified as follows: the District's minimum bill shall be $22.75 per month and that the District's average bill shall be $40.95 per month. These rates are approved for collection and use by the Logan Public Service District for all service rendered on and after the date this project becomes operational. The District shall file with the Commission an original and five (5) copies of its actual tariff within thirty (30) days of the in-service date of the project. The District shall also notify the Commission of the in-service date within five (5) days of the project becoming operational.

IT IS FURTHER ORDERED that if there are changes in the plans, scope or terms of financing of this project, the Logan County Public Service District shall request subsequent review and approval of said changes or necessary project revisions by the Commission prior to construction.

IT IS FURTHER ORDERED that the Recommended Decision entered on July 20, 2001, and final on August 9, 2001, remain in full force and effect except as modified herein.

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

Public Service Commission
of West Virginia

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.

A True Copy, Teste:

Sandra Squire

Sandra Squire
Executive Secretary

JMH/sek
001469cc.wpd

Public Service Commission
of West Virginia
Charleston

West Virginia Infrastructure & Jobs Development Council

Public Members:
Russell L. Isaacs, Chairman
Cottageville
James D. Williams, Vice-Chairman
St. Albans
Lloyd P. Adams, P.E.
Wheeling
James L. Harrison, Sr.
Princeton

1320 One Valley Square
Charleston, West Virginia 25301
Telephone: (304) 558-4607
Facsimile: (304)558-4609

Susan J. Riggs, Esquire
Executive Secretary

April 7, 1997

Rick Roberts, Managing Engineer
Logan County Public Service District
Suite 507
White & Browning Bldg.
201 ½ Stratton Street
Logan, WV 25601

Re: Wastewater System Project (resubmittal) 96S-184

Dear Mr. Roberts:

The West Virginia Infrastructure and Jobs Development Council (Council) has reviewed the Logan County Public Service District's (District) resubmitted preliminary application for its proposed project to construct a wastewater system (Project), and has determined that the Project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act.

Pursuant to its review of the preliminary application, the Council recommends the District pursue a Small Cities Block Grant of approximately $1,250,000 from the West Virginia Development Office, and a State Revolving Fund loan of approximately $5,209,600 from the West Virginia Division of Environmental Protection (DEP). Please contact the Development Office at 558-4010 and DEP at 558-0641 for specific information on the steps the District needs to follow to apply for these funds. The District may also be eligible for Infrastructure Fund assistance of approximately $7,353,400. The Council's final decision regarding the specific funding of the Project is deferred pending final determination of the Project's eligibility and readiness to proceed, and availability of funds in the Infrastructure Fund. **Please note that this letter does not constitute funding approval from these funding agencies.**

Please immediately notify the Council upon the District's receipt of either a commitment or denial of funding from the Development Office and DEP. Upon such notification, the Council will

review the District's need for funding from the Infrastructure Fund and determine whether a notice of eligibility letter should be issued. Such determination will be based in part upon the District's readiness to proceed with the Project.

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

Sincerely,

Russell L. Isaacs

RLI/bjh

cc: J. Michael Johnson, P.E.
Fred Cutlip
David Michael

SRF-BPA-1
(06/06/02)

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").

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

WHEREAS, pursuant to the Act, the Authority and DEP are empowered to utilize moneys from the Fund to purchase the bonds of local governments to provide the financing for the acquisition or construction of wastewater treatment projects by such local governments, all subject to such provisions and limitations as are contained in the Clean Water Act and the Act;

WHEREAS, the Local Government constitutes a local government as defined by the Act;

WHEREAS, the Local Government is included on the DEP State Project Priority List and the Intended Use Plan and has met DEP's pre-application requirements for the Program;

WHEREAS, the Local Government is authorized and empowered by the statutes of the State to acquire, construct, improve, operate and maintain a wastewater treatment project and to finance the cost of acquisition and construction of the same by borrowing money to be evidenced by revenue bonds issued by the Local Government;

WHEREAS, the Local Government intends to construct, is constructing or has constructed such a wastewater treatment project at the location and as more particularly described and set forth in the Application, as hereinafter defined (the "Project");

WHEREAS, the Local Government has completed and filed with the Authority and DEP an Application for Purchase of Bonds with attachments and exhibits and an Amended Application for Purchase of Bonds also with attachments and exhibits (together, as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference;

WHEREAS, having reviewed the Application and the Fund having available sufficient funds therefor, the Authority and DEP are willing to lend the Local Government the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Local Government with moneys held in the Fund, subject to the Local Government's satisfaction of certain legal and other requirements of the Program; and

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

part with the net proceeds of the Local Bonds or being or having been constructed by the Local Government in whole or in part with the proceeds of bond anticipation notes or other interim financing, which is to be paid in whole or in part with the net proceeds of the Local Bonds.

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

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

1.11 Additional terms and phrases are defined in this Bond Purchase 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 Local Government by the Consulting Engineers, the DEP and Authority having found, to the extent applicable, that the Project is consistent with the applicable provisions of the Program.

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

2.3 All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Local Government, subject to any mortgage lien or other security interest as is provided for in the Local Statute unless a sale or transfer of all or a portion of said property is approved by DEP and the Authority.

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)

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

2.9 The Local Government shall provide and maintain competent and adequate engineering services satisfactory to the Authority and DEP covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such engineer shall certify to the Authority, DEP and the Local Government 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 Local Government 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 Local Government shall notify DEP in writing of such receipt. The Local Government shall submit a Performance Certificate, the form of which is attached hereto as Exhibit A, and being incorporated herein by reference, to DEP within 60 days of the end of the first year after the Project is completed.

2.10 The Local Government shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to DEP when the Project is 90% completed. The Local Government shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Local Government shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator(s) to operate the System during the entire term of this Bond Purchase Agreement. The Local Government shall notify DEP in writing of the certified operator employed at the 50% completion stage.

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

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

otherwise compatible with the plan of financing described in the Application; and, in either case, the Authority and DEP shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit D;

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

(f) The Local Government shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") 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 and DEP shall have received an opinion of counsel to the Local Government, which may be local counsel to the Local Government, bond counsel or special PSC counsel but must be satisfactory to the Authority and DEP, to such effect;

(g) The Local Government shall have obtained any and all approvals for the issuance of the Local Bonds required by State law, and the Authority and DEP shall have received an opinion of counsel to the Local Government, which may be local counsel to the Local Government, bond counsel or special PSC counsel but must be satisfactory to the Authority and DEP, to such effect;

(h) The Local Government shall have obtained any and all approvals of rates and charges required by State law and shall have taken any other action required to establish and impose such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), with all requisite appeal periods having expired without successful appeal, and the Authority and DEP shall have received an opinion of counsel to the Local Government, which may be local counsel to the Local Government, bond counsel or special PSC counsel but must be satisfactory to the Authority and DEP, 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 and DEP shall have received a certificate of the accountant for the Local Government, or such other person or firm experienced in the finances of local governments and satisfactory to the Authority and DEP, 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 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

Bonds is subject to the Local Government's fulfilling all of the terms and conditions of this Bond Purchase Agreement on or prior to the Date of Closing and to the requirements of the Program. The Local Government specifically recognizes that the Authority will not purchase the Local Bonds unless and until sufficient funds are available in the Fund to purchase all the Local Bonds and that, prior to such purchase, the Authority may purchase the bonds of other local governments set out in the State Project Priority List, as defined in the SRF Regulations. The Local Government further specifically recognizes that all bonds will be purchased in conjunction with the SRF Regulations and with the prior approval of DEP.

3.6 The Local Government shall provide DEP with the appropriate documentation to comply with the special conditions regarding the public release and audit requirements, established by federal and State regulations as set forth in Exhibit E attached hereto at such times as are set forth therein.

ARTICLE IV

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

4.1 The Local Government shall, as one of the conditions of the Authority and DEP to purchase the Local Bonds, authorize the issuance of and issue the Local Bonds pursuant to an official action of the Local Government in accordance with the Local Statute, which shall, as adopted or enacted, contain provisions and covenants in substantially the form as follows:

(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 and beginning on the date set forth in Schedule X, to provide debt service on the Local Bonds by depositing in a sinking fund one-third (1/3) of the interest payment next coming due on the Local Bonds and one-third (1/3) of the principal payment next coming due on the Local Bonds and, beginning three (3) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded from proceeds of the Local Bonds or

otherwise concurrently with the issuance thereof 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;

(iii) That the Local Government shall complete the Project and operate and maintain the System in good condition;

(iv) That, except as otherwise required by State law or the SRF Regulations, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole or substantially as a whole, provided that the net proceeds to be realized from such sale, mortgage, lease or other disposition shall be sufficient to fully pay all of the Local Bonds outstanding and further provided that portions of the System when no longer required for the ongoing operation of such System as evidenced by certificates from the Consulting Engineer, may be disposed of with such restrictions as are normally contained in such covenants;

(v) That the Local Government shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds and with the prior written consent of the Authority and DEP; 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 Local Government 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 Local Government 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 Local Government under the Local Act, including the making and collection of sufficient rates or charges for services rendered by the System, and shall also have, in the event of a default in payment of principal of or interest on the Local Bonds, the right to obtain the appointment of a receiver to administer the System or construction of the Project, or both, as provided by law and all rights as set forth in Section 5 of the Act;

(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;

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

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

(xviii) That, unless it qualifies for an exception to the provisions of Section 148 of the Internal Revenue Code of 1986, as amended, which exception shall be set forth in an opinion of bond counsel, the Local Government will furnish to the Authority, annually, at such time as it is required to perform its rebate calculations under the Internal Revenue Code of 1986, as amended, a certificate with respect to its rebate calculations and, at any time, any additional information requested by the Authority;

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

(xx) That the Local Government shall, to the full extent permitted by applicable law and the rules and regulations of the PSC, terminate the services of any water facility owned by it to any customer of the System who is delinquent in payment of charges for services provided by the System and will not restore the services of the water facility until all delinquent charges for the services of the System have been fully paid or, if the water facility is not owned by the Local Government, then the Local Government shall enter into a termination agreement with the water provider; and

(xxi) That the Local Government shall submit all proposed change orders to the DEP for written approval. The Local Government shall obtain the written approval of the DEP before expending any proceeds of the Local Bonds held in "contingency" as set forth in the final Schedule A attached to the certificate of the Consulting Engineer. The Local Government shall obtain the written approval of the DEP before expending any proceeds of the Local Bonds available due to bid/construction/project underruns.

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.

ARTICLE V

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

5.1 The Local Government hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Bond Purchase Agreement and the Local Act. The Local Government hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to purchase the Local Bonds, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System and will take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and in compliance with the provisions of Subsections 4.1(a) and 4.1(b)(ii) hereof.

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

5.3 In the event the Local Government defaults in any payment due to the Authority pursuant to this Bond Purchase Agreement, the amount of such default shall bear interest at the interest rate of the installment of the Local Bonds next due, from the date of the default until the date of the payment thereof.

5.4 The Local Government hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Local Government, the Authority may exercise any or all of the rights and powers granted under Section 5 of the Act, including, without limitation, the right to impose, enforce and collect charges of the System.

ARTICLE VI

Other Agreements of the Local Government

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 Government to be monitored or cause the rebate calculations for the Local Government to be prepared, in either case at the expense of the Local Government.

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

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

ARTICLE VII

Miscellaneous

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

7.2 If any provision of this Bond Purchase 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 Bond Purchase Agreement, and this Bond Purchase Agreement shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

7.3 This Bond Purchase 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 Bond Purchase Agreement.

7.4 No waiver by any party of any term or condition of this Bond Purchase 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 Bond Purchase Agreement.

7.5 This Bond Purchase Agreement supersedes all prior negotiations, representations and agreements between the parties hereto relating to the Local Bonds and constitutes the entire agreement between the parties hereto in respect thereof.

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.

IN WITNESS WHEREOF, the parties hereto have caused this Bond Purchase Agreement to be executed by their respective duly authorized officers as of the date executed below by the Authority.

LOGAN COUNTY PUBLIC SERVICE DISTRICT
[Name of Local Government]

(SEAL)

By: _____
Its: Chairman
Date: November 12, 2002

Attest:

_____
Its: Secretary

WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION, DIVISION OF WATER RESOURCES

By: _____
Its: Director
Date: 11-13-02

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Director
Date: November 8, 2002

Attest:

_____
Its: Secretary-Treasurer

000832/00372
06/06/02

EXHIBIT A

FORM OF PERFORMANCE CERTIFICATE

[To Be Provided By DEP]

EXHIBIT B

MONTHLY FINANCIAL REPORT

Name of Local Government _____
Name of Bond Issue(s) _____
Type of Project _____ **Water** _____ **Wastewater**
Fiscal Year _____ **Report Month** _____

Item	Current Month	Total Year To Date	Budget Year To Date	Budget Year To Date Minus Total Year To Date
1. Gross Revenues				
2. Operating Expenses				
3. Bond Payments:				
Type of Issue				
Clean Water SRF				
Drinking Water TRF				
Infrastructure Fund				
Water Development Authority				
Rural Utilities Service				
Economic Development Administration				
Other (Identify)				
_____				
_____				
4. Renewal and Replacement Fund Deposits				

_____
Name of Person Completing Form

_____
Address

_____
Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

PAYMENT REQUISITION FORM

(All Copies to Be Provided by DEP for Each 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

set forth in 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 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 Bond Purchase 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 _____ day of _____, _____.

_____

By _____

West Virginia License No. __

[SEAL]

---

[1]If another responsible party, such as the Issuer's attorney, reviews the insurance and payment bonds, then insert the following: [and in reliance upon the opinion of _____, Esq.] and delete "my firm has ascertained that".

[2]If the Rule 42 Exhibit and/or rate structure was prepared by an accountant, then insert the following: "In reliance upon the certificate of _____ of even date herewith," at the beginning of (ix).

EXHIBIT 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 F

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

The following deposits were made to the West Virginia Municipal Bond Commission on behalf of [Name of Local Government] on [Date].

Sinking Fund:

Interest	$____
Principal	$____
Total:	$____
Reserve Account:	$____

Witness my signature this ___ day of_____.

[Name of Local Government]

By: _____
Authorized Officer

Enclosure: copy of check(s)

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 _____

(collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Bond Purchase Agreement has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Bond Purchase Agreement.

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

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

2. The Bond Purchase 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 or the DEP or diminish the obligations of the Local Government without the consent of the Authority and the DEP.

3. The Local Government 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 Local Government and constitute valid and binding obligations of the Local Government, enforceable against the Local Government 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 Bond Purchase Agreement.

5. The Local Bonds have been duly authorized, issued, executed and delivered by the Local Government to the Authority and are valid, legally enforceable and binding special obligations of the Local Government, 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,

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	$5,328,940
Purchase Price of Local Bonds	$5,328,940

The Local Bonds shall bear no interest. Commencing March 1, 2005, principal of the Local Bonds is payable quarterly, with an administrative fee of ½%. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

The Local Government shall submit its payments monthly to the Commission with instructions that the Commission will make quarterly payments to the Authority at such address as is given to the Commission in writing by the Authority. If the Reserve Account is not fully funded at closing, the Local Government shall commence the payment of the 1/120 of the maximum annual debt service on the first day of the month it makes its first monthly payment to the Commission. The Local Government shall instruct the Commission to notify the Authority of any monthly payments which are not received by the 20th day of the month in which the payment was due.

The Local Bonds are fully registered in the name of the Authority as to principal only and the Local Bonds shall grant the Authority a first lien on the net or gross revenues of the Local Government's system as provided in the Local Act.

The Local Government may prepay the Local Bonds in full at any time at the price of par upon 30 days' written notice to the Authority and DEP. The Local Government shall request approval from the Authority and DEP in writing of any proposed debt which will be issued by the Local Government on a parity with the Local Bonds which request must be filed at least 60 days prior to the intended date of issuance.

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

None.

Logan County Public Service District (West Virginia)

Loan of $5,328,940
0% Interest Rate, 1/2% Adminstrative Fee, 40 Years
Closing Date: December 12, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
3/01/2003	-	-	-
6/01/2003	-	-	-
9/01/2003	-	-	-
12/01/2003	-	-	-
3/01/2004	-	-	-
6/01/2004	-	-	-
9/01/2004	-	-	-
12/01/2004	-	-	-
3/01/2005	35,058.82	-	35,058.82
6/01/2005	35,058.82	-	35,058.82
9/01/2005	35,058.82	-	35,058.82
12/01/2005	35,058.82	-	35,058.82
3/01/2006	35,058.82	-	35,058.82
6/01/2006	35,058.82	-	35,058.82
9/01/2006	35,058.82	-	35,058.82
12/01/2006	35,058.82	-	35,058.82
3/01/2007	35,058.82	-	35,058.82
6/01/2007	35,058.82	-	35,058.82
9/01/2007	35,058.82	-	35,058.82
12/01/2007	35,058.82	-	35,058.82
3/01/2008	35,058.82	-	35,058.82
6/01/2008	35,058.82	-	35,058.82
9/01/2008	35,058.82	-	35,058.82
12/01/2008	35,058.82	-	35,058.82
3/01/2009	35,058.82	-	35,058.82
6/01/2009	35,058.82	-	35,058.82
9/01/2009	35,058.82	-	35,058.82
12/01/2009	35,058.82	-	35,058.82
3/01/2010	35,058.82	-	35,058.82
6/01/2010	35,058.82	-	35,058.82
9/01/2010	35,058.82	-	35,058.82
12/01/2010	35,058.82	-	35,058.82
3/01/2011	35,058.82	-	35,058.82
6/01/2011	35,058.82	-	35,058.82
9/01/2011	35,058.82	-	35,058.82
12/01/2011	35,058.82	-	35,058.82
3/01/2012	35,058.82	-	35,058.82
6/01/2012	35,058.82	-	35,058.82
9/01/2012	35,058.82	-	35,058.82
12/01/2012	35,058.82	-	35,058.82
3/01/2013	35,058.82	-	35,058.82
6/01/2013	35,058.82	-	35,058.82
9/01/2013	35,058.82	-	35,058.82
12/01/2013	35,058.82	-	35,058.82
3/01/2014	35,058.82	-	35,058.82
6/01/2014	35,058.82	-	35,058.82
9/01/2014	35,058.82	-	35,058.82

Logan County Public Service District (West Virginia)

Loan of $5,328,940
0% Interest Rate, 1/2% Adminstrative Fee, 40 Years
Closing Date: December 12, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2014	35,058.82	-	35,058.82
3/01/2015	35,058.82	-	35,058.82
6/01/2015	35,058.82	-	35,058.82
9/01/2015	35,058.82	-	35,058.82
12/01/2015	35,058.82	-	35,058.82
3/01/2016	35,058.82	-	35,058.82
6/01/2016	35,058.82	-	35,058.82
9/01/2016	35,058.82	-	35,058.82
12/01/2016	35,058.82	-	35,058.82
3/01/2017	35,058.82	-	35,058.82
6/01/2017	35,058.82	-	35,058.82
9/01/2017	35,058.82	-	35,058.82
12/01/2017	35,058.82	-	35,058.82
3/01/2018	35,058.82	-	35,058.82
6/01/2018	35,058.82	-	35,058.82
9/01/2018	35,058.82	-	35,058.82
12/01/2018	35,058.82	-	35,058.82
3/01/2019	35,058.82	-	35,058.82
6/01/2019	35,058.82	-	35,058.82
9/01/2019	35,058.82	-	35,058.82
12/01/2019	35,058.82	-	35,058.82
3/01/2020	35,058.82	-	35,058.82
6/01/2020	35,058.82	-	35,058.82
9/01/2020	35,058.82	-	35,058.82
12/01/2020	35,058.82	-	35,058.82
3/01/2021	35,058.82	-	35,058.82
6/01/2021	35,058.82	-	35,058.82
9/01/2021	35,058.82	-	35,058.82
12/01/2021	35,058.82	-	35,058.82
3/01/2022	35,058.82	-	35,058.82
6/01/2022	35,058.82	-	35,058.82
9/01/2022	35,058.82	-	35,058.82
12/01/2022	35,058.82	-	35,058.82
3/01/2023	35,058.82	-	35,058.82
6/01/2023	35,058.82	-	35,058.82
9/01/2023	35,058.82	-	35,058.82
12/01/2023	35,058.82	-	35,058.82
3/01/2024	35,058.82	-	35,058.82
6/01/2024	35,058.82	-	35,058.82
9/01/2024	35,058.82	-	35,058.82
12/01/2024	35,058.82	-	35,058.82
3/01/2025	35,058.82	-	35,058.82
6/01/2025	35,058.82	-	35,058.82
9/01/2025	35,058.82	-	35,058.82
12/01/2025	35,058.82	-	35,058.82
3/01/2026	35,058.82	-	35,058.82
6/01/2026	35,058.82	-	35,058.82

Logan County Public Service District (West Virginia)

Loan of $5,328,940
0% Interest Rate, 1/2% Adminstrative Fee, 40 Years
Closing Date: December 12, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/2026	35,058.82	-	35,058.82
12/01/2026	35,058.82	-	35,058.82
3/01/2027	35,058.81	-	35,058.81
6/01/2027	35,058.81	-	35,058.81
9/01/2027	35,058.81	-	35,058.81
12/01/2027	35,058.81	-	35,058.81
3/01/2028	35,058.81	-	35,058.81
6/01/2028	35,058.81	-	35,058.81
9/01/2028	35,058.81	-	35,058.81
12/01/2028	35,058.81	-	35,058.81
3/01/2029	35,058.81	-	35,058.81
6/01/2029	35,058.81	-	35,058.81
9/01/2029	35,058.81	-	35,058.81
12/01/2029	35,058.81	-	35,058.81
3/01/2030	35,058.81	-	35,058.81
6/01/2030	35,058.81	-	35,058.81
9/01/2030	35,058.81	-	35,058.81
12/01/2030	35,058.81	-	35,058.81
3/01/2031	35,058.81	-	35,058.81
6/01/2031	35,058.81	-	35,058.81
9/01/2031	35,058.81	-	35,058.81
12/01/2031	35,058.81	-	35,058.81
3/01/2032	35,058.81	-	35,058.81
6/01/2032	35,058.81	-	35,058.81
9/01/2032	35,058.81	-	35,058.81
12/01/2032	35,058.81	-	35,058.81
3/01/2033	35,058.81	-	35,058.81
6/01/2033	35,058.81	-	35,058.81
9/01/2033	35,058.81	-	35,058.81
12/01/2033	35,058.81	-	35,058.81
3/01/2034	35,058.81	-	35,058.81
6/01/2034	35,058.81	-	35,058.81
9/01/2034	35,058.81	-	35,058.81
12/01/2034	35,058.81	-	35,058.81
3/01/2035	35,058.81	-	35,058.81
6/01/2035	35,058.81	-	35,058.81
9/01/2035	35,058.81	-	35,058.81
12/01/2035	35,058.81	-	35,058.81
3/01/2036	35,058.81	-	35,058.81
6/01/2036	35,058.81	-	35,058.81
9/01/2036	35,058.81	-	35,058.81
12/01/2036	35,058.81	-	35,058.81
3/01/2037	35,058.81	-	35,058.81
6/01/2037	35,058.81	-	35,058.81
9/01/2037	35,058.81	-	35,058.81
12/01/2037	35,058.81	-	35,058.81
3/01/2038	35,058.81	-	35,058.81

Logan County Public Service District (West Virginia)

Loan of $5,328,940
0% Interest Rate, 1/2% Adminstrative Fee, 40 Years
Closing Date: December 12, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2038	35,058.81	-	35,058.81
9/01/2038	35,058.81	-	35,058.81
12/01/2038	35,058.81	-	35,058.81
3/01/2039	35,058.81	-	35,058.81
6/01/2039	35,058.81	-	35,058.81
9/01/2039	35,058.81	-	35,058.81
12/01/2039	35,058.81	-	35,058.81
3/01/2040	35,058.81	-	35,058.81
6/01/2040	35,058.81	-	35,058.81
9/01/2040	35,058.81	-	35,058.81
12/01/2040	35,058.81	-	35,058.81
3/01/2041	35,058.81	-	35,058.81
6/01/2041	35,058.81	-	35,058.81
9/01/2041	35,058.81	-	35,058.81
12/01/2041	35,058.81	-	35,058.81
3/01/2042	35,058.81	-	35,058.81
6/01/2042	35,058.81	-	35,058.81
9/01/2042	35,058.81	-	35,058.81
12/01/2042	35,058.81	-	35,058.81
Total	5,328,940.00	-	5,328,940.00 *

*Plus $3,184.88 one-half percent administrative fee paid quarterly. Total fee over life of loan is $509,580.80.

E/C 3,352.51 per Barbara WOA 3/12/03 OK

YIELD STATISTICS

Bond Year Dollars	$112,411.02
Average Life	21.094 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	2.53E-10
Bond Yield for Arbitrage Purposes	2.53E-10
All Inclusive Cost (AIC)	0.4509323%

IRS FORM 8038

Net Interest Cost	-
Weighted Average Maturity	21.094 Years

IC-1
(06/06/02)

LOAN AGREEMENT

THIS LOAN AGREEMENT, made and entered into in several counterparts, by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), acting on behalf of the WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL (the "Council"), and the governmental agency designated below (the "Governmental Agency").

LOGAN COUNTY PUBLIC SERVICE DISTRICT
(Governmental Agency)

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered upon request of the Council to make loans to governmental agencies for the acquisition or construction of projects by such governmental agencies, subject to such provisions and limitations as are contained in the Act;

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

WHEREAS, the Governmental Agency is authorized and empowered by the statutes of the State to acquire, construct, improve, operate and maintain a project, as defined by the Act, and to finance the cost of acquisition and construction of the same by borrowing money to be evidenced by revenue bonds issued by the Governmental Agency;

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

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

WHEREAS, having reviewed the Application and made all findings required by the Act and having available sufficient funds therefor, the Council has authorized the Authority to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Governmental Agency with money in the Infrastructure Fund, subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Council's loan program (the "Program") as hereinafter set forth.

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

ARTICLE I

Definitions

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

1.2 "Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser of the Bonds, acting in its administrative capacity pursuant to Section 10 of the Act and upon authorization from the Council.

1.3 "Consulting Engineers" means the professional engineer, licensed by the State, designated in the Application and any qualified successor thereto; provided, however, when a Loan is made for a Project financed, in part, by the Office of Abandoned Mine Lands, "Consulting Engineers" shall mean the West Virginia Department of Environmental Protection, or any successor thereto.

1.4 "Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Section 9 of the Act.

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

2.3 All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Governmental Agency, subject to any mortgage lien or other security interest as is provided for in the Local Statute unless a sale or transfer of all or a portion of said property or any interest therein is approved by the Authority and Council.

2.4 The Governmental Agency agrees that the Authority and the Council and their duly authorized agents shall have the right at all reasonable times to enter upon the Project site and Project facilities and to examine and inspect the same. The Governmental Agency further agrees that the Authority and the Council and their duly authorized agents and representatives shall, prior to, during and after completion of construction and

commencement of operation of the Project, have such rights of access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and the Council with respect to the System pursuant to the pertinent provisions of the Act.

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

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

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

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Council and the Authority and shall verify or have verified such insurance prior to commencement of construction. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Governmental Agency on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds is outstanding. Prior to commencing operation of the Project, the Governmental Agency must

also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

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

2.10 The Governmental Agency shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Governmental Agency shall employ qualified operating personnel properly certified by the State to operate the System during the entire term of this Loan Agreement.

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

2.12 The Governmental Agency, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project, shall each month complete a Monthly Financial Report, the form of which is attached hereto as Exhibit C and incorporated herein by reference, and forward a copy by the 10th of each month to the Authority and Council.

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

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

(e) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") and the Council necessary for the construction of the Project and operation of the System, with all requisite appeal periods having expired without successful appeal, and the Authority and the Council shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority and the Council, to such effect;

(f) The Governmental Agency shall have obtained any and all approvals for the issuance of the Local Bonds required by State law, and the Authority and the Council shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

(g) The Governmental Agency shall have obtained any and all approvals of rates and charges required by State law and shall have taken any other action required to establish and impose such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), with all requisite appeal periods having expired without successful appeal, and the Authority and the Council shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority and the Council, to such effect;

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

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

3.2 Subject to the terms and provisions of this Loan Agreement, the rules and regulations promulgated by the Authority, the Council or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall make the Loan to the Governmental Agency and the Governmental Agency shall accept the Loan from the Authority, and in furtherance thereof it is agreed that the Governmental Agency shall sell to the Authority and the Authority shall make the Loan by purchasing the Local Bonds in the principal amount and at the price set forth in Schedule X hereto. The Local Bonds shall have such further terms and provisions as described in Article IV hereof.

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

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

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Council for loans from the Infrastructure Fund to finance projects and that the obligation of the Authority to make any such loan is subject to the Council's authorization and the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing. The Governmental Agency specifically recognizes that the Authority will not purchase the Local Bonds unless and until sufficient funds are available in the Infrastructure Fund to purchase all the Local Bonds and that, prior to execution of this Loan Agreement, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available.

ARTICLE IV

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

4.1 The Governmental Agency shall, as one of the conditions of the Authority to make the Loan, authorize the issuance of and issue the Local Bonds pursuant to an official action of the Governmental Agency in accordance with the Local Statute, which shall, as adopted or enacted, contain provisions and covenants in substantially the form as follows, unless the specific provision or covenant is modified or waived by the Council:

(a) That the gross revenues of the System shall always be used for purposes of the System. Such gross revenues shall be used monthly, in the order of priority listed below:

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule X, to provide debt service on the Local Bonds by depositing in a sinking fund one-third (1/3) of the interest payment next coming due on the Local Bonds and one-third (1/3) of the principal payment next coming due on the Local Bonds and, beginning three (3) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit or surety) in an amount equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement"), by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

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

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

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by a pledge of either the gross or net revenues of the System, as more fully set forth in Schedule X attached hereto and in the Local Act;

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

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

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

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

(vi) That the Governmental Agency will carry such insurance as is customarily carried with respect to works and properties similar to the System, including those specified by Section 2.8 hereof;

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

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

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority and the Council, which report shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Loan Agreement and that the Governmental Agency's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

(xii) That the Governmental Agency shall annually adopt a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding fiscal year and shall submit a copy of such budget to the Authority and the Council within 30 days of adoption thereof;

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

(xiv) That the proceeds of the Local Bonds, advanced from time to time, must (a) be deposited in a construction fund, which, except as otherwise agreed to in writing by the Authority, shall be held separate and apart from all other funds of the Governmental Agency and on which the owners of the Local Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing) and/or (b) be used to pay (or redeem) bond anticipation notes or other interim financing of such Governmental Agency, the proceeds of which were used

to finance the construction of the Project; provided that, with the prior written consent of the Authority and the Council, the proceeds of the Local Bonds may be used to fund all or a portion of the Reserve Account, on which the owner of the Local Bonds shall have a lien as provided herein;

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Governmental Agency may not redeem any Local Bonds by it without the written consent of the Authority and the Council and otherwise in compliance with this Loan Agreement;

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

(xvii) That the Governmental Agency shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required interest, principal and reserve account payment. The Governmental Agency shall complete the Monthly Payment Form, attached hereto as Exhibit D and incorporated herein by reference, and submit a copy of said form along with a copy of the check or electronic transfer to the Authority by the 5th day of such calendar month;

(xviii) That, unless it qualifies for an exception to the provisions of Section 148 of the Internal Revenue Code of 1986, as amended, which exception shall be set forth in an opinion of bond counsel, the Governmental Agency will furnish to the Authority, annually, at such time as it is required to perform its rebate calculations under the Internal Revenue Code of 1986, as amended, a certificate with respect to its rebate calculations and, at any time, any additional information requested by the Authority;

(xix) That the Governmental Agency shall take any and all action, or shall refrain from taking any action regarding the use of the proceeds of the Local Bonds, as shall be deemed necessary by the Authority to maintain the exclusion from gross income for federal income tax purposes of interest on the State's general obligation bonds or any bonds secured by the Local Bonds;

(xx) That the Governmental Agency shall have obtained the certificate of the Consulting Engineer in the form attached hereto as Exhibit A, to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority and the Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the Council is sufficient to pay the costs of acquisition and construction of the Project and all permits required by federal and State laws for construction of the Project have been obtained;

(xxi) That the Governmental Agency shall, to the full extent permitted by applicable law and the rules and regulations of the PSC, terminate the services of any water facility owned by it to any customer of the System who is delinquent in payment

of charges for services provided by the System and will not restore the services of the water facility until all delinquent charges for the services of the System have been fully paid or, if the water facility is not owned by the Governmental Agency, then the Governmental Agency shall enter into a termination agreement with the water provider;

(xxii) That the Governmental Agency shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Local Bonds (as that term is defined in the Internal Revenue Code of 1986, as amended) from time to time as the Authority may request;

(xxiii) That the Governmental Agency shall submit all proposed change orders to the Council for written approval. The Governmental Agency shall obtain the written approval of the Council before expending any proceeds of the Local Bonds held in "contingency" as set forth in the final Schedule B attached to the certificate of the Consulting Engineer. The Governmental Agency shall obtain the written approval of the Council before expending any proceeds of the Local Bonds available due to bid/construction/project underruns;

(xxiv) That the Governmental Agency shall list the funding provided by the Authority and the Council in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any groundbreaking or dedication of the Project; and

(xxv) That, unless it qualifies for an exception, the Governmental Agency shall comply with all the requirements of Chapter 21, Article 1C of the Code of West Virginia, 1931, as amended (the "West Virginia Jobs Act") and shall require its contractors and subcontractors to comply with the West Virginia Jobs Act. The Governmental Agency shall provide the Council and the Authority with a certificate stating that (I) the Governmental Agency will comply with all the requirements of the West Virginia Jobs Act; (II) the Governmental Agency has included the provisions of the West Virginia Jobs Act in each contract and subcontract for the Project; (III) the Governmental Agency has received or will receive, prior to entering into contracts or subcontracts, from each contractor or subcontractor a certificate demonstrating compliance with Section 4 of the West Virginia Jobs Act or waiver certificates from the West Virginia Division of Labor ("DOL"); and (IV) the Governmental Agency will file with the DOL and the Council copies of the waiver certificates and certified payrolls or comparable documents that include the number of employees, the county and state wherein the employees reside and their occupation, following the procedures established by the DOL. The monthly requisitions submitted to the Council shall also certify that the Governmental Agency is monitoring compliance by its contractors and subcontractors and that the required information has been submitted.

The Governmental Agency hereby represents and warrants that the Local Act has been or shall be duly adopted in compliance with all necessary corporate and other action and in accordance with applicable provisions of law. All legal matters incident to the authorization, issuance, validity, sale and delivery of the Local Bonds shall be approved

without qualification by recognized bond counsel acceptable to the Authority in substantially the form of legal opinion attached hereto as Exhibit B.

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

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

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

4.5 The Local Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Governmental Agency. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series, as reflected by Schedule X hereto.

4.6 The Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the bonds which are the source of money used to purchase the Local Bonds, unless otherwise agreed to by the Council.

ARTICLE V

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

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

5.2 In the event, for any reason, the schedule of rates, fees and charges initially established for the System in connection with the Local Bonds shall prove to be

insufficient to produce the required sums set forth in the Local Act and this Loan Agreement, the Governmental Agency hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges (or where applicable, immediately file with the PSC for a rate increase) and take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and this Loan Agreement.

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

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under the Act and State law, including, without limitation, the right to an appointment of a receiver.

ARTICLE VI

Other Agreements of the Governmental Agency

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

6.2 The Governmental Agency hereby covenants that it will rebate any amounts required by Section 148 of the Internal Revenue Code of 1986, as amended, and will take all steps necessary to make any such rebates. In the event the Governmental Agency fails to make any such rebates as required, then the Governmental Agency shall pay any and all penalties, obtain a waiver from the Internal Revenue Service and take any other actions necessary or desirable to preserve the exclusion from gross income for federal income tax purposes of interest on the Local Bonds.

6.3 Notwithstanding Section 6.2, the Authority may at any time, in its sole discretion, cause the rebate calculations prepared by or on behalf of the Governmental

Agency to be monitored or cause the rebate calculations for the Governmental Agency to be prepared, in either case at the expense of the Governmental Agency.

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

6.5 The Governmental Agency hereby agrees to file with the Authority and the Council upon completion of acquisition and construction of the Project a schedule in substantially the form of Amended Schedule B to the Application, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE VII

Miscellaneous

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

7.2 Schedules X and Y shall be attached to this Loan Agreement by the Authority as soon as practicable after the Date of Loan Closing is established and shall be approved by an official action of the Governmental Agency supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority and the Council.

7.3 The Authority shall take all actions required by the Council in making and enforcing this Loan Agreement.

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

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

7.6 No waiver by either party of any term or condition of this Loan Agreement shall be deemed or construed as a waiver of any other terms or conditions, nor shall a waiver of any breach be deemed to constitute a waiver of any subsequent breach,

whether of the same or of a different section, subsection, paragraph, clause, phrase or other provision of this Loan Agreement.

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

7.8 The Authority acknowledges that certain terms and requirements in this Loan Agreement may not be applicable when the Project is financed in part by the West Virginia Department of Environmental Protection, Office of Abandoned Mine Lands and under that circumstance those terms and requirements are specifically waived or modified as agreed to by the Authority and set forth in the Local Act.

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

7.10 This Loan Agreement shall terminate upon the earlier of:

(i) the end of ninety (90) days after the date of execution hereof by the Authority or such later date as is agreed to in writing by the Council if the Governmental Agency has failed to deliver the Local Bonds to the Authority;

(ii) termination by the Authority and the Council pursuant to Section 6.1 hereof; or

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

IN WITNESS WHEREOF, the parties hereto have caused this Loan Agreement to be executed by their respective duly authorized officers as of the date executed below by the Authority.

LOGAN COUNTY PUBLIC SERVICE DISTRICT

(SEAL)

By: _____
Its: Chairperson
Date: December 12, 2002

Attest:

_____
Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Director
Date: December 12, 2002

Attest:

_____
Its: Secretary-Treasurer

000832/00466
11/11/02

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

I, _____, Registered Professional Engineer, West Virginia License No. _____, of _____, Consulting Engineers,_____, _____ hereby certify as follows:

1. My firm is engineer for the acquisition and construction of _____ to the _____ system (the "Project") of _____ (the "Issuer"), to be constructed primarily in _____ County, West Virginia, which acquisition and construction are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the same meanings set forth in the bond _____ adopted or enacted by the Issuer on _____, and the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), dated _____.

2. The Bonds are being issued for the purposes of (i) _____, and (ii) paying certain issuance and other costs in connection therewith.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by [DEP/BPH/PSC] and any change orders approved by the Issuer, the Council and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least ___years if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A and my firm[1] has ascertained that all

[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 _____,

successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the [DEP/BPH/PSC] and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) as of the effective date thereof, [2]the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project set forth in the Schedule B attached hereto and approved by the Council; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Costs of Financing" for the Project.

WITNESS my signature and seal on this _____ day of _____, _____.

[SEAL]

_____

By: _____
West Virginia License No. _____

Esq.] and delete "my firm has ascertained that".

[2]If the Rule 42 Exhibit and/or rate structure was prepared by an accountant, then insert the following: "In reliance upon the certificate of _____ of even date herewith," at the beginning of (ix).

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

West Virginia Infrastructure and
Jobs Development Council
300 Summers Street, Suite 980
Charleston, West Virginia 25301

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

Ladies and Gentlemen:

We are bond counsel to _____ the "Governmental Agency"), a _____.

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a loan agreement dated _____, _____, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated _____, _____ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are issued in the principal amount of $_____, in the form of one bond, registered as to principal and interest to the Authority, with interest and principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, beginning _____, 1, _____, and ending _____, 1, _____, as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

The Local Bonds are issued for the purposes of (i) _____, and (ii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond _____ duly adopted or enacted by the Governmental Agency on _____, as supplemented by the supplemental resolution duly adopted by the Governmental Agency on _____ (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement has been undertaken. The Local Bonds are subject to redemption prior

to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

3. The Governmental Agency is a duly organized and validly existing _____, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt or enact the Local Act and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.

4. The Local Act and all other necessary orders and resolutions have been legally and effectively adopted or enacted by the Governmental Agency and constitute valid and binding obligations of the Governmental Agency, enforceable against the Governmental Agency in accordance with their terms. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Local Bonds have been duly authorized, issued, executed and delivered by the Governmental Agency to the Authority and are valid, legally enforceable and binding special obligations of the Governmental Agency, payable from the net or gross revenues of the System set forth in the Local Act and secured by a first lien on and pledge of the net or gross revenues of the System, all in accordance with the terms of the Local Bonds and the Local Act.

6. The Local Bonds are, by statute, exempt _____, and under existing statutes and court decisions of the United States of America, as presently written and applied, the interest on the Local Bonds is excludable from the gross income of the recipients thereof for federal income tax purposes.

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

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

Very truly yours,

EXHIBIT C

MONTHLY FINANCIAL REPORT

Name of Governmental Agency _____
Name of Bond Issue(s) _____
Type of Project _____ **Water** _____ **Wastewater**
Fiscal Year _____ **Report Month** _____

Item	Current Month	Total Year To Date	Budget Year To Date	Budget Year To Date Minus Total Year To Date
1. Gross Revenues				
2. Operating Expenses				
3. Bond Payments:				
Type of Issue				
Clean Water SRF				
Drinking Water TRF				
Infrastructure Fund				
Water Development Authority				
Rural Utilities Service				
Economic Development Administration				
Other (Identify)				
_____				
_____				
4. Renewal and Replacement Fund Deposits				

_____
Name of Person Completing Form

_____
Address

_____
Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

Item 1 You will need a copy of the current fiscal year budget adopted by the Governmental Agency to complete Items 1 and 2. In Item 1, provide the amount of actual **Gross Revenues** for the current month and the total amount year-to-date in the respective columns. Divide the budgeted annual Gross Revenues by 12. For example, if Gross Revenues of $1,200 are anticipated to be received for the year, each month the base would be increased by $100 ($1,200/12). This is the incremental amount for the Budget Year-to-Date column.

Item 2 Provide the amount of actual **Operating Expenses** for the current month and the total amount year-to-date in the respective columns. Any administrative fee should be included in the Operating Expenses. Divide the budgeted annual Operating Expenses by 12. For example, if Operating Expenses of $900 are anticipated to be incurred for the year, each month the base would be increased by $75 ($900/12). This is the incremental amount for the Budget Year-to-Date column.

Item 3 Provide the **Bond Payments (principal, interest and reserve account)** for all the outstanding bonds of the Governmental Agency according to the source of funding. For example, Clean Water State Revolving Fund loan from Department of Environmental Protection, Drinking Water Treatment Revolving Fund loan from Bureau for Public Health, Infrastructure Fund loan from Infrastructure and Jobs Development Council, or a loan from the Water Development Authority, etc.

Item 4 Provide the amount deposited into the **Renewal and Replacement Fund** each month. This amount is equal to 2.5% of Gross Revenues minus the total reserve account payments included in Item 3. If Gross Revenues are $1,200, then $30 (2.5% of $1,200), LESS the amount of all reserve account payments in Item 3 should be deposited into the Renewal and Replacement Fund. The money in the Renewal and Replacement Fund should be kept separate and apart from all other funds of the Governmental Agency.

The Governmental Agency must complete the Monthly Financial Report and forward it to the Water Development Authority by the 10th day of each month, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project.

EXHIBIT D

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

The following deposits were made to the West Virginia Municipal Bond Commission on behalf of [Name of Governmental Agency] on [Date].

Sinking Fund:

Interest	$____
Principal	$____
Total:	$____
Reserve Account:	$____

Witness my signature this ____day of _____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Enclosure: copy of check(s)

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds $2,190,000
Purchase Price of Local Bonds $2,190,000

The Local Bonds shall bear no interest. Commencing December 1, 2004, the principal of the Local Bonds is payable quarterly. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

The Governmental Agency shall submit its payments monthly to the Commission which will make quarterly payments to the Authority at such address as is given to the Commission in writing by the Authority.

The Local Bonds are fully registered in the name of the Authority as to interest, if any, and principal and the Local Bonds shall grant the Authority a first lien on the gross or net revenues of the Governmental Agency's system as provided in the Local Act.

The Governmental Agency may prepay the Local Bonds in full at any time at the price of par but only with the Council's written consent. The Governmental Agency shall request approval from the Authority and Council in writing of any proposed debt which will be issued by the Governmental Agency on a parity with the Local Bonds which request must be filed at least 60 days prior to the intended date of issuance.

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

1. Sewer Revenue Bonds, Series 2002 A (West Virginia SRF Program), dated December 12, 2002, issued in the original aggregate principal amount of $5,328,940.

2. Sewer Revenue Bonds, Series 2002 C (United States Department of Agriculture), dated December 12, 2002, issued in the original aggregate principal amount of $300,000.

SCHEDULE Y

Logan County Public Service District (West Virginia)

Loan of $2,190,000
0% Interest Rate, 40 Years
Closing Date: December 12, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
3/01/2003	-	-	-
6/01/2003	-	-	-
9/01/2003	-	-	-
12/01/2003	-	-	-
3/01/2004	-	-	-
6/01/2004	-	-	-
9/01/2004	-	-	-
12/01/2004	14,313.73	-	14,313.73
3/01/2005	14,313.73	-	14,313.73
6/01/2005	14,313.73	-	14,313.73
9/01/2005	14,313.73	-	14,313.73
12/01/2005	14,313.73	-	14,313.73
3/01/2006	14,313.73	-	14,313.73
6/01/2006	14,313.73	-	14,313.73
9/01/2006	14,313.73	-	14,313.73
12/01/2006	14,313.73	-	14,313.73
3/01/2007	14,313.73	-	14,313.73
6/01/2007	14,313.73	-	14,313.73
9/01/2007	14,313.73	-	14,313.73
12/01/2007	14,313.73	-	14,313.73
3/01/2008	14,313.73	-	14,313.73
6/01/2008	14,313.73	-	14,313.73
9/01/2008	14,313.73	-	14,313.73
12/01/2008	14,313.73	-	14,313.73
3/01/2009	14,313.73	-	14,313.73
6/01/2009	14,313.73	-	14,313.73
9/01/2009	14,313.73	-	14,313.73
12/01/2009	14,313.73	-	14,313.73
3/01/2010	14,313.73	-	14,313.73
6/01/2010	14,313.73	-	14,313.73
9/01/2010	14,313.73	-	14,313.73
12/01/2010	14,313.73	-	14,313.73
3/01/2011	14,313.73	-	14,313.73
6/01/2011	14,313.73	-	14,313.73
9/01/2011	14,313.73	-	14,313.73
12/01/2011	14,313.73	-	14,313.73
3/01/2012	14,313.73	-	14,313.73
6/01/2012	14,313.73	-	14,313.73
9/01/2012	14,313.73	-	14,313.73
12/01/2012	14,313.73	-	14,313.73
3/01/2013	14,313.73	-	14,313.73
6/01/2013	14,313.73	-	14,313.73
9/01/2013	14,313.73	-	14,313.73
12/01/2013	14,313.73	-	14,313.73
3/01/2014	14,313.73	-	14,313.73
6/01/2014	14,313.73	-	14,313.73
9/01/2014	14,313.73	-	14,313.73

Logan County Public Service District (West Virginia)

Loan of $2,190,000
0% Interest Rate, 40 Years
Closing Date: December 12, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2014	14,313.73	-	14,313.73
3/01/2015	14,313.73	-	14,313.73
6/01/2015	14,313.73	-	14,313.73
9/01/2015	14,313.73	-	14,313.73
12/01/2015	14,313.73	-	14,313.73
3/01/2016	14,313.73	-	14,313.73
6/01/2016	14,313.73	-	14,313.73
9/01/2016	14,313.73	-	14,313.73
12/01/2016	14,313.73	-	14,313.73
3/01/2017	14,313.73	-	14,313.73
6/01/2017	14,313.73	-	14,313.73
9/01/2017	14,313.73	-	14,313.73
12/01/2017	14,313.73	-	14,313.73
3/01/2018	14,313.73	-	14,313.73
6/01/2018	14,313.73	-	14,313.73
9/01/2018	14,313.73	-	14,313.73
12/01/2018	14,313.73	-	14,313.73
3/01/2019	14,313.73	-	14,313.73
6/01/2019	14,313.73	-	14,313.73
9/01/2019	14,313.73	-	14,313.73
12/01/2019	14,313.73	-	14,313.73
3/01/2020	14,313.73	-	14,313.73
6/01/2020	14,313.73	-	14,313.73
9/01/2020	14,313.73	-	14,313.73
12/01/2020	14,313.73	-	14,313.73
3/01/2021	14,313.73	-	14,313.73
6/01/2021	14,313.73	-	14,313.73
9/01/2021	14,313.73	-	14,313.73
12/01/2021	14,313.73	-	14,313.73
3/01/2022	14,313.73	-	14,313.73
6/01/2022	14,313.73	-	14,313.73
9/01/2022	14,313.73	-	14,313.73
12/01/2022	14,313.73	-	14,313.73
3/01/2023	14,313.73	-	14,313.73
6/01/2023	14,313.73	-	14,313.73
9/01/2023	14,313.73	-	14,313.73
12/01/2023	14,313.73	-	14,313.73
3/01/2024	14,313.73	-	14,313.73
6/01/2024	14,313.73	-	14,313.73
9/01/2024	14,313.73	-	14,313.73
12/01/2024	14,313.73	-	14,313.73
3/01/2025	14,313.73	-	14,313.73
6/01/2025	14,313.73	-	14,313.73
9/01/2025	14,313.73	-	14,313.73
12/01/2025	14,313.72	-	14,313.72
3/01/2026	14,313.72	-	14,313.72
6/01/2026	14,313.72	-	14,313.72

Logan County Public Service District (West Virginia)

Loan of $2,190,000
0% Interest Rate, 40 Years
Closing Date: December 12, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/2026	14,313.72	-	14,313.72
12/01/2026	14,313.72	-	14,313.72
3/01/2027	14,313.72	-	14,313.72
6/01/2027	14,313.72	-	14,313.72
9/01/2027	14,313.72	-	14,313.72
12/01/2027	14,313.72	-	14,313.72
3/01/2028	14,313.72	-	14,313.72
6/01/2028	14,313.72	-	14,313.72
9/01/2028	14,313.72	-	14,313.72
12/01/2028	14,313.72	-	14,313.72
3/01/2029	14,313.72	-	14,313.72
6/01/2029	14,313.72	-	14,313.72
9/01/2029	14,313.72	-	14,313.72
12/01/2029	14,313.72	-	14,313.72
3/01/2030	14,313.72	-	14,313.72
6/01/2030	14,313.72	-	14,313.72
9/01/2030	14,313.72	-	14,313.72
12/01/2030	14,313.72	-	14,313.72
3/01/2031	14,313.72	-	14,313.72
6/01/2031	14,313.72	-	14,313.72
9/01/2031	14,313.72	-	14,313.72
12/01/2031	14,313.72	-	14,313.72
3/01/2032	14,313.72	-	14,313.72
6/01/2032	14,313.72	-	14,313.72
9/01/2032	14,313.72	-	14,313.72
12/01/2032	14,313.72	-	14,313.72
3/01/2033	14,313.72	-	14,313.72
6/01/2033	14,313.72	-	14,313.72
9/01/2033	14,313.72	-	14,313.72
12/01/2033	14,313.72	-	14,313.72
3/01/2034	14,313.72	-	14,313.72
6/01/2034	14,313.72	-	14,313.72
9/01/2034	14,313.72	-	14,313.72
12/01/2034	14,313.72	-	14,313.72
3/01/2035	14,313.72	-	14,313.72
6/01/2035	14,313.72	-	14,313.72
9/01/2035	14,313.72	-	14,313.72
12/01/2035	14,313.72	-	14,313.72
3/01/2036	14,313.72	-	14,313.72
6/01/2036	14,313.72	-	14,313.72
9/01/2036	14,313.72	-	14,313.72
12/01/2036	14,313.72	-	14,313.72
3/01/2037	14,313.72	-	14,313.72
6/01/2037	14,313.72	-	14,313.72
9/01/2037	14,313.72	-	14,313.72
12/01/2037	14,313.72	-	14,313.72
3/01/2038	14,313.72	-	14,313.72

Logan County Public Service District (West Virginia)

Loan of $2,190,000
0% Interest Rate, 40 Years
Closing Date: December 12, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2038	14,313.72	-	14,313.72
9/01/2038	14,313.72	-	14,313.72
12/01/2038	14,313.72	-	14,313.72
3/01/2039	14,313.72	-	14,313.72
6/01/2039	14,313.72	-	14,313.72
9/01/2039	14,313.72	-	14,313.72
12/01/2039	14,313.72	-	14,313.72
3/01/2040	14,313.72	-	14,313.72
6/01/2040	14,313.72	-	14,313.72
9/01/2040	14,313.72	-	14,313.72
12/01/2040	14,313.72	-	14,313.72
3/01/2041	14,313.72	-	14,313.72
6/01/2041	14,313.72	-	14,313.72
9/01/2041	14,313.72	-	14,313.72
12/01/2041	14,313.72	-	14,313.72
3/01/2042	14,313.72	-	14,313.72
6/01/2042	14,313.72	-	14,313.72
9/01/2042	14,313.72	-	14,313.72
12/01/2042	14,313.72	-	14,313.72
Total	**2,190,000.00**	-	**2,190,000.00**

YIELD STATISTICS

Bond Year Dollars	$45,923.08
Average Life	20.969 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	2.11E-10
Bond Yield for Arbitrage Purposes	2.11E-10
All Inclusive Cost (AIC)	2.11E-10

IRS FORM 8038

Net Interest Cost	-
Weighted Average Maturity	20.969 Years

SCHEDULE Z

None.

USDA

United States
Department of
Agriculture

Rural Development

Federal Building, Room 320
75 High Street
Morgantown, WV 26505
Telephone: (304) 284-4888
Fax: (304) 284-4892
TTY/TDD: (304) 284-5941

July 5,2000

James R. Jeffrey, Chairman
Logan County Public Service District
Suite 507, White and Browning Building
201 ½ Stratton Street
Logan, WV 25601

Dear Mr. Jeffrey:

This letter, with Attachments 1 through 13 and enclosures, establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan and grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an RUS loan in the amount of $600,000, an RUS grant in the amount of $2,400,000, and other funding in the amount of $10,800,000, for a total project cost of $13,800,000. The other funding is planned in the form of a loan and grant from the State of West Virginia and the Appalachian Regional Commission.

The loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you. The interest rate will be the lower of the rate in effect at the time of loan approval or the time of loan closing.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. The enclosures and attachments listed below are attached to the copies as noted. Enclosed are the following:

Attachment No. 1 - Project Construction Budget (All Copies)
Attachment No. 2 - Water and Waste Processing Checklist for Logan County PSD (All Copies)
Attachment No. 3 - RUS Instruction 1780, Subparts A and B (Applicant Copy)

Rural Development is an Equal Opportunity Lender. Complaints of discrimination should be sent to: Secretary of Agriculture, Washington, DC 20250.

PRINTED WITH

Attachment No. 4 - RUS Instruction 1780, Subpart C (Engineer Copy)
Attachment No. 5 - RUS Instruction 1780, Subpart D (Attorney and Bond Counsel Copies)
Attachment No. 6 - Agreement (RUS Bulletin 1780-13) (Engineer Copy)
Attachment No. 7 - Supplemental General Conditions (RUS Bulletin 1780-14) (Engineer Copy)
Attachment No. 8 - Government Auditing Standards (Revision 1994) (Accountant Copy)
Attachment No. 9 - RUS Bulletin 1780-30, "Water Programs Audit Guide and Compliance Supplement "
Attachment No. 10 - Sewer Users Agreement (Applicant and Attorney Copies)
Attachment No. 11 - Declination Statement (Applicant and Attorney Copies)
Attachment No. 12 - Labor Standards Provisions
Attachment No. 13 - Various other RD Forms as identified on Attachment No. 2

Your documents concerning the creation of your authority are administratively acceptable; however, they will be further reviewed by our Office of the General Counsel at the time your file is forwarded for closing instructions. Any changes required by our Office of the General Counsel will be included in the closing instructions.

The conditions referred to above are as follows:

1. Loan Repayment - The loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. Payments for the remaining 456 months will be equal amortized monthly installments. For planning purposes use a 5.125% interest rate and a monthly amortization factor of 0.00499, which provides for a monthly payment of $2,994.00. You have the option of participating in the PREAUTHORIZED DEBIT (PAD) payment process. It will allow for your payment to be electronically debited from your account on the day your payment is due. Your authority must establish and fund monthly a debt service reserve account and a depreciation reserve account, which together equal 10% of the annual debt service each year for the life of the loan. Five percent (5%) will be deposited into both accounts until an annual debt payment has been accumulated. Thereafter, the entire 10% will be deposited into the depreciation reserve account.

   You are reminded that your authority may be required to refinance (graduate) the unpaid balance of its RUS loan, in whole or in part, upon the request of RUS if at any time it shall be determined the authority is able to obtain a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time.

2. Security - The loan must be secured by a statutory lien of equal priority with the PSD's existing sewer revenue bonds, a pledge of the system's revenues and other agreements between you and RUS as set forth in the bond resolution which must be properly adopted and executed by the appropriate officials of your organization. Additional security requirements are contained in RUS Bulletin 1780-12 and RUS Bulletin 1780-27 which are mentioned later.

3. Users - This conditional commitment is based upon you providing evidence that you will have at least 1,096 bona fide users on the proposed system when it has been completed and is placed in operation.

   The enclosed Sewer Users Agreement will be used. Each user signing an agreement must make a user contribution of $150.00. Each potential user who is located along planned lines and declines the offered service will be provided an opportunity to sign a "Service Declination Statement." A guide "Service Declination Statement" is attached for your use. If a potential user refuses to sign either a user agreement or a declination statement, the individual making the contact for the PSD should complete the declination statement for that potential user and note thereon his/her visit with the potential user, the potential user's refusal to sign, and the reason therefore. The declination statement should also be dated and signed by the individual making the contact.

   Before RUS can agree to the project being advertised for construction bids, you must provide evidence that the total required number of bona fide users has been acquired and that all potential users have been offered the proposed service. Information and material evidencing compliance with this requirement must consist of (1) signed user agreements, (2) signed service declination statements, (3) records evidencing user contributions having been paid, (4) a map locating each potential user's property in the new service area identifying it by number, (5) a list of all signed bona fide users numbered so as to be a cross-reference with the map, and (6) a list of all declination statements numbered so as to be a cross-reference with the map.

4. Bond Counsel - The services of a recognized bond counsel are required. The bond counsel will prepare the form of resolution to be used, in accordance with Subpart D of RUS Instruction 1780. You should immediately provide your bond counsel with a copy of this letter of conditions, its attachments and enclosures.

5. Accounting Services - You must obtain the services of a qualified accountant. The accountant must agree to develop and provide the following:

   a. All necessary accounting material required by the Public Service Commission of West Virginia (Rule 42 Exhibit).

b. Prior to the advertisement of bids, your accountant must certify that the accounts and records as required by your bond resolution have been established and are operational.

The Accountant's Agreement should be submitted to RUS for review. Compensation in the contract should include only those services identified above and not include payment for construction management services from the accountant unless RUS concurrence is obtained.

RUS regulations (Attachment No. 3) outline requirements for the submission of management reports and audits. Appropriate state statutes place certain audit requirements on the PSD. The attached booklets, "Government Auditing Standards (Revised 1994)" (Attachment No. 8) and RUS Bulletin 1780-30 (Attachment No. 9) outline audit requirements. You are reminded that certain provisions of the Office of Management and Budget Circular A-133 are applicable to any public body or nonprofit association that expends $300,000 or more in federal funds in any one fiscal year. You must enter into an agreement annually with an accountant (or the State Tax Department) to perform the audit. The agreement must be in accordance with the requirements of the State Tax Commissioner of West Virginia. Compensation for preparation of the A-133 audit or your annual audit is not included in project funds and should be paid from the operational revenues generated from your system operation.

6. Facility Control - Prior to advertisement for construction bids, you must furnish satisfactory evidence that you have or can obtain adequate continuous and valid control over the lands and rights needed for the project. Such evidence must be in the following form:

   a. A right-of-way map showing clearly the location of all lands and rights needed for the project. The map must designate public and private lands and rights and the appropriate legal ownership thereof.

   b. A copy of deeds, contracts or options for any lands needed other than rights-of-way, along with a preliminary title opinion covering such lands. Form RD 1927-9, "Preliminary Title Opinion" may be used. In the case of your existing system or where the PSD already acquired real property (land or facilities), a preliminary title opinion(s) concerning all such property(s) will be provided.

   c. A narrative opinion from your attorney concerning all permits, certifications and other items necessary to show that all legal requirements can be met and stating how they will be met. This narrative should also identify any condemnation proceedings that are anticipated and state how they will be handled.

d. A certification and legal opinion relative to title to rights-of-way and easements. Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way," may be used. This form may contain a few exceptions such as properties that must be condemned; however, prior to the start of construction or loan closing, whichever occurs first, a new Form RD 442-22, must be provided which does not provide for any exceptions.

e. On the day of loan closing, the PSD's attorney must furnish final title opinions on all land(s) being acquired. Form RD 1927-10, "Final Title Opinion" may be used. In the case of your existing system or where the PSD has already acquired real property(s) (land or facilities), the PSD's attorney will provide a separate final title opinion(s) covering such property(s) on the day of loan closing.

7. Permits - Copies of all permits needed for the project must be provided for review prior to advertisement for construction bids. Such permits will include but are not limited to the following:

- West Virginia Department of Highways
- Railroads
- State Department of Health
- Department of Environmental Protection
- Corps of Engineers
- Public Land Corporation

8. Public Service Commission Approvals - You must obtain the following from the Public Service Commission of West Virginia:

a. A Certificate of Convenience and Necessity.

b. Approval of user charges that are acceptable to you and the Rural Utilities Service.

c. Approval of financing for the project's proposed financing arrangements.

The "Rule 42" Exhibit to be attached to the Public Service Commission application must contain at least the information shown in Attachment No. 1. A copy of the Public Service Commission application and its "Rule 42" Exhibit must be provided for review.

9. Insurance and Bonding Requirements - Prior to preliminary loan closing, you must acquire the following insurance and bond coverage:

a. Liability Insurance - Personal Liability - $500,000; Property Damage - $200,000 - $200,000. The limits of liability coverage noted herein should be

considered as suggested amounts only. RUS recommends that you consider analyzing your actual needs in detail before you obtain coverage in a specific amount.

b. Workers' Compensation - In accordance with appropriate State laws.

c. Position Fidelity Bond(s) - All positions occupied by persons entrusted with the receipt and/or disbursement of funds must be bonded. As a good business practice you will probably wish to have each position bonded in an amount equal to the maximum amount of funds to be under the control of that position at any one time. The minimum coverage acceptable to RUS will be for each position to be bonded for an amount at least equal to one annual installment on your loan(s).

d. National Flood Insurance - In addition to meeting the requirements for the type of assistance requested, the following requirements must be met for financial assistance for acquisition and/or construction in designated special flood or mudslide prone areas:

(1) If flood insurance is available, you must purchase a flood insurance policy at the time of loan closing.

(2) Applicants whose buildings, machinery or equipment are to be located in a community which has been notified as having special flood or mudslide prone areas will not receive financial assistance where flood insurance is not available.

e. Real Property Insurance - Prior to the acceptance of the facility from the contractor(s), you must obtain real property insurance (fire and extended coverage) on all above-ground structures, to include machinery and equipment housed therein. This does not apply to water reservoirs, standpipes, elevated tanks or noncombustible materials used in treatment plants, clearwells, filters and the like.

10. Contract Documents, Final Plans and Specifications -

a. The contract documents should consist of the following:

(1) "Agreement" (RUS Bulletin 1780-13) and Attachments 1 through 9, or other agreement approved by RUS. One copy of this item is attached hereto (Attachment No. 6).

(2) "Supplemental General Conditions" (RUS Bulletin 1780-14). One copy of this item is attached hereto (Attachment No. 7). Additional copies must be reproduced by the engineer.

(3) "Labor Standards Provisions" - Title 29, Subtitle A, Part 5, Section 5.5, Contract Provisions and Related Matters. One copy of this item is attached hereto (Attachment No. 12). Additional copies must be reproduced by the engineer.

b. The contract documents must provide, as a minimum, the following insurance:

(1) Liability Insurance - Personal Liability - $500,000; Property Damage - $200,000 - $200,000. This coverage must include indemnification of the PSD and its engineer. RUS Bulletin 1780-13, Attachment 9, suggests certain limits of liability for insurance coverage. Those limits should be considered as minimum requirements only. It is recommended you consider increasing the given limits of liability after analyzing your specific needs.

(2) Builder's Risk Insurance - On all structures and mechanical and electrical equipment in place or stored on the site to the full insurable value thereof.

(3) Workers' Compensation - In accordance with applicable State laws.

c. The contract documents and final plans and specifications must be submitted to RUS for approval.

d. The project must be designed in compliance with Section 504 of the Rehabilitation Act of 1973.

11. Interim Financing - Interim financing will be used for the RUS loan if it is available at reasonable rates and terms. You must provide RUS with a copy of the tentative agreement reached in connection with interim financing. A copy of the proposed agreement should be provided for RUS review.

12. Disbursement of Funds - The RUS funds will be advanced as they are needed in the amount(s) necessary to cover the RUS proportionate share of any disbursements required of the PSD, over 30 day periods. Any funds not disbursed immediately upon receipt must be deposited in an interest bearing account in accordance with OMB Circular A-133. Interest earned on these funds must be remitted promptly, at least quarterly, to the Rural Utilities Service. The PSD must assure that all project funds are expended only for the eligible items included in the final project budget or as may be later approved by RUS.

13. Other Grants - Prior to advertisement for construction bids, you must provide evidence showing the approval of the other grants. This evidence should include a copy of the grant award. Prior to award of the contract(s) to the contractor(s), you must provide evidence that the "other" grant funds are available for expenditure. This evidence should consist of at least a letter from the grantor stating the funds are available for expenditure.

14. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided:

    Form RD 442-7 - "Operating Budget"
    Form RD 1940-1 - "Request for Obligation of Funds"
    RUS Bulletin 1780-12 - "Water or Waste System Grant Agreement"
    RUS Bulletin 1780-27 - "Loan Resolution (Public Bodies)"
    Form RD 400-1 - "Equal Opportunity Agreement"
    Form RD 400-4 - "Assurance Agreement"
    Form AD 1047 - "Certification Regarding Debarment - Primary"
    Form AD 1049 - "Certification Regarding Drug-Free Workplace"
    Form RD 1910-11 - "Applicant Certification, Federal Collection Policies"
    FmHA Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans"

15. The enclosed Water and Waste Processing Checklist (Attachment No. 2) outlines the items needed to complete the loan and grant docket. All the items listed must be included in the loan and grant docket when it is forwarded to the USDA - Rural Development State Office with a request for loan closing instructions to be issued.

16. Upon receipt of the loan and grant docket, which contains all the items required above, RUS may authorize you to advertise the project for construction bids. Such advertisement must be in accordance with appropriate State statutes. Immediately after bid opening you must provide RUS with (a) a bid tabulation, (b) recommendations from you and your engineer as to the acceptability of the bids received, and (c) your recommendations for contract awards. If all parties then agree the construction bids received are acceptable, it is determined that adequate funds are available to cover the total facility costs, and that all the administrative conditions of loan approval have been satisfied, loan closing instructions will be issued. The closing instructions, a copy of which will be forwarded to you, will set forth any further requirements that must be met before the loan can be closed.

    When all parties agree that the closing requirements can be met, a mutually acceptable date for the loan closing will be scheduled.

Attached is a copy of RUS Bulletin 1780-12, "Water and Waste System Grant Agreement," for your review. You will be required to execute a completed form at the time of grant closing.

Any applicant contribution shall be considered as the first funds expended. After providing for all authorized costs, any remaining RUS project funds will be considered to be RUS grant funds and refunded to RUS. If the amount of unused RUS project funds exceeds the RUS grant, that part would be RUS loan funds.

In accordance with the intent of Congress as expressed in the FY 1997 Appropriations Act, recipients of water and waste assistance provided by the Rural Utilities Service are encouraged, in expending the assistance, to purchase only American-made equipment and products.

Please complete and return the enclosed Form RD 1942-46, "Letter of Intent to Meet Conditions," if you desire further consideration be given your application.

If the conditions set forth in this letter are not met within six (6) months from the date hereof, RUS reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the six-month period and it is determined the authority still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If during that review, it is determined the budget is no longer current and/or adequate, RUS reserves the right to require that it be revised or replaced.

We believe the information herein clearly sets forth the actions which must be taken; however, if you have any questions, please do not hesitate to contact me.

Sincerely yours,

BOBBY LEWIS
State Director

Enclosures

cc: See Page 10

cc: Administrator, RUS
ATTN: Water and
Environmental Programs
Washington, DC

Rural Development Specialist
Parkersburg, WV

Accountant

James A. Walker, Esquire
P.O. Box 358
Logan, WV 25601

Bond Counsel

Haworth, Meyer and Boleyn, Inc.
325 Sixth Avenue
South Charleston, WV 25303

Attachment No. 1 to Letter of Conditions
For: Logan County PSD (S)
Date: July 5,2000

Project Construction Budget

Project Costs	ARC Grant	SCB Grant	SRF Loan	WVIJDC Loan	WVIJDC Grant	RUS Grant	RUS Loan	Total
Step I Repayment			$52,600	$9,500			$5,100	$67,200
Permits			4,800	1,100	$1,500	$2,100	500	10,000
Construction	$1,000,000	$1,200,000	4,340,300	781,800	1,579,000	1,894,700	422,200	11,218,000
Construction Contg.			535,200	96,200	194,900	233,600	52,100	1,112,000
Land and Rights			86,600	15,600	31,500	37,800	8,500	180,000
Legal / Financial			31,300	5,600	11,400	13,700	3,000	65,000
Engineering Fees			418,800	75,500	152,400	182,800	40,700	870,200
Basic - $616,860								
Inspection - $220,000								
Special - $33,340								
Bond Counsel			19,000	3,700	7,000	8,500	1,800	40,000
Interest							60,000	60,000
Administration		50,000						50,000
Project Contg.			61,400	11,000	22,300	26,800	6,100	127,600
TOTAL	$1,000,000	$1,250,000	$5,550,000	$1,000,000	$2,000,000	$2,400,000	$600,000	$13,800,000

Use and Income Analysis

Metered Residential Users:

Customer Charge - 978 users x $22.74/month x 12 months = $266,876.64

Commodity Charge - 4,279,736 gallons/month @ $3.65/1,000 gallons
x 12 months = $187,452.44

Metered Non-Residential Users:

Customer Charge - 12 users x $22.74/month x 12 months = $3,274.56

Commodity Charge - 1,299,680 gallons/month @ $3.65/1,000 gallons
x 12 months = $56,925.98

Flat Rate Customers: (Based on 4,300 gallons of water usage)

106 users x $38.44/month x 12 months = $48,895.68

Total Number of Users - 1,096
Total Annual Income - $563,425

Budget

Income		$563,425
Expenses		
O & M	$265,300	
*Debt Service	260,728	
**Debt Service Reserve	35,516	
***Depreciation Reserve	1,797	
		$563,341
Balance and Depreciation		$ 84

Operating and Maintenance Expenses

Electricity	$ 71,000
Treatment	101,500
Maintenance	20,000
Collection and Pumping	28,000
Office Expenses	27,500
Transportation	6,000
Administration and Permits	11,300
TOTAL	$265,300

*Existing Debt Service -	-0-
Proposed Debt Service -	$260,728
Total Debt Service -	$260,728

** Existing Debt Service Reserve	-0-
Proposed Debt Service Reserve	$ 35,516
Total Debt Service Reserve	$ 35,516

*** Existing Depreciation Reserve	-0-
Proposed Depreciation Reserve	$ 1,797
Total Depreciation Reserve	$ 1,797

Attachment No. 2 to Letter of Conditions
For: Logan County PSD (S)
Date: July 5,2000

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE
Water and Waste Processing Checklist

Form No.	Document or Action	No. Needed	Proced. Ref.	Provided by	Target Date	Date Rec'd	File Pos.
SF 424.2	Application for Federal Assistance	3	1780.31(b)	App.		Have	3
	Public Notice of Intent to File App. / Environ. Notice	1	1780.19(a) 1940-G	App.		Have	3
	Regional Planning & Development Council Review	2	1780.33(b)	App.		Have	3
	State Clearing-house Review or IJDC Review	2	1780.33(b)	App.		Have	3
Bulletins 1780-2 1780-3	Preliminary Engineering Report	2	1780.33(c)	Eng.		Have	6
	Audit for last year of operation	1	1780.33(e)	App./Acct.		Have	1
AD 1049	Certification Regarding Drug-Free Workplace	1	1780.33(h)	App.			5

Form No.	Document or Action	No. Needed	Proced. Ref.	Provided by	Target Date	Date Rec'd	File Pos.
	Minutes Adopting Drug-Free Workplace Program	1	LOC	App.			5
RD 1940-20	Request for Env. Info/ Attachments	2	1780.33(f)	App./Eng.		Have	3
Bulletin 1780-22	Applicant Eligibility Certification/ Other Credit Certification	1	1780.33(d)	App.			3
Exhibit A / A-1	Certifications Regarding Lobbying	2	1780.33(h)	App.			2
	Env. Assess-ment for Class II Actions (Exhibit H, 1940-G)	2	1940-G	RUS/Eng.		Have	3
	Site Visit		S.I. 1780-2	RUS		Have	3
	Statement from Historical Preservation Office	2	Exhibit H 1940-G	App.		Have	3
	Comments from Dept. of Commerce, Labor & Environ. Resources (DEP)	2	Exhibit H 1940-G	App.		Have	3
	Comments from U.S. Fish and Wildlife Service (Endangered Species)	2	Exhibit H 1940-G	App.		Have	3

Form No.	Document or Action	No. Needed	Proced. Ref.	Provided by	Target Date	Date Rec'd	File Pos.
	Comments from U.S. Forest Service (Wild & Scenic Rivers)	2	Exhibit H 1940-G	App.		Have	3
	Farmland Conversion Impact Rating	1	Exhibit H 1940-G	RUS/ NRCS		Have	3
	FEMA Standard Flood Hazard Determination	2	1940-G	RUS/Eng.		Have	3
	Civil Rights Impact Analysis Certification	2	1940-G	RUS/Eng.		Have	3
	FONSI / Evidence of Publication	1	Exhibit 1 RD 1940-G News Ad	RUS/App.		Have	3
	Copy of Existing Rate Tariff	2	1780.33	App.		Have	8
	Applicant's IRS Tax Number (TIN)	1	1780.33(g)	App.		Have	3
	Agency Determination on the Availability of "Other Credit" with Documentation	1	1780.7(d)	RUS			3
	Agency Determination on Procurement	1	1780.70(d)	RUS			6
	Processing Conference	1	1780.39(a)	RUS		Have	3
	Staff Engineer PER Review	1	1780.33(c)	RUS			6
	Staff Review Financial Statements	1	S.I. 1780.2	RUS			1

Form No.	Document or Action	No. Needed	Proced. Ref.	Provided by	Target Date	Date Rec'd	File Pos.
	Bill Analysis for existing system(s)	2	1780.33(c)	App./Eng.			8
	Projected Bill Analysis for New Users	2	1780.33(c)	App./Eng.			8
	Statement reporting the total number of potential users		1780.33(c)	App./Eng.			8
RD 1942-19 or other approved	Agreement between Owner & Engineer	3	1780.39(b)	App./Eng.		Have	6
Bulletin 1780-7 or other approved	Legal Services Agreement with Local Attorney	3	1780.39 (b)(2)	App./Atty.		Have	5
	Legal Services Agreement with Bond Counsel	1	1780.39 (b)(3)	App./ Bond Counsel			5
	Agreement for Accounting Services	1	1780.39 (b)(2)	App./Acct.			5
	Documentation on Service Area	1	1780.11	RUS			3
	Relationships/ Associations with Agency Employees	1	1780.1(f)				3
Auto. Form	Grant Determination	3	1780.35(b)	RUS			
RD 1942-45	Project Summary	3	1780.41(a)	RUS			1

Form No.	Document or Action	No. Needed	Proced. Ref.	Provided by	Target Date	Date Rec'd	File Pos.
RD 442-7	Operating Budget	3	1780.33(h)	App.			3
RD 1942-14	Project Fund Analysis	3	1780.41(a)	RUS			2
Bulletin 1780-1	Project Selection Criteria	2	1780.17	RUS			1
	Letter of Conditions	7	1780.41 (a)(5)	RUS			3
RD 1942-46	Letter of Intent to Meet Conditions	2	1780.41 (a)(6)	App.			3
RD 1940-1	Request for Obligation of Funds	4	1780.41(a)	RUS/App.			2
Bulletin 1780-12	Association Water or Sewer System Grant Agreement	2	1780.45(c)	RUS/App.			2
	Evidence of "Other Funds"	1	1780.44(f)	App.			2
	Evidence of Applicant Contribution	1	1780.44(f)	App.			2
	Sewer Users Agreement or State Health Department Mandatory Hook-Up Commitment Letter	1	1780.39(c)	App.			5

Form No.	Document or Action	No. Needed	Proced. Ref.	Provided by	Target Date	Date Rec'd	File Pos.
AD 1047	Certification Regarding Debarment (Primary)	1	1780.33(h)	App.			5
AD 1048	Certification Regarding Debarment (Contractor)	1 ea.	1780.33(h)	All Appropriate Vendors			5
RD 1910-11	Applicant Certification, Federal Collection Policies	1	1780.33(h)	App.			3
	Evidence of Users:						
	1. Map of Users with each identified by number	1	LOC	App.			Sep. File
	2. List of Signed Users Numbered to Map	1	LOC	App.			5
	3. List of Declination Statements Numbered to Map	1	LOC	App.			5
	4. Evidence of Tap Fees Being Paid	1	LOC	App.			5
	5. Having Users Agreements and Declination Statements Available		LOC	App.			

Form No.	Document or Action	No. Needed	Proced. Ref.	Provided by	Target Date	Date Rec'd	File Pos.
	6. Certification Relative to Existing Users	1	LOC	App.			5
	Positive Program to Encourage Connections when Completed	1	1780.39 (c)(5)	App.			5
	Verification of Users	1	1780.44(b)	RUS			3
	Preliminary Bond Transcript Documents w/o Defeasance Provisions	2	1780.83	Bond Counsel			5
	Right-of-Way Map	1	1780.44(g)	Eng.			Sep. File
	Deeds and/or Options		1780.44(g)	App./Atty.			
RD 1927-9	Preliminary Title Opinion	1	1780.44 (g)(2)	App./Atty.			5
RD 1927-10	Final Title Opinion	1	1780.44 (g)(2)	App./Atty.			5
	Narrative Opinion from Attorney	1	1780.44(g)	Atty.			5
RD 442-22	Opinion of Counsel Relative to R/Ways		1780.44 (g)(1)	Atty.			5
Bulletin 1780-27	Loan Resolution	1	1780.45 (a)(2)	App.			5
	Copy of PSC Rule 42 Exhibit	1	State	Atty./Acct.			3

Form No.	Document or Action	No. Needed	Proced. Ref.	Provided by	Target Date	Date Rec'd	File Pos.
Lender Agrmnt/ Bulletin 1780-10/ 1780-10a	Interim Financing Documentation	1	1780.39(d)	App./RUS			1
RD 400-1	Equal Opportunity Agreement	1	1901-E	App.			6
RD 400-4	Assurance Agreement	1	1901-E	App.			3
	Bond Transcript Documents w/o Defeasance Provisions	3	1780.83	Bond Counsel			Sep. File
	OGC Closing Instructions	1	1780.44(h)	RUS			5
	S/O Closing Instructions	1	1780.44(h)	RUS			5
	DOH Permit	1	1780.15(d)	App.			6
	Railroad Permits	1	1780.15(d)	App.			6
	Public Land Corp. Permit	1	1780.15(d)	App.			6
	Corps of Engineers Permit	1	1780.15(d)	App.			6
	Contract Documents, Plans and Specifications	2		Eng.			Sep. File
	Dept. of Health Approval	1	1780.15(d)	Eng.			6
	Dept. of Environmental Protection Permit	1		Eng.			6

Form No.	Document or Action	No. Needed	Proced. Ref. 1901-H	Provided by	Target Date	Date Rec'd	File Pos.
400-8	Comp. Review	1	1901.204	RUS			5
1924-16	Record of PreConstruction Conference	1	1780.76(a)	RUS/Eng.			6
	Bid Tabulation	1	1780.61(b)	Eng.			6
	Resume' of Inspector	1	1780.76(c)	Eng.			6
	Liability Insurance		1780.39(g)	App.			7
	Workers' Compensation Certificate	1	1780.39(g)	App.			7
	Flood Insurance Policy	1	1780.39(g)	App.			7
440-24	Fidelity Bond	1	1780.39(g)	App.			7
	OGC Final Opinion	1	1780.45(g)	RUS			5

Subpart D - Information Pertaining to Preparation of Notes or Bonds and Bond Transcript Documents for Public Body Applicants Subpart D - Information Pertaining to Preparation of Notes or Bonds and Bond Transcript Documents for Public Body Applicants"

§1780.80 General.

This subpart includes information for use by public body applicants in the preparation and issuance of evidence of debt (bonds, notes, or debt instruments, referred to as bonds in this subpart) and other necessary loan documents.

§1780.81 Policies related to use of bond counsel.

The applicant is responsible for preparation of bonds and bond transcript documents. The applicant will obtain the services and opinion of recognized bond counsel experienced in municipal financing with respect to the validity of a bond issue, except for issues of $100,000 or less. With prior approval of the approval official, the applicant may elect not to use bond counsel. Such issues will be closed in accordance with the following:

(a) The applicant must recognize and accept the fact that application processing may require additional legal and administrative time;

(b) It must be established that not using bond counsel will produce significant savings in total legal costs;

(c) The local attorney must be able and experienced in handling this type of legal work;

(d) The applicant must understand that it will likely have to obtain an opinion from bond counsel at its expense should the Agency require refinancing of the debt;

(e) Bonds will be prepared in accordance with this regulation and conform as closely as possible to the preferred methods of preparation stated in §1780.94; and

(f) Closing instructions must be issued by OGC.

§1780.82 [Reserved]

§1780.83 Bond transcript documents

Any questions relating to Agency requirements should be discussed with Agency representatives. Bond counsel or local counsel, as appropriate, must furnish at least two complete sets of the following to the applicant, who will furnish one complete set to the Agency:

(a) Copies of all organizational documents;

(b) Copies of general incumbency certificate;

(c) Certified copies of minutes or excerpts from all meetings of the governing body at which action was taken in connection with the authorizing and issuing of the bonds;

(d) Certified copies of documents evidencing that the applicant has complied fully with all statutory requirements incident to calling and holding a favorable bond election, if one is necessary;

(e) Certified copies of the resolutions, ordinances, or other documents such as the bond authorizing resolutions or ordinances and any resolution establishing rates and regulating use of facility, if such documents are not included in the minutes furnished;

(f) Copies of the official Notice of Sale and the affidavit of publication of the Notice of Sale when State statute requires a public sale;

(g) Specimen bond, with any attached coupons;

(h) Attorney's no-litigation certificate;

(i) Certified copies of resolutions or other documents pertaining to the bond award;

(j) Any additional or supporting documents required by bond counsel;

(k) For loans involving multiple advances of Agency loan funds, a preliminary approving opinion of bond counsel (or local counsel if no bond counsel is involved) if a final unqualified opinion cannot be obtained until all funds are advanced. The preliminary opinion for the entire issue shall be delivered at or before the time of the first advance of funds. It will state that the applicant has the legal authority to issue the bonds, construct, operate and maintain the facility, and repay the loan, subject only to changes occurring during the advance of funds, such as litigation resulting from the failure to advance loan funds, and receipt of closing certificates;

(l) Final unqualified approving opinion of bond counsel, (and preliminary approving opinion, if required) or local counsel if no bond counsel is involved, including an opinion as to whether interest on bonds will be exempt from Federal and State income taxes. With approval of the State program official, a final opinion may be qualified to the extent that litigation is pending relating to Indian claims that may affect title to land or validity of the obligation. It is permissible for such opinion to contain language referring to the last sentence of Section 306 (a)(1) or to Section 309A (h) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926 (a)(1) or 1929a (h)).

§§1780.84 and 1780.86 [Reserved]

§1780.87 Permanent instruments for Agency loans.

Agency loans will be evidenced by an instrument determined legally sufficient and in accordance with the following order of preference:

(a) First preference - Form RD 440-22, "Promissory Note". Refer to paragraph (b) of this section for methods of various frequency payment calculations.

(b) Second preference - single instruments with amortized installments. A single instrument providing for amortized installments which follows Form RD 440-22 as closely as possible. The full amount of the loan must show on the face of the instrument, and there must be provisions for entering the date and amount of each advance on the reverse or an attachment. When principal payments are deferred, the instrument will show that "interest only" is due on interest-only installment dates, rather than specific dollar amounts. The payment period including the "interest only" installment cannot exceed 40 years, the useful life of the facility, or State statute limitations, whichever occurs first. The amortized installment, computed as follows, will be shown as due on installment dates thereafter.

(1) Monthly payments. Multiply by twelve the number of years between the due date of the last interest-only installment and the final installment to determine the number of monthly payments. When there are no interest-only installments, multiply by twelve the number of years over which the loan is amortized. Then multiply the loan amount by the amortization factor and round to the next higher dollar.

(2) Semiannual payments. Multiply by two the number of years between the due date of the last interest-only installment and the due date of the final installment to determine the correct number of semiannual periods. When there are no interest-only installments, multiply by two the number of years over which the loan is amortized. Then multiply the loan amount by the applicable amortization factor.

(3) Annual payments. Subtract the due date of the last interest-only installment from the due date of the final installment to determine the number of annual payments. When there are no interest-only installments, the number of annual payments will equal the number of years over which the loan is amortized. Then multiply the loan amount by the applicable amortization factor and round to the next higher dollar.

(c) Third preference - single instruments with installments of principal plus interest. If a single instrument with amortized installments is not legally permissible, use a single instrument providing for installments of principal plus interest accrued on the principal balance. For bonds with semiannual interest and annual principal, the interest is calculated by multiplying the principal balance times the interest rate and dividing this figure by two. Principal installments are to be scheduled so that total combined interest and principal payments closely approximate amortized payments.

(1) The repayment terms concerning interest only installments described in paragraph (b) of this section apply.

(2) The instrument shall contain in substance provisions indicating:

(i) Principal maturities and due dates;

(ii) Regular payments shall be applied first to interest due through the next principal and interest installment due date and then to principal due in chronological order stipulated in the bond; and

(iii) Payments on delinquent accounts will be applied in the following sequence:

(A) billed delinquent interest;

(B) past due interest installments;

(C) past due principal installments;

(D) interest installment due; and

(E) principal installment due.

(d) Fourth preference - serial bonds with installments of principal plus interest. If instruments described under the first, second, and third preferences are not legally permissible, use serial bonds with a bond or bonds delivered in the amount of each advance. Bonds will be numbered consecutively and delivered in chronological order. Such bonds will conform to the minimum requirements of §1780.94. Provisions for application of payments will be the same as those set forth in paragraph (c)(2)(ii) of this section.

(e) Coupon bonds. Coupon bonds will not be used unless required by State statute. Such bonds will conform to the minimum requirements of §1780.94.

§1780.88 [Reserved]

§1780.89 Multiple advances of Agency funds using permanent instruments.

Where interim financing from commercial sources is not used, Agency loan proceeds will be disbursed on an "as needed by borrower" basis in amounts not to exceed the amount needed during 30-day periods.

§1780.90 Multiple advances of Agency funds using temporary debt instruments.

When none of the instruments described in §1780.87 are legally permissible or practical, a bond anticipation note or similar temporary debt instrument may be used. The debt instrument will provide for multiple advances of Agency funds and will be for the full amount of the Agency loan. The instrument will be prepared by bond counsel, or local counsel if bond counsel is not involved, and approved by the State program official and OGC. At the same time the Agency delivers the last advance, the borrower will deliver the permanent bond instrument and the canceled temporary instrument will be returned to the borrower. The approved debt instrument will show at least the following:

(a) The date from which each advance will bear interest;

(b) The interest rate as determined by §1780.13;

(c) A payment schedule providing for interest on outstanding principal at least annually; and

(d) A maturity date which shall be no earlier than the anticipated issuance date of the permanent instruments and no longer than the 40-year statutory limit.

§§1780.91 - 1780.93 [Reserved]

§1780.94 Minimum bond specifications.

The provisions of this section are minimum specifications only and must be followed to the extent legally permissible.

(a) Type and denominations. Bond resolutions or ordinances will provide that the instruments be either a bond representing the total amount of the indebtedness or serial bonds in denominations customarily accepted in municipal financing (ordinarily in multiples of not less than $1,000). Single bonds may provide for repayment of principal plus interest or amortized installments. Amortized installments are preferred by the Agency.

(b) Bond registration. Bonds will contain provisions permitting registration for both principal and interest. Bonds purchased by the Agency will be registered in the name of "United States of America" and will remain so registered at all times while the bonds are held or insured by the Government. The Agency address for registration purposes will be that of the Finance Office.

(c) Size and quality. Size of bonds and coupons should conform to standard practice. Paper must be of sufficient quality to prevent deterioration through ordinary handling over the life of the loan.

(d) Date of bond. Bonds will normally be dated as of the day of delivery. However, the borrower may use another date if approved by the Agency. Loan closing is the date of delivery of the bonds or the date of delivery of the first bond when utilizing serial bonds, regardless of the date of delivery of the funds. The date of delivery will be stated in the bond if different from the date of the bond. In all cases, interest will accrue from the date of delivery of the funds.

(e) Payment date. Loan payments will be scheduled to coincide with income availability and be in accordance with State law.

(1) If income is available monthly, monthly payments are recommended unless precluded by State law. If income is available quarterly or otherwise more frequently than annually, payments must be scheduled on such basis. However, if State law only permits principal plus interest (P&I) type bonds, annual or semiannual payments will be used.

(2) The payment schedule will be enumerated in the evidence of debt, or if that is not feasible, in a supplemental agreement.

(3) If feasible, the first payment will be scheduled one full month, or other period, as appropriate, from the date of loan closing or any deferment period. Due dates falling on the 29th, 30th, and 31st day of the month will be avoided. When principal payments are deferred, interest-only payments will be scheduled at least annually.

(f) Extra payments. Extra payments are derived from the sale of basic chattel or real estate security, refund of unused loan funds, cash proceeds of property insurance and similar actions which reduce the value of basic security. At the option of the borrower, regular facility revenue may also be used as extra payments when regular payments are current. Unless otherwise established in the note or bond, extra payments will be applied as follows:

(1) For loans with amortized debt instruments, extra payments will be applied first to interest accrued to the date of receipt of the payment and second to principal.

(2) For loans with debt instruments with P&I installments, the extra payment will be applied to the final unpaid principal installment.

(3) For borrowers with more than one loan, the extra payment will be applied to the account secured by the lowest priority of lien on the property from which the extra payments was obtained. Any balance will be applied to other Agency loans secured by the property from which the extra payment was obtained.

(4) For assessment bonds, see paragraph (k) of this section.

(g) The place of payments on bonds purchased by the Agency will be determined by the Agency.

(h) Redemptions. Bonds will normally contain customary redemption provisions. However, no premium will be charged for early redemption on any bonds held by the Government.

(i) Additional revenue bonds. Parity bonds may be issued to complete the project. Otherwise, parity bonds may not be issued unless acceptable documentation is provided establishing that net revenues for the fiscal year following the year in which such bonds are to be issued will be at least 120 percent of the average annual debt serviced requirements on all bonds outstanding, including the newly-issued bonds. For purposes of this section, net revenues are, unless otherwise defined by State statute, gross revenues less essential operation and maintenance expenses. This limitation may be waived or modified by the written consent of bondholders representing 75 percent of the then-outstanding principal indebtedness. Junior and subordinate bonds may be issued in accordance with the loan resolution.

(j) Precautions. The following types of provisions in debt instruments should be avoided:

(1) Provisions for the holder to manually post each payment to the instrument.

(2) Provisions for returning the permanent or temporary debt instrument to the borrower in order that it, rather than the Agency, may post the date and amount of each advance or repayment on the instrument.

(3) Provisions that amend covenants contained in Forms RD 1942-47 or RD 1942-9.

(4) Defeasance provisions in loan or bond resolutions. When a bond issue is defeased, a new issue is sold which supersedes the contractual provisions of the prior issue, including the refinancing requirement and any lien on revenues. Since defeasance in effect precludes the Agency from requiring refinancing before the final maturity date, it represents a violation of the statutory refinancing requirement; therefore, it is disallowed. No loan documents shall include a provision of defeasance.

(k) Assessment bonds. When security includes special assessment to be collected over the life of the loan, the instrument should address the method of applying any payments made before they are due. It may be desirable for such payments to be distributed over remaining payments due, rather than to be applied in accordance with normal procedures governing extra payments, so that the account does not become delinquent.

(l) Multiple debt instruments. The following will be adhered to when preparing debt instruments:

(1) When more than one loan type is used in financing a project, each type of loan will be evidenced by a separate debt instrument or series of debt instruments;

(2) Loans obligated in different fiscal years and those obligated with different terms in the same fiscal year will be evidenced by separate debt instruments;

(3) Loans obligated for the same loan type in the same fiscal year with the same term may be combined in the same debt instrument;

(4) Loans obligated in the same fiscal year with different interest rates that will be closed at the same interest rate may be combined in the same debt instrument.

§1780.95 Public bidding on bonds.

Bonds offered for public sale shall be offered in accordance with State law and in such a manner to encourage public bidding. The Agency will not submit a bid at the advertised sale unless required by State law, nor will reference to Agency's rates and terms be included. If no acceptable bid is received, the Agency will negotiate the purchase of the bonds.

§§1780.96 - 1780.100 [Reserved]

United States Department of Agriculture

Rural Development

Federal Building
75 High Street, Room 320
Morgantown, WV 26505-7500
Phone (304) 284-4888
FAX (304) 284-4892
TTY/TDD (304) 284-4836

September 28, 2001

James R. Jeffrey, Chairman
Logan County Public Service District
Suite 507, White & Browning Building
201 ½ Stratton Street
Logan, WV 25601

RE: Amendment No. 1 to
Letter of Conditions

Dear Mr. Jeffrey:

This letter, with Attachment No. 1 amends the letter of conditions dated July 5, 2000 and further establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan and grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an initial RUS loan in the amount of $600,000, which is hereby revised to an amount of $300,000, an initial RUS grant in the amount of $2,400,000, a subsequent RUS grant in the amount of $521,060, and other funding in the amount of $10,578,940, for a total project cost of $13,800,000. The other funding is planned in the form of loans and grants from the State of West Virginia.

Subject to the requirements noted herein, all of the conditions of the July 5, 2000 letter of conditions remain in effect and must be satisfied prior to loan and grant closing.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. The enclosures and attachments listed below are attached to the copies as noted.

Enclosed are the following:

Attachment No. 1 - Project Construction Budget (All Copies)

11B

USDA Rural Development is an Equal Opportunity Lender, Provider and Employer. Complaints of discrimination should be sent to: USDA, Director, Office of Civil Rights, Washington, DC 20250-9410.

The conditions referred to above are as follows:

1. Loan Repayment – The revised loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. The remaining 456 months will be equal amortized monthly installments. For planning purposes, use a 5.125% interest rate and a monthly amortization factor of .00499 which provides for a monthly payment of $1,497 on the revised loan.

2. Public Service Commission Approval - You must obtain PSC approval of the project's proposed financing and user rates as may result from this amendment to the letter of conditions.

3. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided (you must also provide us with a copy of the minutes showing the adoption of the forms associated with the original letter of conditions):

RUS Bulletin 1780-12 -	"Water or Waste System Grant Agreement"
Form RD 442-7 -	"Initial Operating Budget"
RUS Bulletin 1780-27 –	"Loan Resolution"
Form RD 1942-46 -	"Letter of Intent to Meet Conditions"

If the conditions set forth in this letter are not met within six (6) months from the date hereof, RUS reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the six-month period and it is determined the Public Service District still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If, during that review, it is determined the budget is no longer current and/or adequate, RUS reserves the right to require that it be revised or replaced.

We believe the information herein clearly sets forth the actions which must be taken; however, if you have any questions, please do not hesitate to contact me.

Sincerely,

Jenny N. Phillips

JENNY N. PHILLIPS
State Director

Enclosures

cc: RUS Rural Development Specialist
Beckley, WV

Michael D. Griffith, CPA
P.O. Box 11337
Charleston, WV 25003-0514

James A. Walker, Attorney at Law
P.O. Box 358
Logan, WV 25601

Jackson & Kelly, PLLC
P.O. Box 553
Charleston, WV 25322

HMB Professional Engineers, Inc.
325 Sixth Avenue
South Charleston, WV 25303

Attachment No. 1 to Letter of Conditions
For: Logan County PSD
Date:

Project Construction Budget

PROJECT COST	SCBG	SRF LOAN	WVIJDC LOAN	WVIJDC GRANT	RUS GRANT	RUS LOAN	TOTAL
CONSTRUCTION	$ 1,200,000	$ 4,274,000	$ 802,000	$ 2,406,000	$ 2,343,000	$ 193,000	$ 11,218,000
CONST. CONTINGENCY		$ 474,500	$ 89,000	$ 267,000	$ 260,000	$ 21,500	$ 1,112,000
LAND & RIGHTS		$ 76,800	$ 14,400	$ 43,200	$ 42,100	$ 3,500	$ 180,000
LEGAL FEES		$ 27,700	$ 5,200	$ 15,600	$ 15,200	$ 1,300	$ 65,000
BOND COUNSEL		$ 17,000	$ 3,200	$ 9,600	$ 9,400	$ 800	$ 40,000
ENGINEERING FEES		$ 371,300	$ 69,700	$ 209,000	$ 203,500	$ 16,700	$ 870,200
Basic - $616,860							
Insp. - $220,000							
Special - $33,340							
INTEREST						$ 60,000	$ 60,000
ADMINISTRATION	$ 50,000						$ 50,000
STEP 1 REPAYMENT		$ 60,500	$ 5,400			$ 1,300	$ 67,200
PERMITS		$ 4,300	$ 800	$ 2,400	$ 2,300	$ 200	$ 10,000
PROJECT CONTG.		$ 22,840	$ 10,300	$ 47,200	$ 45,560	$ 1,700	$ 127,600
TOTAL	**$ 1,250,000**	**$ 5,328,940**	**$ 1,000,000**	**$ 3,000,000**	**$ 2,921,060**	**$ 300,000**	**$ 13,800,000**

Rates

Available for general domestic, commercial, and industrial service.

First	10,000	gallons @	$	8.50	per M gallons
Over	10,000	gallons @	$	6.50	per M gallons

Minimum Charge

No bill shall be rendered for less than the following amounts according to the size of meter installed.

5/8" x 3/4"	meter	$ 25.50	per month
3/4"	meter	$ 38.25	per month
1"	meter	$ 63.75	per month
1 1/2"	meter	$ 127.50	per month
2"	meter	$ 204.00	per month
3"	meter	$ 382.50	per month
4"	meter	$ 637.50	per month
6"	meter	$ 1,275.01	per month
8"	meter	$ 2,040.01	per month

Minimum Monthly Bill $21.25 for 2,500 gallons

Delayed Payment Penalty

The above tariff is net. On all accounts not paid in full within twenty (20) days of date of bill, ten percent (10%) will be added to net amount shown.

If any bill is not paid within sixty (60) days after date, water service to the customer will be discontinued. Water service will not be restored until all past due water bills have been paid in full and all accrued penalties plus a reconnection charge have been paid.

Connection Charge

Prior to Construction - $150.00

After the start of construction, there shall be a charge of $450.00 for connection to the system.

Reconnection Charge

$20.00

Use and Income Analysis - See Attached

Cash Flow Analysis - See Attached

Attachment No. 1 to Letter of Conditions
For: Logan County PSD
Date:

LOGAN COUNTY PSD
USE AND INCOME ANALYSIS

Blocking	Cust.	Gal/ Mo.	First 10,000	Over 10,000	TOTAL REVENUE
0 - 10,000	13,152	55,238.40	55,238.40		
Over 10,000	0	0.00	0.00	0.00	
Monthly Total	$13,152.00	55,238.40	55,238.40	0.00	
Proposed Rates			$ 8.50	$ 6.50	
Annual Revenues			$ 469,526.40	$ -	$ 469,526.40

LOGAN COUNTY PUBLIC SERVICE DISTRICT
CASH FLOW

OPERATING INCOME	
Metered Sales	$ 469,526
Fees	$ 4,696
TOTAL INCOME	$ 474,222
EXPENSES	
O & M	$ 249,876
INCOME AVAILABLE FOR D/S (A)	$ 224,346
DEBT SERVICE	
Proposed Bond P & I (B)	$ 189,981
TOTAL DEBT SERVICE	$ 189,981
DEBT SERVICE RESERVE	
Debt Service Reserve	$ 16,720
SRF Depreciation Reserve	$ 11,856
TOTAL DEBT SERVICE RESERVE	$ 28,576
SURPLUS (DEFICIT)	$ 5,789
DEBT COVERAGE (A/B)	$ 1.18

USDA United States Department of Agriculture

Rural Development

Federal Building
75 High Street, Room 320
Morgantown, WV 26505-7500
Phone (304) 284-4888
FAX (304) 284-4892
TTY/TDD (304) 284-4836

October 28, 2002

James R. Jeffrey, Chairman
Logan County Public Service District
P.O. Box 506
Logan, WV 25601

RE: Amendment No. 2 to
Letter of Conditions

Dear Mr. Jeffrey:

This letter, with Attachment No. 1, amends the letter of conditions dated July 5, 2000 and Amendment No. 1 to the letter of conditions dated September 28, 2001, and further establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan and grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an initial RUS loan in the amount of $300,000, an initial RUS grant in the amount of $2,921,060, a subsequent RUS grant in the amount of $1,300,000, and other funding in the amount of $12,018,940, for a total project cost of $16,540,000. The other funding is planned in the form of loans and grants from the State of West Virginia.

Subject to the requirements noted herein, all of the conditions of the July 5, 2000 and the September 28, 2001 letters of conditions remain in effect and must be satisfied prior to loan and grant closing.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. The enclosures and attachments listed below are attached to the copies as noted.

Enclosed are the following:

Attachment No. 1 - Project Construction Budget (All Copies)

IIC

USDA Rural Development is an Equal Opportunity Lender, Provider and Employer. Complaints of discrimination should be sent to: USDA, Director, Office of Civil Rights, Washington, DC 20250-9410.

The conditions referred to above are as follows:

1. Public Service Commission Approval - You must obtain PSC approval of the project's proposed financing and user rates as may result from this amendment to the letter of conditions.

2. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided (you must also provide us with a copy of the minutes showing the adoption of the forms associated with the original letter of conditions):

   RUS Bulletin 1780-12 - "Water or Waste System Grant Agreement"
   Form RD 442-7 - "Initial Operating Budget"
   RUS Bulletin 1780-27 - "Loan Resolution"
   Form RD 1942-46 - "Letter of Intent to Meet Conditions"

If the conditions set forth in this letter are not met within six (6) months from the date hereof, RUS reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the six-month period and it is determined the Public Service District still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If, during that review, it is determined the budget is no longer current and/or adequate, RUS reserves the right to require that it be revised or replaced.

We believe the information herein clearly sets forth the actions which must be taken; however, if you have any questions, please do not hesitate to contact me.

Sincerely,

Jenny N. Phillips

JENNY N. PHILLIPS
State Director

Enclosures

cc: RUS Rural Development Specialist
Beckley, WV

Michael D. Griffith, CPA
P.O. Box 514
Alum Creek, WV 25003-0514

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Logan, WV 25601

Jackson & Kelly, PLLC
P.O. Box 553
Charleston, WV 25322

HMB Professional Engineers, Inc.
325 Sixth Avenue
South Charleston, WV 25303

Attachment No. 1 to Letter of Conditions
For: Logan County PSD
Date: October 28, 2002

Project Construction Budget

PROJECT COST	SCBG	SRF LOAN	WVIJDC LOAN	WVIJDC GRANT	RUS GRANT	RUS LOAN	TOTAL
CONSTRUCTION	$ 339,072.87	$ 5,278,925.00	$ 1,848,392.06	$ 2,772,588.44	$ 3,786,440.45	$ 132,890.55	$ 14,158,309.37
CONST. CONTINGENCY			$ 129,131.56	$ 158,696.44	$ 373,828.00		$ 661,656.00
LAND & RIGHTS	$ 140,679.00		$ 31,728.40	$ 47,592.60			$ 220,000.00
LEGAL FEES	$ 55,746.63		$ 8,900.98	$ 13,352.02			$ 77,999.63
PERMITS	$ 21,310.00		$ 23,476.00	$ 35,214.00			$ 80,000.00
BOND COUNSEL						$ 40,000.00	$ 40,000.00
ACCOUNTING	$ 5,127.50		$ 749.00	$ 1,123.50			$ 7,000.00
ENGINEERING FEES	$ 618,064.00		$ 129,514.40	$ 194,271.60			$ 941,850.00
Basic - $688,505							
Insp. - $220,000							
Special - $33,345							
INTEREST						$ 60,000.00	$ 60,000.00
LOAN REPAYMENT						$ 67,109.45	$ 67,109.45
ADMINISTRATION	$ 70,000.00		$ 4,000.00	$ 6,000.00			$ 80,000.00
EQUIPMENT		$ 50,015.00			$ 14,985.00		$ 65,000.00
PROJECT CONTG.			$ 14,107.60	$ 21,161.40	$ 45,806.55		$ 81,075.55
TOTAL	**$ 1,250,000.00**	**$ 5,328,940.00**	**$ 2,190,000.00**	**$ 3,250,000.00**	**$ 4,221,060.00**	**$ 300,000.00**	**$ 16,540,000.00**

Rates

Available for general domestic, commercial, and industrial service.

First	10,000	gallons @	$ 9.10	per M gallons
Over	10,000	gallons @	$ 7.10	per M gallons

Minimum Charge

No bill shall be rendered for less than the following amounts according to the size of meter installed.

5/8" x 3/4"	meter	$ 22.75	per month
3/4"	meter	$ 34.13	per month
1"	meter	$ 56.88	per month
1 1/2"	meter	$ 113.75	per month
2"	meter	$ 182.00	per month
3"	meter	$ 341.25	per month
4"	meter	$ 568.75	per month
6"	meter	$ 1,137.50	per month
8"	meter	$ 1,820.01	per month

Minimum Monthly Bill - $22.75 for 2,500 gallons.

Delayed Payment Penalty

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

Water Disconnect/Reconnect Administrative Fees

Whenever water service has been disconnected for non-payment of sewer bills, a disconnection fee of $10.00 shall be charged; or in the event the delinquent sewer bill is collected prior to actual disconnection, an administrative fee of $10.00 shall be charged. Whenever water service which has been previously disconnected for non-payment of sewer bills is reconnected, a reconnection fee of $10.00 shall be charged.

Connection Charge

Prior to Construction - $150.00

After bids are advertised for project - $450.00

Use and Income Analysis - See Attached

Cash Flow Analysis - See Attached

Attachment No. 1 to Letter of Conditions
For: Logan County Public Service District
Date:

LOGAN COUNTY PSD
USE AND INCOME ANALYSIS
EXISTING SYSTEM

Blocking	Cust.	Gal/ Mo.	Minimum Bills	First 10,000	Over 10,000	TOTAL REVENUE
0 - 10,000	1,096	4,603.20		4,603.20		
Over 10,000						
Monthly Total	1,096.00	4,603.20	0.00	4,603.20	0.00	
Proposed Rates				$ 9.10	$ 7.10	
Monthly Revenues			$ -	$ 41,889.12	$ -	$ **41,889.12**
Annual Revenues			$ -	$ 502,669.44	$ -	$ **502,669.44**

Logan County Public Service District
OPERATING BUDGET

OPERATING INCOME		
Metered Sales	$ 502,669	
Penalties		
Other Income		
Reconnect Fees	$ 5,027	
TOTAL OPERATING INCOME		$ 507,696
NON OPERATING INCOME		
Interest income		
TOTAL NON OPERATING INCOME		$ -
TOTAL INCOME		$ 507,696
EXPENSES		
O & M	$ 249,876	
Taxes		
TOTAL EXPENSES		$ 249,876
INCOME AVAILABLE FOR D/S (A)		$ 257,820
DEBT SERVICE		
Existing Bond P & I (B)		
Proposed Bond P & I (B)	$ 219,732	
TOTAL DEBT SERVICE		$ 219,732
DEBT SERVICE RESERVE		
Debt Service Reserve*	$ 21,973	
Depreciation Reserve**	12,567	
TOTAL DEBT SERVICE RESERVE		$ 34,540
SURPLUS (DEFICIT)		$ 3,549
DEBT COVERAGE (A/B)		$ 1.17

** 2.5% of Gross Revenues

USDA
UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT
481 RAGLAND ROAD
BECKLEY, WV 25801
PHONE (304) 252-8644
FAX (304) 252-5809
TTY/TDD (304) 284-4836

December 6, 2002

James R. Jeffrey, Chairman
Logan County PSD
P. O. Box 506
Logan, WV 25601

Dear Mr. Jeffrey:

The pre-closing date for the PSD's sewer project has been established as December 10, 2002. The pre-closing will begin at 3:00 p.m. at the PSD office. The pre-construction conference will be held December 12, 2002 at 11:00 a.m. at the PSD office.

Reference is made to our Letter of Conditions dated July 5, 2000, Amendment No. 1 dated September 28, 2001 and Amendment No. 2 dated October 28, 2002. All of the requirements of these letters must be met.

Many of the aforementioned items have already been addressed. Those remaining items to be satisfied prior to loan closing include:

1. The PSD's attorney must furnish Form RD 442-22, "Opinion of Counsel Relative to Rights of Way," showing no exceptions. This form should be dated December 12, 2002.

2. The PSD's attorney must furnish Form RD 1927-10, "Final Title Opinion," on all land(s) being acquired. In addition, the attorney must provide a separate Final Title Opinion(s) covering all existing property owned by the PSD. The opinion(s) should be dated December 12, 2002.

3. A narative opinion from the attorney addressing all permits, certifications, and other items necessary to show that all legal requirements can be met and stating how they will be met. The narrative should identify any condemnation proceedings that are anticipated and state how they will be handled.

4. The PSD's engineer must provide a resume of the proposed inspector(s).

5. The PSD must provide a letter accepting the proposed inspector(s).

USDA, Rural Development is an Equal Opportunity Lender, Provider and Employer. Complaints of discrimination should be sent to: USDA, Director, Office of Civil Rights, Washington, D.C. 20250-9410

6. The permit from the West Virginia Department of Highways must be on hand at the closing. The PSD should proceed to obtain necessary bond and forward same to the WVDOH requesting the permit be issued.

7. A certificate from the PSD's accountant that the accounts and records required by the bond resolution and the PSC have been established and are operational. The chart of accounts and record keeping books must be available for review at loan closing.

8. The PSD must provide evidence that it has acquired insurance and bond coverage in accordance with item 9 of the Letter of Conditions.

9. The PSD must furnish evidence that it provides State Workman's Compensation Insurance.

If you have any questions regarding these or any other matters pertaining to your loan, please contact this office.

Sincerely,

Rose Mary Christian
Rural Development Specialist

Enclosures

cc: State Director, Rural Development, Morgantown, WV
James A. Walker, Attorney at Law, Logan, WV
Jackson & Kelly, PLLC, Bond Counsel, Charleston, WV
Michael D. Griffith, CPA, Alum Creek, WV
HMB Professional Engineers, Inc., South Charleston, WV

FORM APPROVED
OMB. No. 0575-0015

LOAN RESOLUTION
(Public Bodies)

A RESOLUTION OF THE **Board of Directors**

OF THE **Logan County Public Service District**

AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS **Sewer System**

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the **Logan County Public Service District**
(Public Body)
(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of **THREE HUNDRED THOUSAND AND XX / 100**

pursuant to the provisions of **Chapter 16, Article 13A, West Virginia Code** ; and

WHEREAS, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

NOW THEREFORE, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of $10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legally permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to Department of Agriculture, Clearance Officer, OIRM, Room 404-W, Washington, DC 20250; and to the Office of Management and Budget, Paperwork Reduction

11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government.
12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities, and replacement of short lived assets.
15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
17. To accept a grant in an amount not to exceed $ **$ 4,221,060.00**

under the terms offered by the Government; that the **Chairman**

and **Secretary** of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

The vote was: Yeas 3 Nays 0 Absent 0

IN WITNESS WHEREOF, the **Board of Directors** of the

Logan County Public Service District has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this 26 th day of November, 2002

Logan County Public Service District

(SEAL)

By James R. Jeffrey, Chairman

Attest:

Mike Stone

Title Secretary

Title

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as _____ of the Logan County Public Service District

hereby certify that the Board of Directors of such Association is composed of

_____ members, of whom _____ constituting a quorum, were present at a meeting thereof duly called and

held on the _____ day of _____ ; and that the foregoing resolution was adopted at such meeting

by the vote shown above, I further certify that as of _____ ,
the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been rescinded or amended in any way.

Dated, this _____ day of _____

_____

Title _____

File

LOGAN COUNTY
PUBLIC SERVICE DISTRICT

Suite 507, White & Browning Building
Logan, West Virginia 25601
(304) 752-1139 (TDD)
Fax (304) 752-0804
E-mail: scc01823@mail.wvnet.edu

BOARD MEMBERS:
James R. Jeffrey, Chair
Ben F. Lowe, Jr.
Mike Stone
MANAGING ENGINEER:
Rick Roberts, P.E.

MINUTES

July 30, 2002

Respectfully submitted,

Mr. James R. Jeffrey, Chair

Mr. Ben Lowe, Jr., Treasurer

Mr. Mike Stone, Secretary

The Logan County Public Service District held its Regular Monthly Board Meeting on Tuesday, July 30, 2002, at 6:30 p.m., at the Logan County PSD Business Office, 41 Armory Road, Monaville, West Virginia. Mr. James R. Jeffrey, Chair, called the meeting to order and recognized the following persons as present:

Mr. James R. Jeffrey, Chair
Mr. Ben F. Lowe, Jr., Treasurer
Mr. Mike Stone, Secretary
Mr. Rick Roberts, LCPSD Managing Engineer
Mr. Randy Bolton, Stafford Consultants, Inc.
Mr. Tim Wyatt, Stafford Consultants, Inc.
Mr. Jim Boggs, Region II PDC
Mr. James A. Walker, LCPSD Legal Counsel
Mrs. Melinda Gullett, Administrative Assistant

APPROVAL OF MINUTES: The Board unanimously approved and signed the Minutes of the July 9, 2002 Special Board Meeting.

CUSTOMER/PUBLIC PRESENTATIONS: None

ANNOUNCEMENTS: The next Special Board Meeting will be held on Tuesday, August 13, 2002, at 6:30 p.m., at the Logan County PSD Office, 41 Armory Road, Monaville, West Virginia.

The next Regular Board Meeting will be held on Thursday, August 29, 2002, at 6:30 p.m., at the Logan County PSD Office, 41 Armory Road, Monaville, West Virginia.

PROJECT IMPLEMENTATION:

Garrett Fork Water Project – Mr. Randy Bolton, Stafford Consultants, Inc., reported that Diversified Enterprise, Inc. has installed approximately 70% of the main pipe in ground. Mr. Bolton stated that there are several skips in the line with creek crossings that have to be put in and several road crossings to be placed in the main line. Mr. Bolton reported that he and Tim Wyatt had a job progress meeting today with the project superintendent and the Department of Highways and found that there were no major problems to report. Mr. Bolton stated that the contractor said that as soon as they got dry material to work with that they would be able to do the dress up work on the customer's property. Mr. Bolton reported that Stafford Consultant has two inspectors, Tim Wyatt and Mitch Corey, on the job and will keep them on the project until the number of crews reduces to the point they can cover with only one inspector. Mr. Bolton stated that the contractor is still on schedule for completion in October.

Mr. Bolton presented RUS Requisition No. 7 to the Board for approval:

Diversified Enterprise, Inc.	$ 228,803.22
Stafford Consultants, Inc.	4,805.69
TOTAL	$ 233,608.91

A motion to approve the Requisition was made by Mr. Lowe, seconded by Mr. Stone, and passed unanimously by the Board.

Mr. Roberts stated that he wanted make the Board aware that he has been contacted by Donald Vance, a resident of Garrett Fork, concerning a misunderstanding and finding that Mr. Vance was omitted from the original project. Mr. Roberts stated that Mr. Vance's property did not show on the map but during the public meeting and while getting the sign-ups it became evident that he wasn't included to be served by the project. Mr. Roberts stated that he had contacted Mr. Bolton and he put 775 feet of line up the hill toward Mr. Vance's residence which was all that could be done because of the pressure limitations. Mr. Vance had understood that the waterline would be run all the way to his house and has requested that the District run the line to his house. Mr. Roberts stated that they had reviewed the problem and it was found that a fire hydrant could be put in around 600 feet from the highway and then lay some additional 2" line up to where the meter is installed. Mr. Roberts asked that if the Board does not object and if the agencies that have jurisdiction over it will allow it, and if Mr. Vance will agree to it in writing, can the meter well be put in at the limits of our service elevation and run a line up to the homes and then turn the line between the meter and where it ends over to Mr. Vance. There being no objections, the Board directed Mr. Roberts to proceed.

In regards to the Banco/Big Creek extension, Mr. Roberts reported that he had received a Commission Order from Public Service Commission which approved the project and that we are working on getting the right-of-ways. Mr. Roberts stated that an employee has been interviewing the residents to ascertain the owners of the property.

Huff Creek Water Project – Mr. Randy Bolton, Stafford Consultants, Inc., represented that approval of the Health Department permit has been obtained. Mr. Bolton stated that permit application packages have been put together. Mr. Bolton stated that these packages have submitted to Mr. Roberts for his signature and Mr. Roberts has provided appropriate checks for the agencies that require permit fees. Mr. Bolton reported that the packages will be sent out at the end of this week and the beginning of next week and he is anticipating that the permits should be received in around 45-50 days. Mr. Bolton stated that Mr. Roberts would handle the issues on this project for the Public Service Commission's approval. Mr. Bolton stated that agreements have been signed to do the surveying plats for the booster stations and tanks, and he will check with them tomorrow and will give Mr. Roberts a status on that.

Mr. Roberts reported that the District has started going door to door to get the sign ups and they have contacted around 150 customers and have received 49 User Agreements in hand.

Mr. Roberts presented the following invoices to the Board for approval:

Stafford Consultants, Inc. (Final Design)	$ 2,087.50
Griffith & Associates, CPA's	20.00
	$ 2,107.50

Mr. Roberts presented a Renewal and Replacement Reserve Withdraw Resolution in the amount of $2,087.50 to pay the invoice of Stafford Consultants, Inc.

A motion to approve the invoice from Griffith and Associates and Resolution was made by Mr. Stone, seconded by Mr. Lowe, and passed unanimously by the Board.

Mr. Roberts presented a Drawdown Request to the IJDC with no invoices to be paid by the IJDC.

A motion to approve the Drawdown Request was made by Mr. Lowe, seconded by Mr. Stone, and passed unanimously by the Board.

Mr. Roberts stated that he would present the Binding Commitment Letter stating that IJDC approved the funding for this project at the next meeting.

Rocky/Caney Branch Water Project – Mr. Randy Bolton, Stafford Consultants, Inc., has submitted six sets of plans and three sets of specs and three copies of the preliminary design report for Mr. Roberts' review. Mr. Bolton stated that an evaluation was completed on the high pressure issues due to the fact that there were residences at higher elevations and has received conformation of the higher service area elevations through survey data from Benchmark Surveying. Mr. Bolton reported that there is a fair amount of deferential that will have to be worked with. Mr. Bolton stated that it was found that 8 inch line should be installed instead of 6 inch line. Mr. Bolton informed that Board that the water storage tank will be lowered several feet in elevation which will allow use of pipe of a lesser pressure class. Mr. Bolton stated that it was recommended to install the 8 inch alternative and accept the $16,000 increase in the construction cost estimate. Mr. Bolton stated that he would present a final submittal and go over the plans to the Board once there is a final design at a future board meeting.

Mr. Roberts presented the following invoice for IJDC Drawdown to the Board for approval:

Stafford Consultants, Inc. (Preliminary Design)	$ 3,675.00

A motion to approve the Drawdown Request was made by Mr. Lowe, seconded by Mr. Stone, and passed unanimously by the Board.

North Fork Water Project – Mr. Bolton represented that the preliminary design report has been submitted to Mr. Roberts for his review.

Mr. Roberts presented the following invoices to the Board for approval:

Stafford Consultants, Inc. (Mapping Phase)	$ 3,500.00
Stafford Consultants, Inc. (Preliminary Design)	13,200.00
Stafford Consultants, Inc. (Final Design Phase)	6,100.00
	$22,800.00

A motion to approve the invoices was made by Mr. Stone, seconded by Mr. Lowe, and passed unanimously by the Board.

Phase I Wastewater Project – Mr. Roberts reported that the Pre-bid Conference is scheduled for August 1, 2002 at 10:00 a.m. and the Bid Opening on August 29, 2002 at 2:00 p.m. at the Logan County PSD Business Office. Mr. Roberts stated that four contractors have picked up Contract A, which is the plant, four have picked up Contract B, which is the pump station and two have picked up Contracts C & D, which are the line contracts.

Mr. Roberts presented a series of forms from RUS for the Board's approval and signature. The first is a Water for Waste System Grant Agreement which revises the Grant from Rural Utilities Services to $2,921,060 for the Board's approval and signature. A motion to approve the agreement and to accept the additional grant money was made by Mr. Lowe, seconded by Mr. Stone, and passed unanimously by the Board.

Mr. Roberts presented an Operating Budget showing the reduction in debt service payment because of the additional grant money for the Board's approval and signature. A motion to approve the budget was made by Mr. Stone, seconded by Mr. Lowe, and passed unanimously by the Board.

Mr. Roberts presented a Loan Resolution which decreases the RUS loan from $600,000 to $300,000 for the Board's approval and signature. A motion to approve the Resolution was made by Mr. Lowe, seconded by Mr. Stone, and passed unanimously by the Board.

Mr. Roberts presented a Letter of Intent to Meet the Conditions for the Board's approval and signature. Mr. Roberts stated that the conditions are to report the change in the loan amounts in the Bond Documents which Jackson & Kelly will take care of and getting Public Service Commission approval which has been obtained and Mr. Roberts has a copy of the Order to send to RUS. A motion to approve the letter was made by Mr. Lowe, seconded by Mr. Stone, and passed unanimously by the Board.

Mr. Roberts presented the following invoices to the Board for approval:

Kauffelt & Kauffelt	$ 130.20
Griffith & Associates, CPA's	40.00
James A. Walker	75.00
Region II PDC	1,022.31
Logan County PSD (Reimb.)	1,000.00
	$ 2,267.51

Mr. Roberts stated that the total of the invoices mentioned above and will be submitted in the SCBG Drawdown Request to the Logan County Commission.

A motion to approve the invoices for the SCBG Drawdown Request was made by Mr. Stone, seconded by Mr. Lowe, and unanimously passed by the Board.

Atenville Water Project – Mr. Roberts reported bids were opened on July 25, 2002 and the apparent low bidder was Zion, Inc. Mr. Roberts stated that since the bids had come in significantly under budget it has been estimated that there is between $330,000 and $340,000 that remains in the funding package. After some informal talks with the Lincoln County Commission an estimate was prepared on what the District could request permission to do with that money. Mr. Roberts stated that a decision was made to put in a storage tank at Atenville and then go up to the upper ends of the Little Harts area and install an additional 6,000 foot of line to serve approximately 35 additional customers. Mr. Roberts stated that he would present this to the Lincoln County Commission on Thursday evening for their approval and then submit it to the IJDC. There being no objections, the Board directed Mr. Roberts to proceed.

Mr. Roberts presented the following invoices to the Board for approval:

Kauffelt & Kauffelt	$ 356.17
VLB Consultants, Inc.	1,500.00
Region II PDC	1,089.15
Logan County PSD (Reimb.)	242.26
	$ 2,945.32

Mr. Roberts stated that the total of the invoices mentioned above and will be submitted in the SCBG Drawdown Request to the Lincoln County Commission.

A motion to approve the invoices for the SCBG Drawdown Request was made by Mr. Stone, seconded by Mr. Lowe, and unanimously passed by the Board.

Mr. Jim Boggs, Region II, presented two forms from HUD, a Notice of Bids Received and Request for Award of Contracts and Minutes of Bid Openings for the Board's approval and signature. Mr. Boggs stated that these forms would be submitted when bid tabs are received and the District gives their approval to proceed with Zion, Inc.

Mill Creek Water Project – The raw water pump station area has been backfilled and brought up to grade. They were pouring part of the concrete floor in the treatment room today so that the air compressors can be mounted. The manufacturer was to be on site either this afternoon or first thing in the morning to start up the raw water pumps. The filter representative is scheduled to start installing the media in about two weeks but there seems to be come confusion as to whether everything will be ready for him.

Mr. Roberts presented Pay Estimate No. 11 on Contract No. 5 in the amount of $216,553.18 from Diversified Enterprise, Inc. for the Board's approval. Mr. Lowe made a motion to approve, seconded by Mr. Stone, and passed unanimously by the Board.

Mr. Roberts presented invoices for IJDC/AML Drawdown as follows:

Diversified Enterprises, Inc.-Contract No. 5	$ 216,553.18
Logan County PSD (Insp.)	7,630.04
Logan County PSD (Reimb.)	(1,180.00)
TOTAL	$ 223,003.22

(IJDC - $6,450.04) (AML - $ 216,553.18)

Mr. Stone made a motion to approve the Drawdown Request, seconded by Mr. Lowe, and passed unanimously by the Board.

In regard to the Mill Creek Tank slippage, Mr. Roberts reported that Mr. Walker has prepared the lawsuit and it will be filed tomorrow morning. Mr. Walker stated that Holley Brothers Construction, Erie Insurance Group and Mid-State Surety are listed as Plaintiffs in the lawsuit.

Other Projects – In regards to Business Office/Maintenance Complex, Mr. Roberts presented a Renewal and Replacement Reserve Withdraw Resolution for an invoice from Atkins Safe & Alarm in the amount of $10, 400.00 for the security system for the Board's approval.

A motion was made by Mr. Lowe to approve the Resolution, seconded by Mr. Stone, and passed unanimously by the Board.

If there was no objections from the Board, Mr. Roberts requested to utilize the construction crew personnel to get the customer lists on the three projects under design. There being no objection, the Board directed Mr. Roberts to proceed.

In regards to the Phase II Wastewater Project, Mr. Roberts reported that the application was submitted to the West Virginia Economic Development Grant Committee for a $5,000,000 Grant to go with a 6.6 million dollar SRF Loan for a total of 11.6 million dollar project. Mr. Roberts stated that this project is either No. 2 or No. 3 on the DEP's priority list in the state. Mr. Roberts reported that an interview with the Economic Development Grant Committee is scheduled for Wednesday, July 31, 2002 in Charleston at the Capitol at 4:45 p.m.

Mr. Roberts reported that a request for proposals on engineering services was published for the Phase II Wastewater Project. Mr. Roberts stated that those proposals are due on August 22, 2002. Mr. Roberts stated that the proposals should be ready to present to the Board at the August 29, 2002 board meeting to schedule possible interviews.

Wyoming County Water Systems – Mr. Roberts reported that EWPSD is continuing to have the same problems. Mr. Roberts stated that a meeting with the funding agencies is scheduled for August 1, 2002 at 2:00 p.m. to discuss when the money is needed so that everything can be coordinated. Mr. Roberts reported that a couple of LCPSD workers were sent to help catch up on some paving. Mr. Roberts stated that they are working on the meter test bench to get it back in working order and are finishing up the telemetry. The next board meeting is scheduled for August 6, 2002. Mr. Roberts stated that the appraisal letters has been received stating that none of these systems have any value. The Board had authorized Mr. Roberts to send a copy of the appraisal report and a letter to the receivership owners to make them an offer

of $100.00 per customer but there has had not been any response yet. Mr. Roberts stated that in the letter the owners had until August 19, 2002 to respond or the District would direct Rick Staton, EWPSD Attorney, to file the appropriate cases in the Circuit Court to liquidate the systems.

Other - In regards to the general rate case, Mr. Roberts presented the Rule 42T Exhibit for the Board's review and approval. After a discussion, the Board agreed to file for the rate increase.

A discussion was held on a Greenville Receivership System rate increase. Mr. Roberts reported that a few of months ago the District was ordered to declorinate the wastewater before it was discharged into the stream which doubled the chemical costs causing the system to be operating in the red. Mr. Roberts stated that a request has been prepared to the Public Service Commission asking for a rate increase and to waive the Rule 19A. After a discussion, the Board agreed to file for the rate increase.

A general discussion was held on the Logan Water Board rate increase.

EXECUTIVE SESSION: None.

ADJOURNMENT: Being no other business, the meeting was adjourned.

LOGAN COUNTY PUBLIC SERVICE DISTRICT 2.9
SEWER REVENUE BONDS,
SERIES 2002 A (WEST VIRGINIA SRF PROGRAM),
SERIES 2002 B (WEST VIRGINIA INFRASTRUCTURE FUND) AND
SERIES 2002 C (UNITED STATES DEPARTMENT OF AGRICULTURE)

BOND RESOLUTION

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LOGAN COUNTY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF NEW PUBLIC SEWER FACILITIES OF LOGAN COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $5,328,940 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA SRF PROGRAM), NOT MORE THAN $2,190,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA INFRASTRUCTURE FUND), AND NOT MORE THAN $300,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2002 C (UNITED STATES DEPARTMENT OF AGRICULTURE); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF LOGAN COUNTY 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 2 and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A. Logan County Public Service District (the "Issuer") is a public service district, public corporation and political subdivision of the State of West Virginia in Logan, Lincoln, Mingo and Wyoming Counties of said State.

B. The Issuer does not presently own or operate a public sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed new public sewer facilities of the Issuer, consisting of a wastewater collection and treatment system to serve approximately 1,217 new customers in the Towns of West Logan and Mitchell Heights and in the unincorporated communities of Aracoma, Peach Creek, Crooked Creek, Justice Addition, Henlawson and surrounding areas in Logan County, 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 Project and any further improvements or extensions thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The Issuer intends to permanently finance a portion of the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the United States of America, United States Department of Agriculture, Rural Utilities Service (the "Government") and the West Virginia Water Development Authority (the "Authority"), in connection with the West Virginia Water Pollution Control Revolving Fund and the West Virginia Infrastructure Fund administered by the Authority pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of not more than $7,818,940, in three series (collectively, the "Series 2002 Bonds"), being the Sewer Revenue Bonds, Series 2002 A (West Virginia SRF Program), in the aggregate principal amount of not more than $5,328,940 (the "Series 2002 A Bonds"), the Sewer Revenue Bonds, Series 2002 B (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than $2,190,000 (the "Series 2002 B Bonds"), and the Sewer Revenue Bonds, Series 2002 C (United States Department of Agriculture), in the aggregate principal amount of not more than $300,000 (the "Series 2002 C Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2002 Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Reserve Accounts (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident

to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, including the SRF Administrative Fee (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2002 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 2002 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 2002 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"), (ii) the Series 2002 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, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), both loan agreements in form satisfactory to the respective parties (collectively, the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer, and (iii) the Series 2002 C Bonds be sold to the Government pursuant to the terms and provisions of the Letter of Conditions (as hereinafter defined).

G. The Series 2002 A Bonds, the Series 2002 B Bonds and the Series 2002 C Bonds shall be issued on a parity with each other. 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 and the principal of and interest, if any, on the Series 2002 Bonds and to make payments into all funds and accounts and other payments provided for herein.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2002 Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the approval of the Project and the financing thereof by the Council and the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary

user rates and charges described herein from the Public Service Commission of West Virginia (the "PSC") by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2002 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 2002 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 2002 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 22C, Article 2 and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended and in effect on the date of adoption hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2002 A Bonds and the Series 2002 B 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 Chairperson duly elected by the Governing Body.

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

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

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

"Bonds" means, collectively, the Series 2002 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.

"Closing Date" means the date upon which there is an exchange of the Series 2002 Bonds for all or a portion of the proceeds of the Series 2002 Bonds.

"Code" means the Internal Revenue Code of 1986, as amended, and the Regulations.

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

"Consulting Engineers" means HMB Professional Engineers, Inc., South 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.

"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.

"DEP" means the West Virginia Department of Environmental Protection or any other agency, board or department of the State that succeeds to the functions of the DEP.

"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 July 1 and ending on the succeeding June 30.

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

"Government" means the United States of America, United States Department of Agriculture, Rural Utilities Service, which is expected to be the original purchaser of the Series 2002 C Bonds.

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

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

"Gross Revenues" means 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 Logan County Public Service District, a public service district, public corporation and political subdivision of the State of West Virginia in Logan, Lincoln, Mingo and Wyoming Counties, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Letter of Conditions" means, collectively, the Letter of Conditions of the Government dated July 5, 2000, and all amendments thereto.

"Loan Agreement" means, collectively, the Bond Purchase Agreement heretofore entered, or to be entered, into by and among the Issuer, the Authority and the DEP, providing for the purchase of the Series 2002 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, on behalf of the Council, providing for the purchase of the Series 2002 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.

"Managing Engineer" means the Managing Engineer of the Issuer or any successor thereto.

"Net Proceeds" means the face amount of the Series 2002 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 2002 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 Bondholders, any Bonds registered to the Issuer.

"Parity Bonds" means additional Bonds issued under the provisions and within the limitations prescribed by Section 7.07 hereof.

"Paying Agent" means the Commission or other entity designated as such for the Series 2002 A Bonds and the Series 2002 B Bonds in the Supplemental Resolution.

"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.

"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 Section 5.01 hereof.

"Reserve Accounts" means, collectively, the respective reserve accounts created for the Series 2002 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 Section 5.01 hereof.

"Secretary" means the Secretary of the Governing Body of the Issuer.

"Series 2002 Bonds" means, collectively, the Series 2002 A Bonds, the Series 2002 B Bonds and the Series 2002 C Bonds.

"Series 2002 Bonds Construction Trust Fund" means the Series 2002 Bonds Construction Trust Fund created by Section 5.01 hereof.

"Series 2002 A Bonds" means the Sewer Revenue Bonds, Series 2002 A (West Virginia SRF Program), of the Issuer, authorized by this Resolution.

"Series 2002 A Bonds Reserve Account" means the Series 2002 A Bonds Reserve Account created by Section 5.02 hereof.

"Series 2002 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 2002 A Bonds in the then current or any succeeding year.

"Series 2002 A Bonds Sinking Fund" means the Series 2002 A Bonds Sinking Fund created by Section 5.02 hereof.

"Series 2002 B Bonds" means the Sewer Revenue Bonds, Series 2002 B (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution.

"Series 2002 B Bonds Reserve Account" means the Series 2002 B Bonds Reserve Account created by Section 5.02 hereof.

"Series 2002 B 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 2002 B Bonds in the then current or any succeeding year.

"Series 2002 B Bonds Sinking Fund" means the Series 2002 B Bonds Sinking Fund created by Section 5.02 hereof.

"Series 2002 C Bonds" means the Sewer Revenue Bonds, Series 2002 C (United States Department of Agriculture), of the Issuer, authorized by this Resolution.

"Series 2002 C Bonds Reserve Account" means the Series 2002 C Bonds Reserve Account created by Section 5.02 hereof.

"Series 2002 C Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2002 C Bonds in the then current or any succeeding year.

"Series 2002 C Bonds Sinking Fund" means the Series 2002 C Bonds Sinking Fund created by Section 5.03A(2) hereof.

"Sinking Funds" means, collectively, the respective sinking funds created for the Series 2002 Bonds.

"SRF Administrative Fee" means any administrative fee required to be paid under the Loan Agreement for the Series 2002 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 of 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 2002 Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2002 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.

"West Virginia Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Chapter 31, Article 15A, Section 9 of the Code of West Virginia, 1931, as amended and in effect on the date of adoption hereof.

Additional terms and phrases are defined in this Resolution as they are used. Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

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 $16,540,000 in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2002 Bonds shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the Government, the Authority, the DEP and the Council.

The cost of the Project is estimated to be $16,540,000, of which approximately $5,328,940 will be obtained from proceeds of the Series 2002 A Bonds, approximately $2,190,000 will be obtained from proceeds of the Series 2002 B Bonds, approximately $300,000 will be obtained from proceeds of the Series 2002 C Bonds, approximately $3,250,000 will be obtained from a grant by the West Virginia Infrastructure Fund, approximately $1,250,000 will be obtained from a grant by the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia) and approximately $4,221,060 will be obtained from a grant by the Government.

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 2002 Bonds, funding the respective Reserve Accounts for the Series 2002 Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2002 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 2002 Bonds of the Issuer. The Series 2002 Bonds shall be issued in three series, each as a single bond, designated respectively as "Sewer Revenue Bonds, Series 2002 A (West Virginia SRF Program)," in the principal amount of not more than $5,328,940, "Sewer Revenue Bonds, Series 2002 B (West Virginia Infrastructure Fund)," in the principal amount of not more than $2,190,000, and "Sewer Revenue Bonds, Series 2002 C (United States Department of Agriculture)," in the principal amount of not more than $300,000, and each shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2002 Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalizing interest on the Series 2002 Bonds, if any, shall be deposited in or credited to the Series 2002 Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. A. The Series 2002 A Bonds and the Series 2002 B Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2002 A Bonds and the Series 2002 B 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 2002 A Bonds and the Series 2002 B 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 2002 A Bonds and the Series 2002 B Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority, with a record of advances and a debt service schedule

attached, representing the aggregate principal amount of the Series 2002 A Bonds and the Series 2002 B Bonds. The Series 2002 A Bonds and the Series 2002 B Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

B. The Series 2002 C Bonds shall be issued in such principal amounts; shall bear interest at such rate or rates, not exceeding the legal maximum rate, payable monthly on such dates, shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in the Supplemental Resolution or as specifically provided in the Series 2002 C Bonds.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution. Such Bonds shall be dated and shall have such terms as set forth in a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2002 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 2002 Bonds shall cease to be such officer of the Issuer before the Series 2002 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 2002 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Bond Registrar; Authentication and Registration. A. The Bond Registrar for the Series 2002 A Bonds and the Series 2002 B Bonds shall be the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns. No such Bonds shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.10 hereof, shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any such Bonds shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond

Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of such Bonds issued hereunder. The provisions of this paragraph relating to authentication and registration shall not apply to the Series 2002 C Bonds.

B. The Issuer shall be the Bond Registrar for the Series 2002 C Bonds and will keep, or cause to be kept by its agent, at its office, books for the registration and transfer of the Series 2002 C Bonds and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2002 C Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Series 2002 C Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2002 C Bonds for registration or transfer only if ownership thereof is to be registered in the name of the Government, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Series 2002 C Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Series 2002 C Bonds shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be National Finance Office, 1520 Market Street, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2002 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2002 Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that such Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2002 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 2002 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 2002 Bonds or transferring the registered Series 2002 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 2002 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2002 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No Holder or Holders of 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. The payment of the debt service of the Series 2002 A Bonds, the Series 2002 B Bonds and the Series 2002 C

Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2002 Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. A. The Issuer shall execute and deliver the Series 2002 A Bonds and the Series 2002 B Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2002 A Bonds and the Series 2002 B Bonds to the original purchasers upon receipt of a request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver such Bonds to the original purchasers.

B. The Issuer shall execute and deliver the Series 2002 C Bonds to the Government as soon as the Government will accept such delivery.

Section 3.10. Form of Bonds. The text of each series of the Series 2002 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 2002 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
LOGAN COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2002 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That LOGAN COUNTY PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Logan, Lincoln, Mingo and Wyoming Counties 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 said EXHIBIT B.

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 new public sewer facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. 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 SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED _____, 200_, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____, AND SEWER REVENUE BONDS, SERIES 2002 C (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED _____, 200_, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (COLLECTIVELY, THE "SERIES 2002 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 holders of the Series 2002 Bonds, and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2002 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 2002 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 Series 2002 Bonds; provided however, that so long as there exists in the Series 2002 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 Series 2002 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, LOGAN COUNTY 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 2002 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 2002 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
LOGAN COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2002 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That LOGAN COUNTY PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Logan, Lincoln, Mingo and Wyoming Counties of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns, the sum of_____ _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____1, ___, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated _____, 200_.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of new public sewer facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. The Project and any further improvements

or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on _____, 200__, and a Supplemental Resolution duly adopted by the Issuer on _____, 200__ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA SRF PROGRAM), DATED _____, 200__, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____, AND SEWER REVENUE BONDS, SERIES 2002 C (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED _____, 200_, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (COLLECTIVELY, THE "SERIES 2002 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 holders of the Series 2002 Bonds, and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2002 B 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 2002 B Bonds Reserve Account and unexpended proceeds of this Bond. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates 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 Series 2002 Bonds; provided however, that so long as there exists in the Series 2002 B 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 Series 2002 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, LOGAN COUNTY 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 2002 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

(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 SERVICES 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 2002 C BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
LOGAN COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2002 C
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. CR-1 $_____

FOR VALUE RECEIVED, LOGAN COUNTY PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Logan, Lincoln, Mingo and Wyoming Counties of said State (the "Issuer"), promises to pay to the order of the UNITED STATES OF AMERICA (the "Government"), at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, and in the manner provided below, the principal sum of _____DOLLARS ($_____), or such lesser amount as is set forth on the Record of Advances attached hereto and incorporated herein by reference, plus interest on the unpaid principal balance at the rate of _____% per annum.

The principal of and interest on this Bond shall be paid in the following installments on the following dates: Monthly installments of interest only on the amounts advanced hereunder, commencing 30 days following the date of delivery of this Bond and continuing on the corresponding day of each month thereafter for the first 24 months after the date hereof, and thereafter, on the corresponding day of each month in installments of principal and interest in the aggregate amount of $_____, except that the final installment shall be paid at the end of 40 years from the date of this Bond in the sum of the unpaid principal and interest due on the date thereof and except that prepayments may be made as provided below. This consideration shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to the Issuer as requested by the Issuer and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Issuer. Extra payments, as defined in the regulations of the Government, shall, after payment of interest, be applied to the installment last to come due under this Bond and shall not affect the obligation of the Issuer to pay the remaining installments as scheduled herein.

Any amount advanced or expended by the Government for the collection hereof, or to preserve or to protect any security therefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government, shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by the Issuer to the Government without demand. The Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Government. The Issuer has granted to the Government a lien on the proceeds of this Bond until such proceeds are expended for authorized purposes.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of new public sewer facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. The Project and any further improvements or extensions thereto are herein called the "System". This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), a Bond Resolution duly adopted by the Issuer on _____, 200_, and a Supplemental Resolution duly adopted by the Issuer on _____, 200_(collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA SRF PROGRAM), DATED_____, 200_, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____, AND SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED_____ _____, 200_, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (COLLECTIVELY, THE "SERIES 2002 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 holders of the Series 2002 Bonds, and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2002 C 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 2002 C Bonds Reserve Account and unexpended proceeds of this Bond. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates or charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount of principal of and interest on this Bond payable in any year and all other obligations secured by a lien or payable from such revenues on a parity with this Bond, including the Series 2002 Bonds; provided however, that so long as there exists in the Series 2002 C 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 Series 2002 Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owner (as defined in the Bond Legislation) of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owner of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth in the Bond Legislation, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Secretary of the Issuer, as registrar (the "Registrar"), which shall be kept for that purpose at the office of the Registrar, by the Registered Owner or by its attorney or legal representative duly authorized in writing, upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the Registered Owner or its attorney or legal representative duly authorized in writing.

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

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

The Issuer hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for such purposes and periods of time.

If at any time it so appears to the Government that the Issuer may be able to obtain a loan from a responsible cooperative or private creditor at reasonable rates and terms for loans for such purposes and period of time, the Issuer will at the Government's request apply for and accept such loan in sufficient amount to repay the Government.

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, this Bond will be in default should any proceeds of this Bond be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

This Bond is given as evidence of a loan to the Issuer made or insured by the Government pursuant to the Rural Development Act of 1972. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

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

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

IN WITNESS WHEREOF, LOGAN COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairperson and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated_____, 200_.

_____

Chairperson

[SEAL]

ATTEST:

_____

Secretary

(Form of)

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $_____

(Form of)

ASSIGNMENT

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

Dated: _____, ___.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2002 A Bonds and the Series 2002 B Bonds shall be sold to the Authority, pursuant to the terms and conditions of the respective Loan Agreement. If not so authorized by previous resolution, the Chairperson is specifically authorized and directed to execute the Loan Agreement and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation. The Series 2002 C Bonds shall be sold to the Government, pursuant to the terms and conditions of the Letter of Conditions. The Letter of Conditions, including all attachments, are hereby approved and incorporated into this Bond Legislation.

Section 3.12. Filing of Amended Schedule. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority, the DEP, the Council and the Government, a schedule, the forms of which will be provided by the DEP, the Council and the Government, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created with 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;

(2) Renewal and Replacement Fund; and

(3) Series 2002 Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with and shall be held by the Commission separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

(1) Series 2002 A Bonds Sinking Fund;

(2) Series 2002 A Bonds Reserve Account;

(3) Series 2002 B Bonds Sinking Fund;

(4) Series 2002 B Bonds Reserve Account; and

(5) Series 2002 C 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 the Operating Expenses of the System.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the National Finance Office for deposit in Series 2002 C Bonds Sinking Fund hereby established at the National Finance Office, the amount of interest due as set forth in the Series 2002 C Bonds.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2002 A Bonds, for deposit in the Series 2002 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2002 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 2002 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; (ii) remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2002 B Bonds, for deposit in the Series 2002 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2002 B Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2002 B Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date; and (iii) remit to the National Finance Office, commencing 24 months following the date of delivery of the Series 2002 C Bonds, for deposit in the Series 2002 C Bonds Sinking Fund, the amount of principal due as set forth in the Series 2002 C Bonds.

The deposits into the Series 2002 C Bonds Sinking Fund provided in this paragraph and in Section 5.03A(2) above, constitute actual payments of principal of and interest on the Series 2002 C Bonds to the Government.

(4) The Issuer shall next, 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 2002 Bonds, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Series 2002 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2002 A Bonds Reserve Requirement, until the amount in the Series 2002 A Bonds Reserve Account equals the Series 2002 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2002 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 2002 A Bonds Reserve Requirement; (ii) for deposit in the Series 2002 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2002 B Bonds Reserve Requirement, until the amount in the Series 2002 B Bonds Reserve Account equals the Series 2002 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2002 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 2002 B Bonds Reserve Requirement; and (iii) for deposit in the Series 2002 C Bonds Reserve Account, an amount equal to 1/120th of the Series 2002 C Bonds Reserve Requirement, until the amount in the Series 2002 C Bonds Reserve Account equals the Series 2002 C Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2002 C 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 2002 C Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, commencing 3 months after the completion of construction of the Project, as certified by the Consulting Engineers, 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, 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 Sinking Funds shall be used only for the purposes of paying principal of and interest, if any, on the Series 2002 Bonds, respectively, as the same shall become due. Moneys in the Reserve Accounts shall be used only for the purposes of paying principal of and interest, if any, on the Series 2002 Bonds, respectively, as the same shall come due, when other moneys in the Sinking Funds are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Reserve Accounts (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 2002 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 2002 Bonds, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Reserve Accounts which result in a reduction in the balance therein to below the respective Reserve Requirements shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2002 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 Sinking Funds or the Reserve Accounts when the aggregate amount of funds therein are at least equal to the respective aggregate principal amount of the Series 2002 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 2002 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 2002 A Bonds Sinking Fund, the Series 2002 A Bonds Reserve Account, the Series 2002 B Bonds Sinking Fund, the Series 2002 B Bonds Reserve Account and the Series 2002 C Bonds Reserve Account created hereunder, and all amounts required for such accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority or the Government at any time, the Issuer shall make the necessary arrangements whereby required payments into such accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 2002 A Bonds Sinking Fund, the Series 2002 A Bonds Reserve Account, the Series 2002 B Bonds Sinking Fund, the Series 2002 B Bonds Reserve Account and the Series 2002 C Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Sinking Funds and the Reserve Accounts shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2002 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 as set forth in the Schedule Y attached to the Loan Agreement for the Series 2002 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 or the Government at any time, make the necessary arrangements whereby such required payments shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required.

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

G. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in

the same order as payments are to be made pursuant to this Section 5.03, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

ARTICLE VI

APPLICATION OF BOND PROCEEDS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 2002 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2002 A Bonds, there shall first be deposited in the Series 2002 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 2002 A Bonds for the period commencing on the date of issuance of the Series 2002 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. From the proceeds of the Series 2002 B Bonds, there shall first be deposited in the Series 2002 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 2002 B Bonds for the period commencing on the date of issuance of the Series 2002 B Bonds and ending 6 months after the estimated date of completion of construction of the Project.

C. From the proceeds of the Series 2002 C Bonds, there shall first be deposited in the Series 2002 C 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 2002 C Bonds for the period commencing on the date of issuance of the Series 2002 C Bonds and ending 6 months after the estimated date of completion of construction of the Project.

D. Next, from the proceeds of the Series 2002 A Bonds, there shall be deposited in the Series 2002 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2002 A Bonds Reserve Account.

E. Next, from the proceeds of the Series 2002 B Bonds, there shall be deposited in the Series 2002 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2002 B Bonds Reserve Account.

F. Next, from the proceeds of the Series 2002 C Bonds, there shall be deposited in the Series 2002 C Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2002 C Bonds Reserve Account.

G. Next, from the proceeds of the Series 2002 C Bonds, there shall be paid to the Authority the entire outstanding principal of and all accrued charges on the Step I Loan.

H. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2002 A Bonds, such moneys shall be deposited with the Depository Bank in the Series 2002 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 2002 A Bonds.

I. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2002 B Bonds, such moneys shall be deposited with the Depository Bank in the Series 2002 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 2002 B Bonds.

J. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2002 C Bonds, such moneys shall be deposited with the Depository Bank in the Series 2002 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 2002 C Bonds.

K. 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 2002 A Bonds shall be expended as directed by the DEP, any remaining proceeds of the Series 2002 B Bonds shall be expended as directed by the Council and any remaining proceeds of the Series 2002 C Bonds shall be expended as directed by the Government.

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 2002 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 of proceeds of the Series 2002 A Bonds from the Series 2002 Bonds Construction Trust Fund shall be made only after submission to and approval from the DEP of the following:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement for the Series 2002 A Bonds, in compliance with the construction schedule, and

(2) a certificate, signed by an Authorized Officer and the Managing Engineer, 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. The Issuer shall each month provide the Council with a requisition for the costs incurred for the Project, together with such documentation as the Council shall require. Payments of all costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements of proceeds of the Series 2002 B Bonds from the Series 2002 Bonds Construction Trust Fund shall be made only after submission to and approval from the Council of a certificate, signed by an Authorized Officer and the Managing Engineer, stating that:

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

(b) Each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a cost of the Project;

(c) Each of such costs has been otherwise properly incurred; and

(d) Payment for each of the items proposed is then due and owing.

The Issuer shall expend all proceeds of the Series 2002 B Bonds within 3 years of the date of issuance of the Council's Bonds, the proceeds of which were used to make the loan to the Issuer.

C. Except as provided in Section 6.01 hereof, disbursements of proceeds of the Series 2002 C Bonds from the Series 2002 Bonds Construction Trust Fund shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Government.

Until completion of acquisition and construction of the Project, the Issuer will use proceeds of the Series 2002 C Bonds from the Series 2002 Bonds Construction Trust Fund to pay to the Government the monthly interest payments on the Series 2002 C Bonds, if there are not sufficient revenues to make such monthly payments.

Pending such application, moneys in the Series 2002 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 Holder or Holders of the Series 2002 Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2002 Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2002 Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2002 Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 2002 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2002 Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 2002 A Bonds, the Series 2002 B Bonds and the Series 2002 C Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2002 Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The 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 2002 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 2002 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 Series 2002 Bonds are outstanding and except as otherwise required by law or with the written consent of the DEP, the Council, the Authority and the Government, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall be remitted to the respective Sinking Funds and applied to the payment of principal of and interest, if any, on the Series 2002 Bonds. Any balance remaining after the payment of the Series 2002 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 Managing Engineer 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 Holders of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2002 Bonds. All obligations issued by the Issuer after the issuance of the Series 2002 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 2002 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 2002 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 2002 Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

The Issuer shall give the DEP, the Authority, the Council and the Government prior written notice of its issuance of any other obligations to be used for the System, payable from the revenues of the System or from any grants, or any other obligations related to the Project or the System.

Section 7.07. Parity Bonds. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2002 Bonds pursuant to this Bond Legislation, except with the prior written consent of the Authority, the DEP, the Council and the Government under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2002 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 2002 C 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 Holders of the Series 2002 C Bonds, representing 75% of the then-outstanding principal indebtedness. In the event the foregoing limitation is waived or when the Series 2002 C 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 Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 2002 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 2002 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 DEP, the Authority, the Council and the Government, or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the DEP, the Authority, the Council and the Government such documents and information as they may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

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

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

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the 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 Council, the Authority, the Government, or any other original purchaser of the Series 2002 Bonds, and shall mail in each year to any Holder or Holders of the Series 2002 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 Holder or Holders of the Series 2002 Bonds, and shall submit said report to the DEP, the Council, the Authority and the Government, or any other original purchaser of the Series 2002 Bonds. Such audit report submitted to the DEP, the Authority, the Council and the Government shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's 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 DEP, the Authority, the Council and the Government, or their agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction and commencement of operation of the Project, the Issuer shall also provide the DEP, the Authority, the Council and the Government, or their agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the DEP, the Authority, the Council and the Government 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

EXHIBIT E of the Loan Agreement for the Series 2002 A Bonds or as promulgated from time to time.

Section 7.09. Rates. Prior to the issuance of the Series 2002 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 2002 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2002 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 and the reserve accounts for obligations on a parity with the Series 2002 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 2002 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2002 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 30 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 DEP, the Authority, the Council and the Government within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Managing 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 the Managing

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 DEP, the Authority, the Council and the Government and to any Holder of any Bonds, within 30 days of adoption thereof, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the DEP, the Authority, the Council and the Government and to any Holder of any Bonds, or anyone acting for and in behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for two years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the respective Loan Agreements, and forward a copy of such report to the DEP, the Authority and the Council by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the DEP, the Authority, the Council and the Government, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the DEP, the Authority, the Council and the Government is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

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

The Issuer shall 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 for the Series 2002 A Bonds as Exhibit A, 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 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the 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 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, the DEP, the Council and the Government. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear. The Issuer shall verify such insurance prior to commencement of construction.

Section 7.16. 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 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 Holders of the Series 2002 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 2002 Bonds.

Section 7.20. Compliance with Letter of Conditions, Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Letter of Conditions, the Loan Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer shall provide the DEP and the Council with copies of all documents submitted to the Authority.

The Issuer shall also comply with all applicable laws, rules and regulations issued by the DEP, the Authority, the Council, the Government or other State, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

Section 7.21. Securities Laws Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.22. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2002 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, the Council and the Government for written approval. The Issuer shall obtain the written approval of the DEP, the Council and the Government before expending any proceeds of the Series 2002 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, the Council and the Government before expending any proceeds of the Series 2002 Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding provided by the DEP, the Council, the Authority and the Government in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any ground breaking or dedication of the Project.

ARTICLE VIII

INVESTMENTS

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this Bond Legislation other than the Revenue Fund, shall be invested and reinvested by the Commission, the Depository Bank, or such other bank or national banking association holding such fund or account, as the case may be, at the written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Bond Legislation, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 8.01.

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2002 Bonds are Outstanding.

Section 8.02. Certificate as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2002 Bonds as a condition to issuance of the Series 2002 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 2002 Bonds as may be necessary in order to maintain the status of the Series 2002

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 2002 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, the Council or the DEP, as the case may be, from which the proceeds of the Series 2002 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, the Council or the DEP, 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 2002 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 2002 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 2002 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 2002 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2002 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond; or

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

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 2002 A Bonds, the Series 2002 B Bonds and the Series 2002 C Bonds shall be on a parity with each other.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Bond

shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

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

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

enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Series 2002 A Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2002 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 2002 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Section 10.02. Payment of Series 2002 B Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2002 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 2002 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Section 10.03. Payment of Series 2002 C Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2002 C 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 2002 C Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2002 Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2002 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 2002 Bonds shall be made without the consent in writing of the Registered Owners of the Series 2002 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 Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest, if any, on the Series 2002 Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2002 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 2002 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. All orders or resolutions, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed.

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

Section 11.07. Public Notice of Proposed Financing. Prior to making formal application to the PSC for a certificate of public convenience and necessity and adoption of this Resolution, the Secretary shall have caused to be published in a newspaper of general circulation in each municipality in Logan County Public Service District and within the boundaries of the Issuer, a Class II legal advertisement stating:

(a) The maximum amount of the Series 2002 Bonds to be issued;

(b) The maximum interest rate and terms of the Series 2002 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 10th day of December, 2002.

Chairperson

Member

Member

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of LOGAN COUNTY PUBLIC SERVICE DISTRICT on the 10th day of December, 2002.

Dated: December 12, 2002.

[SEAL]

Secretary

11/15/02
001210/00324

LOGAN COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS,
SERIES 2002 A (WEST VIRGINIA SRF PROGRAM),
SERIES 2002 B (WEST VIRGINIA INFRASTRUCTURE FUND) AND
SERIES 2002 C (UNITED STATES DEPARTMENT OF AGRICULTURE)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE LOGAN COUNTY PUBLIC SERVICE DISTRICT SEWER REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA SRF PROGRAM), SERIES 2002 B (WEST VIRGINIA INFRASTRUCTURE FUND) AND SERIES 2002 C (UNITED STATES DEPARTMENT OF AGRICULTURE); AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF THE SERIES 2002 A BONDS AND THE SERIES 2002 B BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AND THE SERIES 2002 C BONDS TO THE UNITED STATES DEPARTMENT OF AGRICULTURE; APPROVING AND RATIFYING THE LOAN AGREEMENT WITH RESPECT TO THE SERIES 2002 A BONDS AND THE SERIES 2002 B 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 Logan County Public Service District (the "Issuer") has duly and officially adopted a Bond Resolution on December 10, 2002 (the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF NEW PUBLIC SEWER FACILITIES OF LOGAN COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $5,328,940 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA SRF PROGRAM), NOT MORE THAN $2,190,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA INFRASTRUCTURE FUND), AND NOT MORE THAN $300,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2002 C (UNITED STATES DEPARTMENT OF

AGRICULTURE); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Resolution when used herein;

WHEREAS, the Resolution provides for the issuance of the Sewer Revenue Bonds, Series 2002 A (West Virginia SRF Program), Series 2002 B (West Virginia Infrastructure Fund) and Series 2002 C (United States Department of Agriculture), of the Issuer, in the respective aggregate principal amounts of not to exceed $5,328,940, $2,190,000 and $300,000 (collectively, the "Bonds"and individually, the "Series 2002 A Bonds", the "Series 2002 B Bonds" and the "Series 2002 C Bonds"), and has authorized the execution and delivery of a bond purchase agreement relating to the Series 2002 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 2002 B Bonds, including all schedules and exhibits attached thereto, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (collectively, the "Loan Agreement"), all in accordance with Chapter 16, Article 13A, Chapter 22C, Article 2 and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (collectively, the "Act"); and in the Resolution it is provided that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds should be established by a supplemental resolution, and that other matters relating to the Bonds be therein provided for;

WHEREAS, the Loan Agreement has been presented to the Issuer at this meeting;

WHEREAS, the Series 2002 A Bonds and the Series 2002 B Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement and the Series 2002 C Bonds are proposed to be purchased by the United States of America, United States Department of Agriculture, Rural Utilities Service (the "Government") pursuant to the Letter of Conditions; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement

be approved and ratified, that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF LOGAN COUNTY 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 2002 A (West Virginia SRF Program), of the Issuer, originally represented by a single bond, numbered AR-1, in the original principal amount of $5,328,940. The Series 2002 A Bonds shall be dated the date of delivery, shall finally mature December 1, 2042, and shall bear no interest. The principal of the Series 2002 A Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 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 2002 A Bonds. The Issuer hereby approves and shall pay the SRF Administrative Fee equal to 0.5% of the principal amount of the Series 2002 A Bonds set forth in the Schedule Y attached to the Loan Agreement. The Series 2002 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 2002 A Bonds.

B. Sewer Revenue Bonds, Series 2002 B (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single bond, numbered BR-1, in the original principal amount of $2,190,000. The Series 2002 B Bonds shall be dated the date of delivery, shall finally mature December 1, 2042, and shall bear no interest. The principal of the Series 2002 B Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 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 2002 B Bonds. The Series 2002 B Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the Registered Owner of the Series 2002 B Bonds.

C. Sewer Revenue Bonds, Series 2002 C (United States Department of Agriculture), of the Issuer, originally represented by a single bond, numbered CR-1,in the original principal amount of $300,000. The Series 2002 C Bonds shall be dated the date of delivery, shall mature forty years from the date thereof, and the principal amount advanced under the Series 2002 C Bonds shall bear interest at the rate of 4.625% per annum. Monthly installments of interest only on the amounts advanced under the Series 2002 C Bonds are

payable 30 days following the date of delivery of the Series 2002 C Bonds and on the corresponding day of each month thereafter for the first 24 months after the date of delivery of the Series 2002 C Bonds, and thereafter, monthly installments of principal of and interest on the Series 2002 C Bonds, in the aggregate amount of $1,401, are payable on the corresponding day of each month, except that the final installment on the Series 2002 C Bonds shall be paid at the end of 40 years from the date of the Series 2002 C Bonds in the sum of the unpaid principal and interest due on the date thereof. The Series 2002 C Bonds are subject to prepayment as set forth in the Resolution and the Series 2002 C Bonds. All principal and interest payments on the Series 2002 C Bonds will be paid by the Issuer directly to the order of the United States of America at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103.

Section 2. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the form provided in the Resolution.

Section 3. The Issuer hereby ratifies, approves and accepts the Loan Agreement, including all schedules and exhibits attached thereto, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Chairperson and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the applications to the DEP , the Council and the Authority. The Issuer hereby ratifies, approves and accepts the Letter of Conditions, and all amendments thereto, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed. The price of the Bonds shall be 100 % of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer hereby appoints and designates Bank One, West Virginia, National Association, Logan, West Virginia, to serve as Registrar (the "Registrar") for the Series 2002 A Bonds and the Series 2002 B Bonds under the Resolution and approves and accepts the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Chairperson, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed and approved.

Section 5. The Issuer hereby appoints and designates the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Commission"), to serve as Paying Agent for the Series 2002 A Bonds and the Series 2002 B Bonds under the Resolution.

Section 6. The Issuer hereby appoints and designates Logan Bank & Trust Company, Logan, West Virginia, to serve as the Depository Bank for the Revenue Fund.

Section 7. The Issuer hereby appoints and designates Bank One, West Virginia, National Association, Logan, West Virginia, to serve as the Depository Bank for the Series

2002 A Bonds Construction Trust Fund, the Series 2002 B Bonds Construction Trust Fund, the Series 2002 C Bonds Construction Trust Fund and the Renewal and Replacement Fund.

Section 8. Series 2002 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2002 A Bonds Sinking Fund as capitalized interest.

Section 9. Series 2002 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2002 A Bonds Reserve Account.

Section 10. Series 2002 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2002 B Bonds Sinking Fund as capitalized interest.

Section 11. Series 2002 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2002 B Bonds Reserve Account.

Section 12. Series 2002 C Bonds proceeds in the amount of $67,109.45 shall be paid to the Authority on the Closing Date to pay in full the entire outstanding principal of and all accrued charges on the Step I Loan.

Section 13. Series 2002 C Bonds proceeds in the amount of $-0- shall be deposited in the Series 2002 C Bonds Reserve Account.

Section 14. The remaining proceeds of the Bonds, as advanced from time to time, shall be deposited in the Series 2002 Bonds Construction Trust Fund, as received by the Issuer for payment of costs of the Project, including costs of issuance of the Bonds.

Section 15. The Chairperson and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Resolution approved and provided for, to the end that the Series 2002 A Bonds and the Series 2002 B Bonds may be delivered to the Authority pursuant to the Loan Agreement on or about December 12, 2002, and the Series 2002 C Bonds may be delivered to the Government pursuant to the Letter of Conditions on or about December 12, 2002.

Section 16. 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 17. 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 shall be invested by the Commission in the West Virginia Consolidated Fund.

Section 18. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project.

Section 19. The Issuer hereby approves the costs of issuance and authorizes the payment of the same.

Section 20. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 10th day of December, 2002.

Chairperson

Member

Member

CERTIFICATION

Certified as a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Logan County Public Service District on the 10th day of December, 2002.

Dated this 12th day of December, 2002.

[SEAL]

Secretary

11/15/02
001210/00324

LOGAN COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS,
SERIES 2002 A (WEST VIRGINIA SRF PROGRAM),
SERIES 2002 B (WEST VIRGINIA INFRASTRUCTURE FUND) AND
SERIES 2002 C (UNITED STATES DEPARTMENT OF AGRICULTURE)

MINUTES ON ADOPTION OF BOND
RESOLUTION AND SUPPLEMENTAL RESOLUTION

The undersigned duly appointed Secretary of the Public Service Board of Logan County 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 Logan County Public Service District met in special session, pursuant to notice duly posted, on the 10th day of December, 2002, in Logan, West Virginia, at the hour of 3:00 p.m.

PRESENT:	James R. Jeffrey	-	Chairperson and Member
	Mike Stone	-	Secretary and Member
	Ben F. Lowe, Jr.	-	Treasurer and Member

ABSENT: None

James R. Jeffrey, Chairperson, presided, and Mike Stone, acted as Secretary. The Chairperson announced that a quorum of members was present and that the meeting was open for any business properly before it.

*** *** ***

Thereupon, the Chairperson presented a proposed Bond Resolution in writing entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF NEW PUBLIC SEWER FACILITIES OF LOGAN COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $5,328,940

IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA SRF PROGRAM), NOT MORE THAN $2,190,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA INFRASTRUCTURE FUND), AND NOT MORE THAN $300,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2002 C (UNITED STATES DEPARTMENT OF AGRICULTURE); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Upon motion duly made and seconded, it was unanimously ordered that said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

Next, the Chairperson presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE LOGAN COUNTY PUBLIC SERVICE DISTRICT SEWER REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA SRF PROGRAM), SERIES 2002 B (WEST VIRGINIA INFRASTRUCTURE FUND) AND SERIES 2002 C (UNITED STATES DEPARTMENT OF AGRICULTURE); AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF THE SERIES 2002 A BONDS AND THE SERIES 2002 B BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AND THE SERIES 2002 C BONDS TO THE UNITED STATES DEPARTMENT OF AGRICULTURE; APPROVING AND RATIFYING THE LOAN AGREEMENT WITH RESPECT TO THE SERIES 2002 A BONDS AND THE SERIES 2002 B BONDS; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Upon motion duly made and seconded, it was unanimously ordered that said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

*** *** ***

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

Chairperson

Secretary

CERTIFICATION

I hereby certify that the foregoing action of Logan County Public Service District remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 12th day of December, 2002.

Secretary

10/30/02
001210/00324

I, Rhonda Maynard, Classified Manager of THE LOGAN BANNER, a newspaper published in Logan County, West Virginia, do hereby certify that the annexed notice was published in said paper for 2 successive time(s) on the following dates:

September 22 and September 29, 2000

Given under my hand this 3rd day of October, 2000

Rhonda Maynard
CLASSIFIED MANAGER

State of West Virginia
County of Logan, to-wit:

Subscribed and sworn before me this 3rd day of October, 2000

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
BARBARA J. SMITH
P. O. BOX 150
MAN, WV 25635
My Commission Expires January 7, 2007

Barbara J. Smith
NOTARY PUBLIC

Cost of Publication: $74.07

COPY OF PUBLICATION

NOTICE

Logan County Public Service District proposes to construct a wastewater collection and treatment system to serve approximately 1,217 new customers in the Town of West Logan, Town of Mitchell Heights and the unincorporated communities of Aracoma, Peach Creek, Crooked Creek, Justice Addition, Henlawson and surrounding areas.

The project consists of the construction of a new 1.0 MGD Sequencing Batch Reactor wastewater treatment plant, nine major pump stations, five duplex grinder stations, eleven simplex grinder stations, approximately 89,150 feet of 10-inch and smaller diameter gravity collection pipe, approximately 23, 125 feet of 12-inch and smaller diameter force main, 478 manholes, customer services and other related items.

The estimated cost of the project is $13,800,000. Funding will be provided by a $1,250,000 Small Cities Block Grant, a USDA-Rural Development Grant of $2,400,000, a WV Infrastructure Fund Grant of $3,000,000, a USDA-Rural Development loan of $600,000 at an interest rate not to exceed 6 percent for a term not to exceed 40 years, a WV Infrastructure Fund Loan of $1,000,000 at an interest rate not to exceed 3 percent for a period not to exceed 40 years, and a WVDEP-State Revolving Fund loan of $5,500,000 at an interest rate not to exceed 3 percent for a term not to exceed 40 years.

The District anticipates charging rates for service not to exceed the following:

Customer Charge
$25.00
Commodity Charge
$3.80/MGal.

The minimum bill for service is not expected to exceed $25.00 per month. The Bill for 4,500 gallons per month (average residential usage) is not expected to exceed $40.00.

The District plans to apply to the public Service Commission of West Virginia for a Certificate of Convenience and Necessity on October 30, 2000 so that it may proceed with this planned project.

Anyone desiring to protest the application should do so within 30 days, briefly stating their reasons for the protest and addressing the same to the Executive Secretary, Public Service Commission of West Virginia, P. O. Box 812, Charleston, WV 25323.

18A

I, Rhonda Maynard, Classified Manager of THE LOGAN BANNER, a newspaper published in Logan County, West Virginia, do hereby certify that the annexed notice was published in said paper for 1 successive time(s) on the following date(s):

November 27, 2001

Given under my hand this 2nd day of December, 2002

Rhonda Maynard
CLASSIFIED MANAGER

State of West Virginia
County of Logan, to-wit:

Subscribed and sworn before me this 2nd day of December, 2002

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
BARBARA J. SMITH
P. O. BOX 149
MAN, WV 25635
My Commission Expires January 7, 2007

Barbara J. Smith
NOTARY PUBLIC

Cost of Publication: $30.78

COPY OF PUBLICATION

SEE ATTACHED

LOGAN COUNTY PUBLIC SERVICE DISTRICT

NOTICE OF SPECIAL MEETING

The Public Service Board of Logan County Public Service District (the "District") will hold a special meeting on Tuesday, December 10, 2002, at 3:00 p.m., prevailing time, at the District's office at 41 Armory Road, Monaville, West Virginia, for the following purposes:

1. To consider and adopt a proposed Bond Resolution authorizing its Sewer Revenue Bonds, Series 2002 A (West Virginia SRF Program), Series 2002 B (West Virginia Infrastructure Fund) and Series 2002 C (United States Department of Agriculture), in the total aggregate principal amount of $7,816,940 (collectively, the "Bonds"), to pay the costs of acquisition and construction of new public sewer facilities of the District (the "Project") and the costs of issuance and related costs.

2. To consider and adopt a proposed Supplemental Resolution approving the terms and other provisions of the Bonds.

3. 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.

Mike Stone, Secretary

NUMBER
AR-1

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
LOGAN COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2002 A
(WEST VIRGINIA SRF PROGRAM)

SPECIMEN

No. AR-1 $5,328,940

KNOW ALL MEN BY THESE PRESENTS: That LOGAN COUNTY PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Logan, Lincoln, Mingo and Wyoming Counties 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 FIVE MILLION THREE HUNDRED TWENTY EIGHT THOUSAND NINE HUNDRED FORTY DOLLARS ($5,328,940), 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 March 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 March 1, 2005, as set forth on said EXHIBIT B.

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 November 8, 2002.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of new public sewer facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. 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 December 10, 2002, and a Supplemental Resolution duly adopted by the Issuer on December 10, 2002 (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 SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED DECEMBER 12, 2002, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,190,000, AND SEWER REVENUE BONDS, SERIES 2002 C (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED DECEMBER 12, 2002, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $300,000 (COLLECTIVELY, THE "SERIES 2002 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 holders of the Series 2002 Bonds, and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2002 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 2002 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 parity with this Bond, including the Series 2002 Bonds; provided however, that so long as there 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 Series 2002 Bonds; provided however, that so long as there exists in the Series 2002 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 Series 2002 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.

SPECIMEN

IN WITNESS WHEREOF, LOGAN COUNTY 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 December 12, 2002.

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[SEAL]

Chairperson

SPECIMEN

ATTEST:

Secretary

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2002 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: December 12, 2002.

BANK ONE, WEST VIRGINIA, NATIONAL ASSOCIATION, as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

SPECIMEN

	AMOUNT	DATE		AMOUNT	DATE
(1)	$266,447	12/12/02	(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 $_____

Logan County Public Service District (West Virginia)

Loan of $5,328,940
0% Interest Rate, 1/2% Adminstrative Fee, 40 Years
Closing Date: December 12, 2002

SPECIMEN

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
3/01/2003	-	-	-
6/01/2003	-	-	-
9/01/2003	-	-	-
12/01/2003	-	-	-
3/01/2004	-	-	-
6/01/2004	-	-	-
9/01/2004	-	-	-
12/01/2004	-	-	-
3/01/2005	35,058.82	-	35,058.82
6/01/2005	35,058.82	-	35,058.82
9/01/2005	35,058.82	-	35,058.82
12/01/2005	35,058.82	-	35,058.82
3/01/2006	35,058.82	-	35,058.82
6/01/2006	35,058.82	-	35,058.82
9/01/2006	35,058.82	-	35,058.82
12/01/2006	35,058.82	-	35,058.82
3/01/2007	35,058.82	-	35,058.82
6/01/2007	35,058.82	-	35,058.82
9/01/2007	35,058.82	-	35,058.82
12/01/2007	35,058.82	-	35,058.82
3/01/2008	35,058.82	-	35,058.82
6/01/2008	35,058.82	-	35,058.82
9/01/2008	35,058.82	-	35,058.82
12/01/2008	35,058.82	-	35,058.82
3/01/2009	35,058.82	-	35,058.82
6/01/2009	35,058.82	-	35,058.82
9/01/2009	35,058.82	-	35,058.82
12/01/2009	35,058.82	-	35,058.82
3/01/2010	35,058.82	-	35,058.82
6/01/2010	35,058.82	-	35,058.82
9/01/2010	35,058.82	-	35,058.82
12/01/2010	35,058.82	-	35,058.82
3/01/2011	35,058.82	-	35,058.82
6/01/2011	35,058.82	-	35,058.82
9/01/2011	35,058.82	-	35,058.82
12/01/2011	35,058.82	-	35,058.82
3/01/2012	35,058.82	-	35,058.82
6/01/2012	35,058.82	-	35,058.82
9/01/2012	35,058.82	-	35,058.82
12/01/2012	35,058.82	-	35,058.82
3/01/2013	35,058.82	-	35,058.82
6/01/2013	35,058.82	-	35,058.82
9/01/2013	35,058.82	-	35,058.82
12/01/2013	35,058.82	-	35,058.82
3/01/2014	35,058.82	-	35,058.82
6/01/2014	35,058.82	-	35,058.82
9/01/2014	35,058.82	-	35,058.82

Logan County Public Service District (West Virginia)

Loan of $5,328,940
0% Interest Rate, 1/2% Adminstrative Fee, 40 Years
Closing Date: December 12, 2002

DEBT SERVICE SCHEDULE

SPECIMEN

Date	Principal	Coupon	Total P+I
12/01/2014	35,058.82	-	35,058.82
3/01/2015	35,058.82	-	35,058.82
6/01/2015	35,058.82	-	35,058.82
9/01/2015	35,058.82	-	35,058.82
12/01/2015	35,058.82	-	35,058.82
3/01/2016	35,058.82	-	35,058.82
6/01/2016	35,058.82	-	35,058.82
9/01/2016	35,058.82	-	35,058.82
12/01/2016	35,058.82	-	35,058.82
3/01/2017	35,058.82	-	35,058.82
6/01/2017	35,058.82	-	35,058.82
9/01/2017	35,058.82	-	35,058.82
12/01/2017	35,058.82	-	35,058.82
3/01/2018	35,058.82	-	35,058.82
6/01/2018	35,058.82	-	35,058.82
9/01/2018	35,058.82	-	35,058.82
12/01/2018	35,058.82	-	35,058.82
3/01/2019	35,058.82	-	35,058.82
6/01/2019	35,058.82	-	35,058.82
9/01/2019	35,058.82	-	35,058.82
12/01/2019	35,058.82	-	35,058.82
3/01/2020	35,058.82	-	35,058.82
6/01/2020	35,058.82	-	35,058.82
9/01/2020	35,058.82	-	35,058.82
12/01/2020	35,058.82	-	35,058.82
3/01/2021	35,058.82	-	35,058.82
6/01/2021	35,058.82	-	35,058.82
9/01/2021	35,058.82	-	35,058.82
12/01/2021	35,058.82	-	35,058.82
3/01/2022	35,058.82	-	35,058.82
6/01/2022	35,058.82	-	35,058.82
9/01/2022	35,058.82	-	35,058.82
12/01/2022	35,058.82	-	35,058.82
3/01/2023	35,058.82	-	35,058.82
6/01/2023	35,058.82	-	35,058.82
9/01/2023	35,058.82	-	35,058.82
12/01/2023	35,058.82	-	35,058.82
3/01/2024	35,058.82	-	35,058.82
6/01/2024	35,058.82	-	35,058.82
9/01/2024	35,058.82	-	35,058.82
12/01/2024	35,058.82	-	35,058.82
3/01/2025	35,058.82	-	35,058.82
6/01/2025	35,058.82	-	35,058.82
9/01/2025	35,058.82	-	35,058.82
12/01/2025	35,058.82	-	35,058.82
3/01/2026	35,058.82	-	35,058.82
6/01/2026	35,058.82	-	35,058.82

Logan County Public Service District (West Virginia)

Loan of $5,328,940
0% Interest Rate, 1/2% Adminstrative Fee, 40 Years
Closing Date: December 12, 2002

DEBT SERVICE SCHEDULE

SPECIMEN

Date	Principal	Coupon	Total P+I
9/01/2026	35,058.82	-	35,058.82
12/01/2026	35,058.82	-	35,058.82
3/01/2027	35,058.81	-	35,058.81
6/01/2027	35,058.81	-	35,058.81
9/01/2027	35,058.81	-	35,058.81
12/01/2027	35,058.81	-	35,058.81
3/01/2028	35,058.81	-	35,058.81
6/01/2028	35,058.81	-	35,058.81
9/01/2028	35,058.81	-	35,058.81
12/01/2028	35,058.81	-	35,058.81
3/01/2029	35,058.81	-	35,058.81
6/01/2029	35,058.81	-	35,058.81
9/01/2029	35,058.81	-	35,058.81
12/01/2029	35,058.81	-	35,058.81
3/01/2030	35,058.81	-	35,058.81
6/01/2030	35,058.81	-	35,058.81
9/01/2030	35,058.81	-	35,058.81
12/01/2030	35,058.81	-	35,058.81
3/01/2031	35,058.81	-	35,058.81
6/01/2031	35,058.81	-	35,058.81
9/01/2031	35,058.81	-	35,058.81
12/01/2031	35,058.81	-	35,058.81
3/01/2032	35,058.81	-	35,058.81
6/01/2032	35,058.81	-	35,058.81
9/01/2032	35,058.81	-	35,058.81
12/01/2032	35,058.81	-	35,058.81
3/01/2033	35,058.81	-	35,058.81
6/01/2033	35,058.81	-	35,058.81
9/01/2033	35,058.81	-	35,058.81
12/01/2033	35,058.81	-	35,058.81
3/01/2034	35,058.81	-	35,058.81
6/01/2034	35,058.81	-	35,058.81
9/01/2034	35,058.81	-	35,058.81
12/01/2034	35,058.81	-	35,058.81
3/01/2035	35,058.81	-	35,058.81
6/01/2035	35,058.81	-	35,058.81
9/01/2035	35,058.81	-	35,058.81
12/01/2035	35,058.81	-	35,058.81
3/01/2036	35,058.81	-	35,058.81
6/01/2036	35,058.81	-	35,058.81
9/01/2036	35,058.81	-	35,058.81
12/01/2036	35,058.81	-	35,058.81
3/01/2037	35,058.81	-	35,058.81
6/01/2037	35,058.81	-	35,058.81
9/01/2037	35,058.81	-	35,058.81
12/01/2037	35,058.81	-	35,058.81
3/01/2038	35,058.81	-	35,058.81

Logan County Public Service District (West Virginia)

Loan of $5,328,940
0% Interest Rate, 1/2% Adminstrative Fee, 40 Years
Closing Date: December 12, 2002

SPECIM

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2038	35,058.81	-	35,058.81
9/01/2038	35,058.81	-	35,058.81
12/01/2038	35,058.81	-	35,058.81
3/01/2039	35,058.81	-	35,058.81
6/01/2039	35,058.81	-	35,058.81
9/01/2039	35,058.81	-	35,058.81
12/01/2039	35,058.81	-	35,058.81
3/01/2040	35,058.81	-	35,058.81
6/01/2040	35,058.81	-	35,058.81
9/01/2040	35,058.81	-	35,058.81
12/01/2040	35,058.81	-	35,058.81
3/01/2041	35,058.81	-	35,058.81
6/01/2041	35,058.81	-	35,058.81
9/01/2041	35,058.81	-	35,058.81
12/01/2041	35,058.81	-	35,058.81
3/01/2042	35,058.81	-	35,058.81
6/01/2042	35,058.81	-	35,058.81
9/01/2042	35,058.81	-	35,058.81
12/01/2042	35,058.81	-	35,058.81
Total	**5,328,940.00**	**-**	**5,328,940.00** *

error OK

***Plus $3,184.88 one-half percent administrative fee paid quarterly. Total fee over life of loan is $509,580.8(**

3,352.51

YIELD STATISTICS

Bond Year Dollars	$112,411.02
Average Life	21.094 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	2.53E-10
Bond Yield for Arbitrage Purposes	2.53E-10
All Inclusive Cost (AIC)	0.4509323%

IRS FORM 8038

Net Interest Cost	-
Weighted Average Maturity	21.094 Years

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

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
LOGAN COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2002 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

SPECIMEN

No. BR-1 $2,190,000

KNOW ALL MEN BY THESE PRESENTS: That LOGAN COUNTY PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Logan, Lincoln, Mingo and Wyoming Counties 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 ONE HUNDRED NINETY THOUSAND DOLLARS ($2,190,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2004, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated December 12, 2002.

SPECIMEN

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of new public sewer facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. The Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on December 10, 2002, and a Supplemental Resolution duly adopted by the Issuer on December 10, 2002 (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 SEWER REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 12, 2002, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $5,328,940, AND SEWER REVENUE BONDS, SERIES 2002 C (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED DECEMBER 12, 2002, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $300,000 (COLLECTIVELY, THE "SERIES 2002 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 holders of the Series 2002 Bonds, and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2002 B 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 2002 B Bonds Reserve Account and unexpended proceeds of this Bond. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates 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 Series 2002 Bonds; provided however, that so long as there

SPECIMEN

exists in the Series 2002 B 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 Series 2002 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.

SPECIMEN

IN WITNESS WHEREOF, LOGAN COUNTY 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 December 12, 2002.

[SEAL]

Chairperson

SPECIMEN

ATTEST:

Secretary

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2002 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: December 12, 2002.

BANK ONE, WEST VIRGINIA, NATIONAL ASSOCIATION, as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

SPECIMEN

	AMOUNT	DATE		AMOUNT	DATE
(1)	$69,190	12/12/02	(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 $

Logan County Public Service District (West Virginia)

Loan of $2,190,000
0% Interest Rate, 40 Years
Closing Date: December 12, 2002

DEBT SERVICE SCHEDULE

SPECIMEN

Date	Principal	Coupon	Total P+I
3/01/2003	-	-	-
6/01/2003	-	-	-
9/01/2003	-	-	-
12/01/2003	-	-	-
3/01/2004	-	-	-
6/01/2004	-	-	-
9/01/2004	-	-	-
12/01/2004	14,313.73	-	14,313.73
3/01/2005	14,313.73	-	14,313.73
6/01/2005	14,313.73	-	14,313.73
9/01/2005	14,313.73	-	14,313.73
12/01/2005	14,313.73	-	14,313.73
3/01/2006	14,313.73	-	14,313.73
6/01/2006	14,313.73	-	14,313.73
9/01/2006	14,313.73	-	14,313.73
12/01/2006	14,313.73	-	14,313.73
3/01/2007	14,313.73	-	14,313.73
6/01/2007	14,313.73	-	14,313.73
9/01/2007	14,313.73	-	14,313.73
12/01/2007	14,313.73	-	14,313.73
3/01/2008	14,313.73	-	14,313.73
6/01/2008	14,313.73	-	14,313.73
9/01/2008	14,313.73	-	14,313.73
12/01/2008	14,313.73	-	14,313.73
3/01/2009	14,313.73	-	14,313.73
6/01/2009	14,313.73	-	14,313.73
9/01/2009	14,313.73	-	14,313.73
12/01/2009	14,313.73	-	14,313.73
3/01/2010	14,313.73	-	14,313.73
6/01/2010	14,313.73	-	14,313.73
9/01/2010	14,313.73	-	14,313.73
12/01/2010	14,313.73	-	14,313.73
3/01/2011	14,313.73	-	14,313.73
6/01/2011	14,313.73	-	14,313.73
9/01/2011	14,313.73	-	14,313.73
12/01/2011	14,313.73	-	14,313.73
3/01/2012	14,313.73	-	14,313.73
6/01/2012	14,313.73	-	14,313.73
9/01/2012	14,313.73	-	14,313.73
12/01/2012	14,313.73	-	14,313.73
3/01/2013	14,313.73	-	14,313.73
6/01/2013	14,313.73	-	14,313.73
9/01/2013	14,313.73	-	14,313.73
12/01/2013	14,313.73	-	14,313.73
3/01/2014	14,313.73	-	14,313.73
6/01/2014	14,313.73	-	14,313.73
9/01/2014	14,313.73	-	14,313.73

Logan County Public Service District (West Virginia)

Loan of $2,190,000
0% Interest Rate, 40 Years
Closing Date: December 12, 2002

SPECIMEN

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2014	14,313.73	-	14,313.73
3/01/2015	14,313.73	-	14,313.73
6/01/2015	14,313.73	-	14,313.73
9/01/2015	14,313.73	-	14,313.73
12/01/2015	14,313.73	-	14,313.73
3/01/2016	14,313.73	-	14,313.73
6/01/2016	14,313.73	-	14,313.73
9/01/2016	14,313.73	-	14,313.73
12/01/2016	14,313.73	-	14,313.73
3/01/2017	14,313.73	-	14,313.73
6/01/2017	14,313.73	-	14,313.73
9/01/2017	14,313.73	-	14,313.73
12/01/2017	14,313.73	-	14,313.73
3/01/2018	14,313.73	-	14,313.73
6/01/2018	14,313.73	-	14,313.73
9/01/2018	14,313.73	-	14,313.73
12/01/2018	14,313.73	-	14,313.73
3/01/2019	14,313.73	-	14,313.73
6/01/2019	14,313.73	-	14,313.73
9/01/2019	14,313.73	-	14,313.73
12/01/2019	14,313.73	-	14,313.73
3/01/2020	14,313.73	-	14,313.73
6/01/2020	14,313.73	-	14,313.73
9/01/2020	14,313.73	-	14,313.73
12/01/2020	14,313.73	-	14,313.73
3/01/2021	14,313.73	-	14,313.73
6/01/2021	14,313.73	-	14,313.73
9/01/2021	14,313.73	-	14,313.73
12/01/2021	14,313.73	-	14,313.73
3/01/2022	14,313.73	-	14,313.73
6/01/2022	14,313.73	-	14,313.73
9/01/2022	14,313.73	-	14,313.73
12/01/2022	14,313.73	-	14,313.73
3/01/2023	14,313.73	-	14,313.73
6/01/2023	14,313.73	-	14,313.73
9/01/2023	14,313.73	-	14,313.73
12/01/2023	14,313.73	-	14,313.73
3/01/2024	14,313.73	-	14,313.73
6/01/2024	14,313.73	-	14,313.73
9/01/2024	14,313.73	-	14,313.73
12/01/2024	14,313.73	-	14,313.73
3/01/2025	14,313.73	-	14,313.73
6/01/2025	14,313.73	-	14,313.73
9/01/2025	14,313.73	-	14,313.73
12/01/2025	14,313.72	-	14,313.72
3/01/2026	14,313.72	-	14,313.72
6/01/2026	14,313.72	-	14,313.72

Logan County Public Service District (West Virginia)

Loan of $2,190,000
0% Interest Rate, 40 Years
Closing Date: December 12, 2002

SPECIMEN

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/2026	14,313.72	-	14,313.72
12/01/2026	14,313.72	-	14,313.72
3/01/2027	14,313.72	-	14,313.72
6/01/2027	14,313.72	-	14,313.72
9/01/2027	14,313.72	-	14,313.72
12/01/2027	14,313.72	-	14,313.72
3/01/2028	14,313.72	-	14,313.72
6/01/2028	14,313.72	-	14,313.72
9/01/2028	14,313.72	-	14,313.72
12/01/2028	14,313.72	-	14,313.72
3/01/2029	14,313.72	-	14,313.72
6/01/2029	14,313.72	-	14,313.72
9/01/2029	14,313.72	-	14,313.72
12/01/2029	14,313.72	-	14,313.72
3/01/2030	14,313.72	-	14,313.72
6/01/2030	14,313.72	-	14,313.72
9/01/2030	14,313.72	-	14,313.72
12/01/2030	14,313.72	-	14,313.72
3/01/2031	14,313.72	-	14,313.72
6/01/2031	14,313.72	-	14,313.72
9/01/2031	14,313.72	-	14,313.72
12/01/2031	14,313.72	-	14,313.72
3/01/2032	14,313.72	-	14,313.72
6/01/2032	14,313.72	-	14,313.72
9/01/2032	14,313.72	-	14,313.72
12/01/2032	14,313.72	-	14,313.72
3/01/2033	14,313.72	-	14,313.72
6/01/2033	14,313.72	-	14,313.72
9/01/2033	14,313.72	-	14,313.72
12/01/2033	14,313.72	-	14,313.72
3/01/2034	14,313.72	-	14,313.72
6/01/2034	14,313.72	-	14,313.72
9/01/2034	14,313.72	-	14,313.72
12/01/2034	14,313.72	-	14,313.72
3/01/2035	14,313.72	-	14,313.72
6/01/2035	14,313.72	-	14,313.72
9/01/2035	14,313.72	-	14,313.72
12/01/2035	14,313.72	-	14,313.72
3/01/2036	14,313.72	-	14,313.72
6/01/2036	14,313.72	-	14,313.72
9/01/2036	14,313.72	-	14,313.72
12/01/2036	14,313.72	-	14,313.72
3/01/2037	14,313.72	-	14,313.72
6/01/2037	14,313.72	-	14,313.72
9/01/2037	14,313.72	-	14,313.72
12/01/2037	14,313.72	-	14,313.72
3/01/2038	14,313.72	-	14,313.72

Logan County Public Service District (West Virginia)

Loan of $2,190,000
0% Interest Rate, 40 Years
Closing Date: December 12, 2002

SPECIMEN

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2038	14,313.72	-	14,313.72
9/01/2038	14,313.72	-	14,313.72
12/01/2038	14,313.72	-	14,313.72
3/01/2039	14,313.72	-	14,313.72
6/01/2039	14,313.72	-	14,313.72
9/01/2039	14,313.72	-	14,313.72
12/01/2039	14,313.72	-	14,313.72
3/01/2040	14,313.72	-	14,313.72
6/01/2040	14,313.72	-	14,313.72
9/01/2040	14,313.72	-	14,313.72
12/01/2040	14,313.72	-	14,313.72
3/01/2041	14,313.72	-	14,313.72
6/01/2041	14,313.72	-	14,313.72
9/01/2041	14,313.72	-	14,313.72
12/01/2041	14,313.72	-	14,313.72
3/01/2042	14,313.72	-	14,313.72
6/01/2042	14,313.72	-	14,313.72
9/01/2042	14,313.72	-	14,313.72
12/01/2042	14,313.72	-	14,313.72
Total	**2,190,000.00**	**-**	**2,190,000.00**

YIELD STATISTICS

Bond Year Dollars	$45,923.08
Average Life	20.969 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	2.11E-10
Bond Yield for Arbitrage Purposes	2.11E-10
All Inclusive Cost (AIC)	2.11E-10

IRS FORM 8038

Net Interest Cost	-
Weighted Average Maturity	20.969 Years

Ferris, Baker Watts
West Virginia Public Finance Office

File = Logan County PSD Loans.sf-IF 11-06-02
11/ 6/2002 2:48 PM

NUMBER
BR-1

ASSIGNMENT

SPECIME

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: _____, _____.

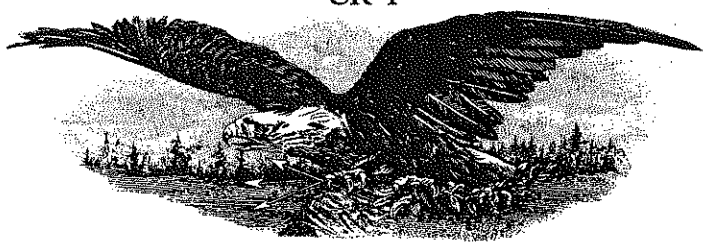
_____

In the presence of:

_____

NUMBER

CR-1



SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
LOGAN COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2002 C
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. CR-1 $300,000

FOR VALUE RECEIVED, LOGAN COUNTY PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Logan, Lincoln, Mingo and Wyoming Counties of said State (the "Issuer"), promises to pay to the order of the UNITED STATES OF AMERICA (the "Government"), at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, and in the manner provided below, the principal sum of THREE HUNDRED THOUSAND DOLLARS ($300,000), or such lesser amount as is set forth on the Record of Advances attached hereto and incorporated herein by reference, plus interest on the unpaid principal balance at the rate of 4.625% per annum.

The principal of and interest on this Bond shall be paid in the following installments on the following dates: Monthly installments of interest only on the amounts advanced hereunder, commencing 30 days following the date of delivery of this Bond and continuing on the corresponding day of each month thereafter for the first 24 months after the date hereof, and thereafter, on the corresponding day of each month in installments of principal and interest in the aggregate amount of $1,401, except that the final installment shall be paid at the end of 40 years from the date of this Bond in the sum of the unpaid principal and interest due on the date thereof and except that prepayments may be made as provided below. This consideration shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to the Issuer as requested by the Issuer and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

SPECIMEN

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Issuer. Extra payments, as defined in the regulations of the Government, shall, after payment of interest, be applied to the installment last to come due under this Bond and shall not affect the obligation of the Issuer to pay the remaining installments as scheduled herein.

Any amount advanced or expended by the Government for the collection hereof, or to preserve or to protect any security therefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government, shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by the Issuer to the Government without demand. The Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Government. The Issuer has granted to the Government a lien on the proceeds of this Bond until such proceeds are expended for authorized purposes.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of new public sewer facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. The Project and any further improvements or extensions thereto are herein called the "System". This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), a Bond Resolution duly adopted by the Issuer on December 10, 2002, and a Supplemental Resolution duly adopted by the Issuer on December 10, 2002 (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 SEWER REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 12, 2002, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $5,328,940, AND SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED DECEMBER 12, 2002, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,190,000 (COLLECTIVELY, THE "SERIES 2002 BONDS").

SPECIMEN

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 holders of the Series 2002 Bonds, and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2002 C 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 2002 C Bonds Reserve Account and unexpended proceeds of this Bond. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates or charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount of principal of and interest on this Bond payable in any year and all other obligations secured by a lien or payable from such revenues on a parity with this Bond, including the Series 2002 Bonds; provided however, that so long as there exists in the Series 2002 C 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 Series 2002 Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owner (as defined in the Bond Legislation) of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owner of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth in the Bond Legislation, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Secretary of the Issuer, as registrar (the "Registrar"), which shall be kept for that purpose at the office of the Registrar, by the Registered Owner or by its attorney or legal representative duly authorized in writing, upon surrender of this Bond, ~~together with a written instrument of~~ transfer satisfactory to the Registrar, duly executed by the Registered Owner or its attorney or legal representative duly authorized in writing.

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

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

The Issuer hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for such purposes and periods of time.

If at any time it so appears to the Government that the Issuer may be able to obtain a loan from a responsible cooperative or private creditor at reasonable rates and terms for loans for such purposes and period of time, the Issuer will at the Government's request apply for and accept such loan in sufficient amount to repay the Government.

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, this Bond will be in default should any proceeds of this Bond be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

This Bond is given as evidence of a loan to the Issuer made or insured by the Government pursuant to the Rural Development Act of 1972. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

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

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

IN WITNESS WHEREOF, LOGAN COUNTY 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 December 12, 2002.

SPECIMEN

Chairperson

[SEAL]

ATTEST:

SPECIMEN

Secretary

RECORD OF ADVANCES

SPECIMEN

	AMOUNT	DATE		AMOUNT	DATE
(1)	$107,110	12/02/02	(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
CR-1

ASSIGNMENT

SPECIMEN

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

Dated: _____, _____.

_____

In the presence of:

_____

BOND REGISTER

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
LOGAN COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2002 A
(WEST VIRGINIA SRF PROGRAM)

Bond Number	Principal Amount	Date of Bond
No. AR-1	$5,328,940	December 12, 2002

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:

Bank One, West Virginia, National Association

Authorized Representative

10/30/02
001210/00324

M0376723.1

BOND REGISTER

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
LOGAN COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2002 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

Bond Number	Principal Amount	Date of Bond
No. BR-1	$2,190,000	December 12, 2002

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:

Bank One, West Virginia, National Association

Authorized Representative

10/30/02
001210/00324

M0376726.1

BOND REGISTER

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
LOGAN COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2002 C
(UNITED STATES DEPARTMENT OF AGRICULTURE)

Bond Number	Principal Amount	Date of Bond
No. CR-1	$300,000	December 12, 2002

NO WRITING ON THIS BOND REGISTER EXCEPT BY THE REGISTRAR

Name of Registered Owner:

United States of America
1520 Market Street
St. Louis, Missouri 63103

Signature of Registrar:

Logan County Public Service District

Mike Stone
Secretary

10/30/02
001210/00324

M0376730.1

22C

LOGAN COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS,
SERIES 2002 A (WEST VIRGINIA SRF PROGRAM),
SERIES 2002 B (WEST VIRGINIA INFRASTRUCTURE FUND) AND
SERIES 2002 C (UNITED STATES DEPARTMENT OF AGRICULTURE)

GENERAL CERTIFICATE ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES AND DELIVERY
6. PUBLIC SERVICE COMMISSION ORDER
7. RATES
8. INCUMBENCY AND OFFICIAL NAME
9. LAND AND RIGHTS-OF-WAY
10. MEETINGS
11. INSURANCE
12. LOAN AGREEMENT
13. SPECIMEN BOND
14. BOND PROCEEDS
15. CONFLICTS OF INTEREST
16. VERIFICATION OF SCHEDULE
17. PROCUREMENT OF ENGINEERING SERVICES
18. CLEAN WATER ACT
19. USERS
20. WETLANDS COVENANT
21. GRANTS
22. COUNTERPARTS

We, the undersigned CHAIRPERSON and the undersigned SECRETARY of the Public Service Board of Logan County Public Service District (the "Issuer") and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the Logan County Public Service District Sewer Revenue Bonds, Series 2002 A (West Virginia SRF Program), Series 2002 B (West Virginia Infrastructure Fund) and Series 2002 C (United States Department of Agriculture), dated the date hereof (collectively, the "Bonds" or individually, the "Series 2002 A Bonds", the "Series 2002 B Bonds" and the "Series 2002 C Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning set forth in the Bond Resolution duly adopted by the Issuer on December 10, 2002, the Supplemental Resolution duly adopted by the Issuer on December 10, 2002 (collectively, the "Resolution"), the bond purchase agreement for the Series 2002 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 November 8, 2002, the loan agreement for the Series 2002 B Bonds by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), dated December 12, 2002 (collectively, the "Loan Agreement"), and the letter of conditions for the Series 2002 C Bonds from the United States of America, United States Department of Agriculture, Rural Utilities Service (the "Government"), to the Issuer, dated July 5, 2000 (the "Letter of Conditions").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any manner the authorization, issuance, sale and delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection or use of the revenues of the System, or the pledge and security of the Net Revenues for the Bonds; nor affecting the validity of the Bonds or any provisions made or authorized for the payment thereof; nor questioning the existence of the Issuer or the title of the members or officers of the Issuer or the Board thereof to their respective offices; nor questioning any proceedings of the Issuer taken with respect to the authorization, issuance, sale or delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection or use of the revenues of the System, or the pledge and security of the Net Revenues for the Bonds.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals, permits, exemptions, consents, authorizations, registrations, licenses, orders and certificates required by law for the creation and existence of the Issuer, the acquisition and construction of the Project, the operation of the System, the imposition of rates and charges and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project have been solicited by the Issuer in accordance with Chapter 5, Article 22, Section 1 of the Code of West Virginia, 1931, as amended, which bids remain in full force and effect.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval, execution and delivery of the Loan Agreement and the approval of the Letter of Conditions. The Issuer has met all conditions set forth in the Loan Agreement and the Letter of Conditions and will provide the financial, institutional, legal and managerial capabilities necessary to complete and operate the Project.

The Series 2002 A Bonds, the Series 2002 B Bonds and the Series 2002 C Bonds shall be issued on a parity with each other. There are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

5. SIGNATURES AND DELIVERY: The undersigned Chairperson and Secretary are the duly elected or appointed, qualified and acting officers of the Issuer as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Bonds for the Issuer. The seal impressed upon the Bonds and this Certificate is the duly authorized, proper and only seal of the Issuer. On the date hereof, the undersigned Chairperson did officially sign all of the Bonds, consisting upon original issuance of a single Bond for each series, dated the date hereof, by his or her manual signature; the undersigned Secretary did officially cause the seal of the Issuer to be affixed upon the Bonds and to be attested by his or her manual signature; the Registrar did officially authenticate and deliver the Series 2002 A Bonds and the Series 2002 B Bonds to a representative of the Authority as the original purchaser of such Bonds under the Loan Agreement; and the Chairperson did deliver the Series 2002 C Bonds to a representative of the Government as the original purchaser of such Bonds.

6. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the orders of the Public Service Commission of West Virginia (the "PSC") entered on July 20, 2001, February 7, 2002, February 22, 2002, and November 26, 2002, in Case No. 00-1469-PSD-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 orders entered July 20, 2001, February 7, 2002, and February 22, 2002, has expired prior to the date hereof without any appeal having been filed. The time for appeal of the PSC order entered November 26, 2002, has not expired on the date hereof. However, the parties to such order have stated that they do not intend to appeal such order. Such order is not subject to any appeal, further hearing, reopening or rehearing by any customer, protestant, intervenor or other person not a party to such order. The Issuer hereby certifies that it will not appeal such order. All such orders remain in full force and effect.

The Issuer has duly published the required notice with respect to, among other things, the amount of the Bonds to be issued, the interest rate and terms of the Bonds, the Project to be acquired or constructed, the cost of the Project, the anticipated user rates and charges and the date that a formal application for a certificate of public convenience and necessity is to be filed with the PSC in accordance with Chapter 16, Article 13A, Section 25 of the Code of West Virginia, 1931, as amended.

7. RATES: The rates for the System, as approved by the PSC, will become effective when the Project is placed in service.

8. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Logan County 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 Logan, Lincoln, Mingo and Wyoming Counties 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
James R. Jeffrey	January 2002	January 2008
Mike Stone	October 2001	October 2007
Ben F. Lowe, Jr.	January 2002	January 2008

The duly elected or appointed officers of the Board for 2002 are as follows:

James R. Jeffrey	-	Chairperson
Mike Stone	-	Secretary
Ben F. Lowe, Jr.	-	Treasurer

The duly appointed and acting attorney for the Issuer is James A. Walker, Esquire, of Logan, West Virginia.

9. LAND AND RIGHTS-OF-WAY: All land, 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, the Loan Agreement and the Letter of Conditions. All insurance for the System required by the Resolution, the Loan Agreement and the Letter of Conditions are in full force and effect.

12. LOAN AGREEMENT: As of the date hereof, (i) the representations of the Issuer contained in the Loan Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreement does not contain any untrue statements of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (iii) to the best knowledge of the undersigned, no event affecting the Issuer has occurred since the date of the Loan Agreement, which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading; and (iv) the Issuer is in compliance with the Loan Agreement.

13. SPECIMEN BOND: Attached hereto as Exhibit A are specimens of the Bonds which, except as to execution and authentication, are identical in all respects with the Bonds this day delivered to the Authority and the Government and being substantially in the form prescribed in the Resolution.

14. BOND PROCEEDS: On the date hereof, the Issuer received (a) $266,447 from the Authority and the DEP, being a portion of the principal amount of the Series 2002 A Bonds, (b) $69,190 from the Authority and the Council, being a portion of the principal amount of the Series 2002 B Bonds and (c) $107,110 from the Government, being a portion of the principal amount of the Series 2002 C Bonds. The balance of the respective principal amounts of the Bonds will be advanced to the Issuer from time to time as acquisition and construction of the Project progresses.

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

16. VERIFICATION OF SCHEDULE: The final amended Schedules A and B attached to the Certificate of Consulting Engineer, with the signature of the Chairperson and the Consulting Engineer, accurately represents the estimated costs of the

Project, the sources of funds available to pay the costs of the Project and the costs of financing of the Bonds.

17. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has complied with all the requirements of Chapter 5G, Article 1 of the Code of West Virginia, 1931, as amended, in the procurement of the engineering services of the Consulting Engineer.

18. CLEAN WATER ACT: The Project as described in the Resolution complies with Sections 208 and 303(e) of the Clean Water Act.

19. USERS: The Issuer will serve at least 1,096 bona fide users upon the completion of the Project, in full compliance with the Letter of Conditions.

20. 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.

21. GRANTS: As of the date hereof, the grant from the Council in the amount of $3,250,000, the grant from the Government in the amount of $4,221,060 and the grant from the United States Department of Housing and Urban Development (Small Cities Block Grant through the State) in the amount of $1,250,000, are committed for the Project and in full force and effect.

22. COUNTERPARTS: This Certificate may be executed in counterparts and all counterparts shall be deemed to be the Certificate.

[The remainder of this page is intentionally left blank.]

WITNESS our signatures and the official corporate seal of Logan County Public Service District on this 12th day of December, 2002.

[SEAL]

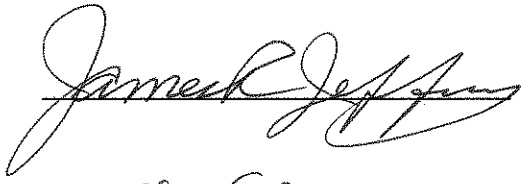
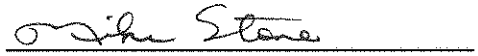
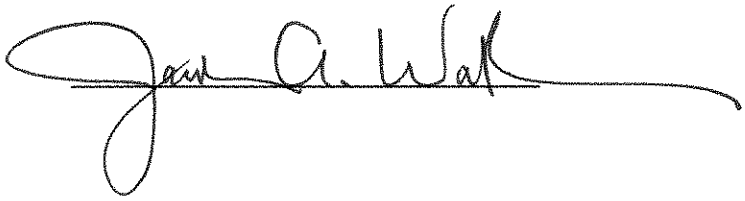
Signature	Official Title
	Chairperson
	Secretary
	Attorney

EXHIBIT A

See Specimen Bonds (Tab No. 19, 20 and 21).

LOGAN COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS,
SERIES 2002 A (WEST VIRGINIA SRF PROGRAM),
SERIES 2002 B (WEST VIRGINIA INFRASTRUCTURE FUND) AND
SERIES 2002 C (UNITED STATES DEPARTMENT OF AGRICULTURE)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Chairperson of the Public Service Board of Logan County Public Service District in Logan, Lincoln, Mingo and Wyoming Counties, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of $5,328,940 Sewer Revenue Bonds, Series 2002 A (West Virginia SRF Program), $2,190,000 Sewer Revenue Bonds, Series 2002 B (West Virginia Infrastructure Fund), and $300,000 Sewer Revenue Bonds, Series 2002 C (United States Department of Agriculture), of the Issuer, all dated December 12, 2002 (collectively, the "Bonds" and individually, the "Series 2002 A Bonds", "Series 2002 B Bonds" and the "Series 2002 C Bonds"), hereby certify as follows:

1. I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Resolution duly adopted by the Issuer on December 10, 2002 (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 December 12, 2002, the date on which the Bonds are being physically delivered in exchange for 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 2002 A Bonds were sold on December 12, 2002, to the Authority, pursuant to a bond purchase agreement dated November 8, 2002, by and among the Issuer, the Authority and the DEP, for an aggregate purchase price of $5,328,940 (100% of par), at which time, the Issuer received $266,447 from the Authority and the DEP, being the first advance of the principal amount of the Series 2002 A Bonds. The Series 2002 B Bonds were sold on December 12, 2002, to the Authority, pursuant to a loan agreement dated December 12, 2002, by and between the Issuer and the Authority, on behalf of the Council, for an aggregate purchase price of $2,190,000 (100% of par), at which time, the Issuer received $69,190 from the Authority and the Council, being the first advance of the principal amount of the Series 2002 B Bonds. The Series 2002 C Bonds were sold on December 12, 2002, to the United States of America, United States Department of Agriculture, Rural Utilities Service (the "Government"), pursuant to a letter of conditions dated July 5, 2000, for an aggregate purchase price of $300,000 (100% of par), at which time, the Issuer received $107,110 from the Government, being the first advance of the principal amount of the Series 2002 C Bonds. No accrued interest has been or will be paid on the Bonds. The balance of the respective principal amounts of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Bonds are being delivered simultaneously with the delivery of this Certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of new public sewer facilities of the Issuer (the "Project"); and (ii) paying certain costs of issuance of the Bonds and related costs.

7. The Issuer shall on the date hereof or immediately hereafter enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds for the acquisition and construction of the Project, constituting a substantial binding commitment. The acquisition and construction of the Project and the allocation of the net sale proceeds of the Bonds to expenditures of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds deposited in the Reserve Accounts for the Bonds, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before June, 2004. The acquisition and construction of the Project is expected to be completed by June, 2004.

8. The total cost of the Project is estimated at $16,540,000. Sources and uses of funds for the Project are as follows:

SOURCES

Proceeds of Series 2002 A Bonds	$ 5,328,940
Proceeds of Series 2002 B Bonds	2,190,000
Proceeds of Series 2002 C Bonds	300,000
Small Cities Block Grant	1,250,000
USDA Grant	4,221,060
Infrastructure Fund Grant	3,250,000
Total Sources	$16,540,000

USES

Costs of the Project	$16,439,000
Costs of Issuance	101,000
Total Uses	$16,540,000

9. Pursuant to Article V of the Bond Resolution, the following special funds or accounts have been created or continued:

(1) Revenue Fund;

(2) Renewal and Replacement Fund;

(3) Series 2002 Bonds Construction Trust Fund;

(4) Series 2002 A Bonds Sinking Fund;

(5) Series 2002 A Bonds Reserve Account;

(6) Series 2002 B Bonds Sinking Fund;

(7) Series 2002 B Bonds Reserve Account;

(8) Series 2002 C Bonds Sinking Fund; and

(9) Series 2002 C Bonds Reserve Account.

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

(1) Series 2002 A Bonds proceeds in the amount of $-0- will be deposited in the Series 2002 A Bonds Reserve Account.

(2) Series 2002 B Bonds proceeds in the amount of $-0- will be deposited in the Series 2002 B Bonds Reserve Account.

(3) Series 2002 C Bonds proceeds in the amount of $-0- will be deposited in the Series 2002 C Bonds Reserve Account.

(4) Series 2002 C Bonds proceeds in the amount of $67,109.45 will be used to pay the Authority in full the entire outstanding principal of and all accrued charges on the Step I Loan.

(5) The balance of the proceeds of the Bonds will be deposited in the Series 2002 Bonds Construction Trust Fund as received from time to time and applied solely to payment of costs of the Project, including costs of issuance of the Bonds and related costs.

11. Moneys held in the Series 2002 A Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2002 A Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 2002 A Bonds Sinking Fund and Series 2002 A Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2002 Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Resolution.

12. Moneys held in the Series 2002 B Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2002 B Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 2002 B Bonds Sinking Fund and Series 2002 B Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2002 Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Resolution.

13. Moneys held in the Series 2002 C Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2002 C Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 2002 C Bonds Sinking Fund and Series 2002 C Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2002 Bonds Construction

Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Resolution.

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 18 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 2002 A Bonds Reserve Account, if any, all of the proceeds of the Series 2002 A Bonds will be expended on the Project within 18 months from the date of issuance thereof.

17. With the exception of the amount deposited in the Series 2002 B Bonds Reserve Account, if any, all of the proceeds of the Series 2002 B Bonds will be expended on the Project within 18 months from the date of issuance thereof.

18. With the exception of the amount deposited in the Series 2002 C Bonds Reserve Account, if any, all of the proceeds of the Series 2002 C Bonds will be expended on the Project within 18 months from the date of issuance thereof.

19. 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.

20. 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.

21. All property financed with the proceeds of the Bonds will be owned and held by (or on behalf of) a qualified governmental unit.

22. 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.

23. 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.

24. 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.

25. The Bonds are not federally guaranteed.

26. 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.

27. The Issuer has either (a) funded the Series 2002 A Bonds Reserve Account at the maximum amount of principal and interest , if any, which will mature and become due on the Series 2002 A Bonds in the then current or any succeeding year with the proceeds of the Series 2002 A Bonds, or (b) created the Series 2002 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2002 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 2002 A Bonds in the then current or any succeeding year. Moneys in the Series 2002 A Bonds Reserve Account and the Series 2002 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2002 A Bonds and will not be available to pay costs of the Project.

28. The Issuer has either (a) funded the Series 2002 B Bonds Reserve Account at the maximum amount of principal and interest, if any, which will mature and become due on the Series 2002 B Bonds in the then current or any succeeding year with the proceeds of the Series 2002 B Bonds, or (b) created the Series 2002 B Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2002 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 2002 B Bonds in the then current or any succeeding year. Moneys in the Series 2002 B Bonds Reserve Account and the Series 2002 B Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2002 B Bonds and will not be available to pay costs of the Project.

29. The Issuer has either (a) funded the Series 2002 C Bonds Reserve Account at the maximum amount of principal and interest, if any, which will mature and become due on the Series 2002 C Bonds in the then current or any succeeding year with the proceeds of the Series 2002 C Bonds, or (b) created the Series 2002 C Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a period prescribed in the Bond Resolution until such Series 2002 C 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 2002 C Bonds in the then current or any succeeding year. Moneys in the Series 2002 C Bonds Reserve Account and the Series 2002 C Bonds Sinking Fund will be used solely to pay

principal of and interest on the Series 2002 C Bonds and will not be available to pay costs of the Project.

30. There are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Bonds, (b) are to be sold pursuant to a common plan of financing together with the Bonds and (c) will be paid out of substantially the same sources of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Bonds.

31. 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.

32. 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.

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

WITNESS my signature on this 12th day of December, 2002.

Chairperson

12/02/02
001210/00324

LOGAN COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS,
SERIES 2002 A (WEST VIRGINIA SRF PROGRAM),
SERIES 2002 B (WEST VIRGINIA INFRASTRUCTURE FUND) AND
SERIES 2002 C (UNITED STATES DEPARTMENT OF AGRICULTURE)

CERTIFICATE OF SECRETARY
AS TO TRUTH AND ACCURACY OF DOCUMENTS DELIVERED

The undersigned duly appointed Secretary of Logan County 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 Logan County Public Service District Sewer Revenue Bonds, Series 2002 A (West Virginia SRF Program), Series 2002 B (West Virginia Infrastructure Fund) and Series 2002 C (United States Department of Agriculture), are, as of the date hereof, true and accurate copies of the originals of those documents maintained on file with the Issuer and delivered in the transcript of proceedings, that said documents have been duly adopted or approved by the Public Service Board (the "Board") of the Issuer and that said documents are still in full force and effect as of the date hereof and have not been repealed, rescinded, superseded, amended or modified in any way unless the document effecting such repeal, rescission, supersedence, amendment or modification is also listed below:

1. Orders of The County Commission of Logan County Creating and Enlarging the Issuer.

2. Orders of The County Commission of Logan 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. Infrastructure Council Loan Agreement.

10. USDA Letter of Conditions.

11. USDA Closing Letter.

12. USDA Loan Resolution.

13. Minutes of Board Meeting regarding Adoption of USDA Loan Resolution.

14. Bond Resolution.

15. Supplemental Resolution.

16. Minutes of Board Meeting regarding Adoption of Bond Resolution and Supplemental Resolution.

17. Affidavits of Publication regarding Notice of Borrowing and Notice of Meeting to Adopt Bond Resolution and Supplemental Resolution.

18. NPDES Permit.

19. Infrastructure Council Grant Agreement.

20. USDA Grant Agreement.

21. Small Cities Block Grant Letter.

22. Receipt of Payment of Step I Loan.

23. Evidence of Insurance.

WITNESS my signature and the official seal of the Issuer on this 12th day of December, 2002.

[SEAL]

Secretary

10/30/02
001210/00324

LOGAN COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS,
SERIES 2002 A (WEST VIRGINIA SRF PROGRAM),
SERIES 2002 B (WEST VIRGINIA INFRASTRUCTURE FUND) AND
SERIES 2002 C (UNITED STATES DEPARTMENT OF AGRICULTURE)

CERTIFICATE OF CONSULTING ENGINEER

I, T.B. Kitzmiller, Registered Professional Engineer, West Virginia License No. 5656, of HMB Professional Engineers, Inc., Consulting Engineers, South Charleston, West Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of new public sewer facilities (the "Project") of Logan County Public Service District (the "Issuer"), to be constructed primarily in Logan 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 2002 A Bonds", the "Series 2002 B Bonds" and the "Series 2002 C 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 December 10, 2002 (the "Resolution"), the bond purchase agreement for the Series 2002 A Bonds by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection ("DEP"), dated November 8, 2002, the loan agreement for the Series 2002 B Bonds by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), dated December 12, 2002 (collectively, the "Loan Agreement"), and the letter of conditions from the United States of America, United States Department of Agriculture, Rural Utilities Service (the "Government"), to the Issuer, dated July 5, 2000 (the "Letter of Conditions").

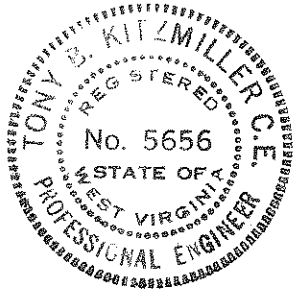
2. The Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project; and (ii) paying certain costs of issuance of the Bonds and related costs.

3. To the best of my knowledge, information and belief (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the DEP and any change orders approved by the Issuer, the DEP, the Council, the Government and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least 40 years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and

construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedules A and B attached hereto as Exhibit A, and in reliance upon the opinion of Issuer's counsel, James A. Walker, Esquire, of even date herewith, all successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the 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 Michael D. Griffith, CPA, of even date herewith, as of the effective date thereof, the rates and charges for the System as approved by the Public Service Commission of West Virginia and adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement and the Resolution; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the DEP, the Council and the Government; and (xi) attached hereto as Exhibit A are the final amended "Schedule A - Total Cost of Project, Sources of Funds and Cost of Financing" and "Schedule B - Final Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature and seal on this 12th day of December, 2002.

[SEAL]



HMB PROFESSIONAL ENGINEERS, INC.

T. B. Kitzmiller, P.E.

T. B. Kitzmiller, P.E.
West Virginia License No.5656

11/15/02
001210/00324

SCHEDULE A

NAME OF GOVERNMENTAL AGENCY: WVDEP-State Revolving Loan Fund

ESTIMATED TOTAL COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

		A. Cost of Project	
1.	Construction	$ 5,278,925.00	
2.	Technical Services	$ 0.00	
3.	Legal and Fiscal	$ 0.00	
4.	Administrative	$ 0.00	
* 5.	Site and Other Lands	$ 0.00	
** 6.	Fac. Plan/Design or Other Loan Repayment (Specify Type: _____)	$ 0.00	
7.	Interim Financing Costs	$ 0.00	
8.	Contingency	$ 0.00	
9.	Miscellaneous Equipment	$ 50,015.00	
10.	Total of Lines 1 Through 9		$ 5,328,940.00
		B. Sources of Funds	
11.	Federal Grants:[1] _____	$	
	(Specify Sources) _____	$	
12.	State Grants:[1] _____	$	
	(Specify Sources) _____	$	
13.	Other Grants:[1] _____	$	
	(Specify Sources) _____	$	
14.	Any Other Source[2] _____	$	
	(Specify) _____	$	
15.	Total of Lines 11 Through 14		$ 0.00
16.	Net Proceeds Required from Bond Issue (Line 10 minus Line 15)		$ 5,328,940.00
		C. Cost of Financing	
17.	Bond Council	$ 0.00	
18.	Funded Reserve Account:[3]	$ 0.00	
19.	Total Cost of Financing (lines 17 + 18)		$ 0.00
20.	Size of Bond Issue (Line 16 plus Line 19)		$ 5,328,940.00

* not allowable for State Revolving Fund Assistance

** WDA loans associated with EPA grants are not allowable

Signature of Applicant

Date Noevember 4, 2002

Signature of Consulting Engineer

Date November 4, 2002

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL
SCHEDULE B
Logan County Public Service District
Phase I Wastewater Project
FINAL TOTAL COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

A. Cost of Project	Total	SCBG	USDA-RD Grant	WVIJDC Grant/Loan	WVDEP-SRF Loan	USDA-RD Loan
1. Construction (Based on Actual Bids)						
a. Contract A	3,882,000.00	0.00	0.00	0.00	3,882,000.00	0.00
b. Contract B	1,396,925.00	0.00	0.00	0.00	1,396,925.00	0.00
c. Contract C	3,835,040.00	339,072.87	3,495,967.13	0.00	0.00	0.00
d. Contract D (I)	2,795,540.00	0.00	290,473.32	2,372,176.13	0.00	132,890.55
e. Contract D (II)	2,248,804.00	0.00	0.00	2,248,804.00	0.00	0.00
2. Engineering Fees						
a. Planning/Design	635,000.00	618,064.00	0.00	16,936.00	0.00	0.00
b. Construction	86,850.00	0.00	0.00	86,850.00	0.00	0.00
c. Inspection	220,000.00	0.00	0.00	220,000.00	0.00	0.00
3. Legal						
a. Project Legal Services	5,000.00	1,507.50	0.00	3,492.50	0.00	0.00
b. PSC Legal Services	18,000.00	11,129.24	0.00	6,870.76	0.00	0.00
c. Property Acquis. Legal Services	55,000.00	43,109.89	0.00	11,890.11	0.00	0.00
4. Administration	80,000.00	70,000.00	0.00	10,000.00	0.00	0.00
5. Sites and Other Lands	220,000.00	140,679.00	0.00	79,321.00	0.00	0.00
6. Permits	80,000.00	21,310.00	0.00	58,690.00	0.00	0.00
7. Accountant	6,000.00	5,127.50	0.00	872.50	0.00	0.00
8. Equipment	65,000.00	0.00	14,985.00	0.00	50,015.00	0.00
9. WDA Step I Loan Repayment	67,109.45	0.00	0.00	0.00	0.00	67,109.45
10. Construction Contingency	661,656.00	0.00	373,828.00	287,828.00	0.00	0.00
11. Project Contingency	81,075.55	0.00	45,806.55	35,269.00	0.00	0.00
12. Total of Lines 1 through 11	16,439,000.00	1,250,000.00	4,221,060.00	5,439,000.00	5,328,940.00	200,000.00
B. Sources of Funds						
13. Small Cities Block Grant	1,250,000.00					
14. USDA-Rural Development Grant	4,221,060.00					
15. WV Infrastructure Fund Grant	3,250,000.00			3,250,000.00		
16. WVDEP-State Revolving Fund Loan	5,328,940.00					
17. USDA-Rural Development Loan	300,000.00					
18. WV Infrastructure Fund Loan	2,190,000.00					
19. Total of Line 13 through 18	16,540,000.00					
20. Net Proceeds Required from Bond Issue (Line 12 minus Line 19)				2,189,000.00	5,328,940.00	200,000.00
C. Cost of Financing						
21. Other Costs						
a. Bond Counsel	40,000.00					40,000.00
b. Accountant	1,000.00			1,000.00		
c. Capitalized Interest	60,000.00					60,000.00
22. Total Cost of Financing (Line 21a through 21c)	101,000.00			1,000.00		100,000.00
23. Size of Bond Issue (Line 20 plus Line 22)				2,190,000.00	5,328,940.00	300,000.00

GOVERNMENTAL AGENCY

DATE: 11/4/02

CONSULTING ENGINEER

DATE: 11/04/02

GRIFFITH & ASSOCIATES

Michael D. Griffith, CPA — *D. Denise Pauley, CPA*

950 Little Coal River Road Alum Creek, WV 25003 Office (304) 756-3600 Fax: (304) 756-2911

December 12, 2002

LOGAN COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS,
SERIES 2002 A (WEST VIRGINIA SRF PROGRAM),
SERIES 2002 B (WEST VIRGINIA INFRASTRUCTURE FUND) AND
SERIES 2002 C (UNITED STATES DEPARTMENT OF AGRICULTURE),

Logan County Public Service District
Monaville, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

United States Department of Agriculture
Rural Utilities Service
Beckley, West Virginia

Ladies and Gentleman:

I have reviewed the sewer rates of Logan County Public Service District (the "Issuer"), as approved by the order of the Public Service Commission of West Virginia entered November 26, 2002, in Case No. 00-1469-PSD-CN, and the projected operating expenses and anticipated customer usage provided by Charles R. Roberts, PE, the District Managing Engineer and HMB Professional Engineers, Inc., the consulting engineer of the Issuer. It is my opinion that such rates are sufficient (i) to provide for all operating expenses of the sewer facilities of the Issuer and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Issuer's Sewer Revenue Bonds, Series 2002 A (West Virginia SRF Program), Series 2002 B (West Virginia Infrastructure Fund), and Series 2002 C (United States Department of Agriculture).

Very truly yours,

Michael D. Griffith, CPA

LOGAN COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS,
SERIES 2002 A (WEST VIRGINIA SRF PROGRAM),
SERIES 2002 B (WEST VIRGINIA INFRASTRUCTURE FUND) AND
SERIES 2002 C (UNITED STATES DEPARTMENT OF AGRICULTURE)

CERTIFICATE OF NO LITIGATION

The undersigned hereby certifies that as of the date hereof, no controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the authorization, issuance, sale or delivery of the above-captioned Bonds ("the Bonds"), the acquisition and construction of the Project, the operation of the System, the receipt of the Gross Revenues, or in any way contesting or affecting the validity of the Bonds or any proceedings of Logan County Public Service District (the "Issuer") taken with respect to the authorization, issuance, sale or delivery of the Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, issuance, sale or delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection of the Gross Revenues or the pledge of the Net Revenues for payment of the Bonds.

All capitalized terms used herein shall have the same meaning set forth in the Bond Resolution, authorizing the Bonds, duly adopted by the Issuer on December 10, 2002.

WITNESS my signature on this 12th day of December, 2002.

James A. Walker, Esquire
Attorney for Logan County Public Service District

10/30/02
001210/00324

M0339681.1

LOGAN COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS,
SERIES 2002 A (WEST VIRGINIA SRF PROGRAM) AND
SERIES 2002 B (WEST VIRGINIA INFRASTRUCTURE FUND)

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 12th day of December, 2002, in Charleston, West Virginia, the Authority received the Sewer Revenue Bonds, Series 2002 A (West Virginia SRF Program), of Logan County Public Service District (the "Issuer"), in the principal amount of $5,328,940, numbered AR-1, and the Sewer Revenue Bonds, Series 2002 B (West Virginia Infrastructure Fund), of the Issuer, in the principal amount of $2,190,000, numbered BR-1, both issued in the form of one bond, fully registered to the Authority, and both dated December 12, 2002 (collectively, the "Bonds").

2. At the time of such receipt of the Bonds, they had been executed by the Chairperson of the Issuer and attested by the Secretary of the Issuer, by their respective manual signatures, and the official seal of the Issuer had been impressed upon the Bonds.

WITNESS my signature on this 12th day of December, 2002.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Barbara B Meadows
Authorized Representative

10/30/02
001210/00324

M0339683.1

LOGAN COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS,
SERIES 2002 C (UNITED STATES DEPARTMENT OF AGRICULTURE)

RECEIPT FOR BONDS

The undersigned authorized representative of the United States of America, United States Department of Agriculture, Rural Utilities Service (the "Government"), for and on behalf of the Government, hereby certifies as follows:

1. On the 12th day of December, 2002, the undersigned received for and on behalf of the Government, the Sewer Revenue Bonds, Series 2002 C (United States Department of Agriculture) (the "Bonds"), of Logan County Public Service District (the "Issuer"), dated December 12, 2002, issued in the form of one bond in the principal amount of $300,000, and numbered AR-1. The Bonds bear interest at the rate of 4.625% per annum, payable in monthly installments on the amounts advanced thereunder, commencing 30 days following the date of delivery of the Bonds and continuing on the corresponding day of each month for the first 24 months after the date of the Bonds, and thereafter, on the corresponding day of each month in installments of principal and interest on the Bonds in the aggregate amount of $1,401, except that the final installment on the Bonds shall be paid at the end of 40 years from the date of the Bonds in the sum of the unpaid principal and interest due on the date thereof. The Bonds represent the entire principal amount of the above-captioned bond issue.

2. At the time of such receipt of the Bonds, they had been executed by the Chairperson of the Issuer and attested by the Secretary of the Issuer, by their respective manual signatures, and the official seal of the Issuer had been impressed upon the Bonds.

WITNESS my signature on this 12th day of December, 2002.

UNITED STATES OF AMERICA,
UNITED STATES DEPARTMENT OF
AGRICULTURE, RURAL UTILITIES SERVICE

Rose Mary Christian
Authorized Representative

11/15/02
001210/00324

M0339686.1

LOGAN COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS,
SERIES 2002 A (WEST VIRGINIA SRF PROGRAM),
SERIES 2002 B (WEST VIRGINIA INFRASTRUCTURE FUND) AND
SERIES 2002 C (UNITED STATES DEPARTMENT OF AGRICULTURE)

RECEIPT FOR BOND PROCEEDS

The undersigned Chairperson of Logan County Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certifies as follows:

1. On the 12th day of December, 2002, the Issuer received and hereby acknowledges receipt from the West Virginia Water Development Authority (the "Authority"), as the original purchaser of the $5,328,940 Logan County Public Service District Sewer Revenue Bonds, Series 2002 A (West Virginia SRF Program), dated December 12, 2002 (the "Series 2002 A Bonds"), of the sum of $266,447, being a portion of the principal amount of the Series 2002 A Bonds. The Issuer understands that the remaining proceeds of the Series 2002 A Bonds will be advanced to the Issuer by the Authority and the West Virginia Department of Environmental Protection from time to time as construction proceeds to completion.

2. On the 12th day of December, 2002, the Issuer received and hereby acknowledges receipt from the Authority, as the original purchaser of the $2,190,000 Logan County Public Service District Sewer Revenue Bonds, Series 2002 B (West Virginia Infrastructure Fund), dated December 12, 2002 (the "Series 2002 B Bonds"), of the sum of $69,190, being a portion of the principal amount of the Series 2002 B Bonds. The Issuer understands that the remaining proceeds of the Series 2002 B Bonds will be advanced to the Issuer by the Authority and the West Virginia Infrastructure and Jobs Development Council from time to time as construction proceeds to completion.

3. On the 12th day of December, 2002, the Issuer received and hereby acknowledges receipt from the United States of America, United States Department of Agriculture, Rural Utilities Service (the "Government"), as the original purchaser of the $300,000 Logan County Public Service District Sewer Revenue Bonds, Series 2002 C (United States Department of Agriculture), dated December 12, 2002 (the "Series 2002 C Bonds"), of the sum of $107,110, being a portion of the principal amount of the Series 2002 C Bonds. The Issuer understands that the remaining proceeds of the Series 2002 C Bonds will be advanced to the Issuer by the Government from time to time as construction proceeds to completion.

WITNESS my signature on this 12th day of December, 2002.

LOGAN COUNTY PUBLIC SERVICE DISTRICT

Chairperson

12/02/02
001210/00324

M0339688.1

Rev. 7/18/01

PAYMENT REQUISITION FORM

1. LOAN RECIPIENT/VENDOR:

NAME: Logan County PSD

ADDRESS: P.O. Box 506

Logan, WV 25601

PHONE: (304) 946-2641

FEIN: 55-058-6048

2. SRF PROJECT C-544292

3. INVOICE NUMBER: 1

4. PERIOD COVERED BY THIS REQUEST:

FROM (MO/DAY/YR) 11/04/02 TO (MO/DAY/YR) 11/12/02

5. PERCENTAGE OF PHYSICAL CONSTRUCTION COMPLETION 0

CLASSIFICATION	A) APPROVED BUDGET	B) PREVIOUS APPROVED TOTALS	C) THIS REQUEST	D) TOTAL COLUMNS B & C	E) AGENCY USE ONLY
1) CONSTRUCTION	5.278,925.00	0.00	266,447.00	266,447.00	266,447
a. Equipment	50,015.00	0.00	0.00	0.00	
2) TECHNICAL SVC a. Basic					
b. Engineering (Other)					
c. Inspection					
3) LEGAL/FISCAL					
4) ADMINISTRATIVE					
5) LAND					
6) R-O-W ACTIVITY					
7) LOAN REPAYMENT					
8) CONTINGENCY					
9) INT FINANCE COST					
10) RESERVE FUND					
11) CLOSING COST					
12) SUBTOTAL	5,328,940.00	0.00	266,447.00	266447 ~~0.00~~	266,447
13) LESS PREVIOUSLY PAID					
14) INVOICE AMOUNT					

15) James R. Jeffrey
RECIPIENT AUTHORIZED SIGNATURE
DATE: 11/12/02
James R. Jeffrey, Chair
TYPED OR PRINTED NAME AND TITLE

16) Rick Roberts
PERSON PREPARING FORM SIGNATURE
DATE: 11/12/02
Rick Roberts, Managing Engineer
TYPED OR PRINTED NAME AND TITLE

AGENCY USE ONLY:

THIS REQUEST APPROVED BY: WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION

PROJECT REVIEWER	DATE	AUTHORIZED OFFICER	DATE
[signature]	11/26/02	R. Broderson	12/2/02

ACCOUNTING CLASSIFICATION - DEP USE ONLY

ACCOUNTING NUMBER:	AMOUNT APPROVED:
350 - 1	44,497
350 - 2	221,950
	266,447

RF - 91

LOGAN COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS,
SERIES 2002 A (WEST VIRGINIA SRF PROGRAM) AND
SERIES 2002 B (WEST VIRGINIA INFRASTRUCTURE FUND)

REQUEST AND AUTHORIZATION TO
AUTHENTICATE AND DELIVER SERIES 2002 A AND SERIES 2002 B BONDS

December 12, 2002

Bank One, West Virginia, National Association
Logan, West Virginia

Ladies and Gentlemen:

We herewith hand to you, duly executed, the (i) $5,328,940 Sewer Revenue Bonds, Series 2002 A (West Virginia SRF Program), in the form of one bond, numbered AR-1, dated December 12, 2002, and (ii) $2,190,000 Sewer Revenue Bonds, Series 2002 B (West Virginia Infrastructure Fund), in the form of one bond, numbered BR-1, dated December 12, 2002 (collectively, the "Bonds"), of Logan County Public Service District (the "Issuer"), authorized to be issued under and pursuant to a Bond Resolution and a Supplemental Resolution duly adopted by the Issuer on December 10, 2002.

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.

LOGAN COUNTY PUBLIC SERVICE DISTRICT

Chairperson

(SEAL)

Attest:

Secretary

10/30/02
001210/00324

M0339692.1

LOGAN COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS,
SERIES 2002 A (WEST VIRGINIA SRF PROGRAM) AND
SERIES 2002 B (WEST VIRGINIA INFRASTRUCTURE FUND)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 12th day of December, 2002, by and between LOGAN COUNTY PUBLIC SERVICE DISTRICT, a public corporation (the "Issuer"), and BANK ONE, WEST VIRGINIA, NATIONAL ASSOCIATION, Logan, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $5,328,940 Sewer Revenue Bonds, Series 2002 A (West Virginia SRF Program), and its $2,190,000 Sewer Revenue Bonds, Series 2002 B (West Virginia Infrastructure Fund) (collectively, the "Bonds"), each in the form of one bond, in fully registered form, pursuant to a Bond Resolution and a Supplemental Resolution adopted by the Issuer on December 10, 2002 (collectively, the "Resolution");

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

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

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

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

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Resolution, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exclusion of interest, if any, on the Bonds from gross income for federal income tax purposes, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or

similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

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

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

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

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

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

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

ISSUER:

Logan County Public Service District
P.O. Box 506
Logan, WV 25601
Attention: Chairperson

REGISTRAR:

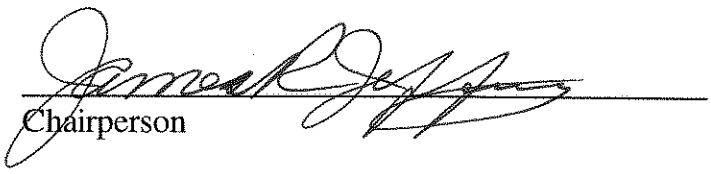
Bank One, West Virginia, National Association
755 Stratton Street
Logan, WV 25601
Attention: Corporate Trust Department

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.

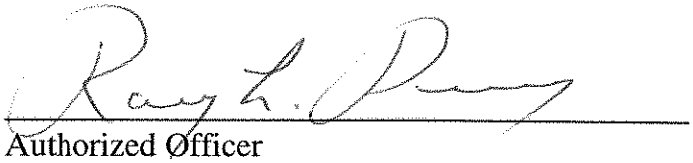
IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the date first above-written.

LOGAN COUNTY PUBLIC SERVICE DISTRICT



Chairperson

BANK ONE, WEST VIRGINIA,
NATIONAL ASSOCIATION



Authorized Officer

10/31/02
001210/00324

EXHIBIT A

See Bond Resolution (Tab No. 15)

See Supplemental Resolution (Tab No. 16)

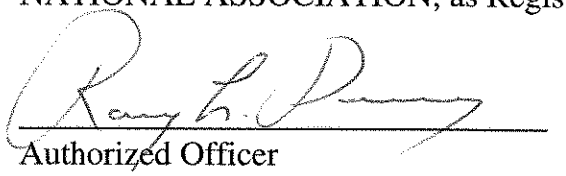
LOGAN COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS,
SERIES 2002 A (WEST VIRGINIA SRF PROGRAM) AND
SERIES 2002 B (WEST VIRGINIA INFRASTRUCTURE FUND)

CERTIFICATE OF REGISTRATION OF SERIES 2002 A AND SERIES 2002 B BONDS

BANK ONE, WEST VIRGINIA, NATIONAL ASSOCIATION, Logan, West Virginia, as Registrar (the "Registrar"), hereby certifies that on the date hereof, the single, fully registered Sewer Revenue Bonds, Series 2002 A (West Virginia SRF Program), of Logan County Public Service District (the "Issuer"), dated December 12, 2002, in the principal amount of $5,328,940, and numbered AR-1, and the single, fully registered Sewer Revenue Bonds, Series 2002 B (West Virginia Infrastructure Fund), of the Issuer, dated December 12, 2002, in the principal amount of $2,190,000, and numbered BR-1, were registered as to principal only in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of the Registrar.

WITNESS my signature on this 12th day of December, 2002.

BANK ONE, WEST VIRGINIA,
NATIONAL ASSOCIATION, as Registrar



Authorized Officer

10/31/02
001210/00324

M0339699.1

LOGAN COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS,
SERIES 2002 A (WEST VIRGINIA SRF PROGRAM),
SERIES 2002 B (WEST VIRGINIA INFRASTRUCTURE FUND) AND
SERIES 2002 C (UNITED STATES DEPARTMENT OF AGRICULTURE)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

BANK ONE, WEST VIRGINIA, NATIONAL ASSOCIATION, Logan, West Virginia, hereby accepts appointment as Depository Bank for the Series 2002 Bonds Construction Trust Fund and the Renewal and Replacement Fund (collectively, the "Funds") in connection with a Bond Resolution and a Supplemental Resolution adopted by Logan County Public Service District (the "Issuer") on December 10, 2002 (collectively, the "Resolution"), authorizing issuance of the Issuer's Sewer Revenue Bonds, Series 2002 A (West Virginia SRF Program), Series 2002 B (West Virginia Infrastructure Fund) and Series 2002 C (United States Department of Agriculture), in the respective aggregate principal amounts of $5,328,940, $2,190,000, and $300,000, all dated December 12, 2002, and agrees to serve as Depository Bank for the Funds, all as set forth in the Resolution.

WITNESS my signature on this 12th day of December, 2002.

BANK ONE, WEST VIRGINIA,
NATIONAL ASSOCIATION

Authorized Officer

10/31/02
001210/00324

M0339702.1

34A

LOGAN COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS,
SERIES 2002 A (WEST VIRGINIA SRF PROGRAM),
SERIES 2002 B (WEST VIRGINIA INFRASTRUCTURE FUND) AND
SERIES 2002 C (UNITED STATES DEPARTMENT OF AGRICULTURE)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

LOGAN BANK & TRUST COMPANY, Logan, West Virginia, hereby accepts appointment as Depository Bank for the Revenue Fund in connection with a Bond Resolution and a Supplemental Resolution adopted by Logan County Public Service District (the "Issuer") on December 10, 2002 (collectively, the "Resolution"), authorizing issuance of the Issuer's Sewer Revenue Bonds, Series 2002 A (West Virginia SRF Program), Series 2002 B (West Virginia Infrastructure Fund) and Series 2002 C (United States Department of Agriculture), in the respective aggregate principal amounts of $5,328,940, $2,190,000, and $300,000, all dated December 12, 2002, and agrees to serve as Depository Bank for the Revenue Fund, all as set forth in the Resolution.

WITNESS my signature on this 12th day of December, 2002.

LOGAN BANK & TRUST COMPANY

Mark A. Maruske
Authorized Officer

10/31/02
001210/00324

M0339704.1

WEST VIRGINIA MUNICIPAL BOND COMMISSION
Suite 500
8 Capitol Street, Charleston, WV 25301
(304) 558-3971

3.13(A)
NEW ISSUE REPORT FORM
Date of Report: December 12, 2002

ISSUE: Logan County Public Service District Sewer Revenue Bonds, Series 2002 A (West Virginia SRF Program

ADDRESS: P.O. Box 506, Logan, WV 25601 COUNTY: Logan

PURPOSE OF ISSUE: New Money X
Refunding ____ Refunds issue(s) dated: _____

ISSUE DATE: December 12, 2002 CLOSING DATE: December 12, 2002

ISSUE AMOUNT: $5,328,940 RATE: 0%; Administrative Fee: 0.5%

1st DEBT SERVICE DUE: 3/1/2005 1st PRINCIPAL DUE: 3/1/2005

1st DEBT SERVICE AMOUNT: $35,058.82 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: Bank One, WV, NA
Contact Person: Rory Perry, President
Phone: (304) 752-1023

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT:
Contact Person: Rick Roberts, P.E.
Position: Managing Engineer
Phone: (304) 946-2641

OTHER: WV Department of Environmental Protection
Contact Person: Rosalie Brodersen
Function: Branch Chief
Phone: (304) 558-0637

DEPOSITS TO MBC AT CLOSE: _____
By _____ Wire
_____ Check

Accrued Interest: $_____
Capitalized Interest: $_____
Reserve Account: $_____
Other: _____ $_____

REFUNDS & TRANSFERS BY MBC AT CLOSE:
By _____ Wire
_____ Check
_____ IGT

To Escrow Trustee: $_____
To Issuer: $_____
To Cons. Invest. Fund $_____
To Other: _____ $_____

NOTES: _____

FOR MUNICIPAL BOND COMMISSION USE ONLY:
Documents Required: _____
Transfers Required: _____

11/15/02
001210/00324

35A

M0339733.1

WEST VIRGINIA MUNICIPAL BOND COMMISSION
Suite 500
8 Capitol Street, Charleston, WV 25301
(304) 558-3971

3.13(B)
NEW ISSUE REPORT FORM
Date of Report: December 12, 2002

ISSUE: Logan County Public Service District Sewer Revenue Bonds, Series 2002 B (West Virginia Infrastructure Fund)

ADDRESS: P.O. Box 506, Logan, WV 25601 COUNTY: Logan

PURPOSE OF ISSUE: New Money X
Refunding ____ Refunds issue(s) dated: _____

ISSUE DATE: December 12, 2002 CLOSING DATE: December 12, 2002

ISSUE AMOUNT: $2,190,000 RATE: 0%

1st DEBT SERVICE DUE: 12/1/2004 1st PRINCIPAL DUE: 12/1/2004

1st DEBT SERVICE AMOUNT: $14,313.73 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: Bank One, WV, NA
Contact Person: Rory Perry, President
Phone: (304) 752-1023

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT:
Contact Person: Rick Roberts, P.E.
Position: Managing Engineer
Phone: (304) 946-2641

OTHER: WV Infrastructure & Jobs Development Council
Contact Person: Katy Mallory, P.E.
Function: Executive Secretary
Phone: (304) 558-4607

DEPOSITS TO MBC AT CLOSE: _____
_____
By _____ Wire _____
_____ Check _____

Accrued Interest: $_____
Capitalized Interest: $_____
Reserve Account: $_____
Other: _____ $_____

REFUNDS & TRANSFERS BY MBC AT CLOSE:
By _____ Wire _____
_____ Check _____
_____ IGT _____
_____

To Escrow Trustee: $_____
To Issuer: $_____
To Cons. Invest. Fund $_____
To Other: _____ $_____

NOTES: _____

FOR MUNICIPAL BOND COMMISSION USE ONLY:
Documents Required: _____
Transfers Required: _____

11/15/02
001210/00324

35B

M0339735.1

WEST VIRGINIA MUNICIPAL BOND COMMISSION
Suite 500
8 Capitol Street, Charleston, WV 25301
(304) 558-3971

3.13 (C)
NEW ISSUE REPORT FORM
Date of Report: December 12, 2002

ISSUE: Logan County Public Service District Sewer Revenue Bonds, Series 2002 C (U.S. Department of Agriculture)

ADDRESS: P.O. Box 506, Logan, WV 25601 COUNTY: Logan

PURPOSE OF ISSUE: New Money X
Refunding ____ Refunds issue(s) dated: _____

ISSUE DATE: December 12, 2002 CLOSING DATE: December 12, 2002

ISSUE AMOUNT: $300,000 RATE: 4.625%

1st DEBT SERVICE DUE: N/A 1st PRINCIPAL DUE: N/A

1st DEBT SERVICE AMOUNT: N/A PAYING AGENT: None

BOND COUNSEL: Jackson Kelly PLLC
Contact Person: Samme L. Gee, Esquire
Phone: (304) 340-1318

UNDERWRITERS COUNSEL: _____
Contact Person: _____
Phone: _____

CLOSING BANK: Bank One, WV, NA
Contact Person: Rory Perry, President
Phone: (304) 752-1023

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

Contact Person: Rick Roberts, P.E.
Position: Managing Engineer
Phone: (304) 946-2641

Contact Person: Rosemary Christian
Function: Rural Development Specialist
Phone: (304) 252-8644

DEPOSITS TO MBC AT CLOSE: _____
_____
By _____ Wire _____
_____ Check _____

Accrued Interest: $_____
Capitalized Interest: $_____
Reserve Account: $_____
Other: _____ $_____

REFUNDS & TRANSFERS BY MBC AT CLOSE:
By _____ Wire _____
_____ Check _____
_____ IGT _____
_____

To Escrow Trustee: $_____
To Issuer: $_____
To Cons. Invest. Fund $_____
To Other: _____ $_____

NOTES: **Series 2002 C Bonds Reserve Account only set up with MBC. Debt service payments will be made directly by District to USDA.**

FOR MUNICIPAL BOND COMMISSION USE ONLY:
Documents Required: _____
Transfers Required: _____

11/15/02
001210/00324

35C

M0339736.1

Office of Water Resources
1201 Greenbrier Street
Charleston, WV 25311
(304) 558-4086
Fax (304) 558-5903

West Virginia Division of Environmental Protection

Bob Wise
Governor

Michael O. Callaghan
Director

May 5, 2001

James R. Jeffrey, Chairman
Logan County PSD
Suite 507, White & Browning Bldg
Logan, WV 25601

CERTIFIED RETURN RECEIPT REQUESTED

Dear Mr. Jeffrey:

Enclosed find WV/NPDES Water Pollution Control Permit No. WV0105171, dated the 5th day of May, 2001 for the Logan County PSD to serve same in Logan, West Virginia.

All facilities permitted to discharge pollutants to the waters of the State under Chapter 22, Article 11 of the West Virginia Code are required to test their effluent in order to verify permit compliance. This testing is the responsibility of the permittee and these test results are to be submitted to the office on the Discharge Monitoring Reports (DMRs) which are attached to the back of this permit. A (DMR) is to be completed and received by this office each month no later than 20 days following the end of the reporting period. The address to which DMRs are to be sent is noted in Section C.11, Attention: Engineering Branch. It is suggested that several copies of the enclosed DMR forms be made for your future use, as this office does not supply permittees with DMR forms.

Please note Section C.10 on Page 5 of 9 prohibiting the acceptance of new non-domestic wastewater discharges without prior Office approval.

Please, also, note the attachment to this Permit which describes the annual permit fee requirement. Reissuance of your permit does not change the annual fee billing cycle.

Finally, note that copies of all future correspondence regarding the permit including copies of DMRs must be forwarded to the Field Inspector and Field Supervisor at the following address:

Division of Environmental Protection
Office of Water Resources
P.O. Box 662
Teays, WV 25569

If you have any questions, please contact Cliff Whyte of this office at (304)558-4086 or by TDD No. (304) 558-2751.

Very truly yours,

Pravin G. Sangani, P. E.
Branch Leader, Permits

PGS:ld

Enclosures

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.: WV0105171
SUBJECT: Sewage

ISSUE DATE: May 05, 2001
EFFECTIVE DATE : June 04, 2001
EXPIRATION DATE: May 04, 2006
SUPERSEDES: N/A

LOCATION: LOGAN	Logan	Lower Guyandotte River
(City)	**(County)**	**(Drainage Basin)**

See the next page for a list of Outlets.

TO WHOM IT MAY CONCERN:

This is to certify that: LOGAN CNTY PSD
SUITE 507
WHITE & BROWNING BUILDING
LOGAN, WV 25601

is hereby granted a West Virginia NPDES Water Pollution Control Permit to:

acquire, construct, install, operate and maintain a 1.0 million gallon per day (MGD) sewage disposal system consisting of various lengths of 4-inch to 10-inch diameter gravity sewer, various lengths of 1 1/4-inch to 18-inch diameter force main, approximately 475 manholes, 189 cleanouts, 27 lift stations (including 18 grinder stations), and a sequencing batch reactor wastewater treatment facility consisting of a mechanical bar screen, vortex-type grit removal, two aeration chambers of 500,000 gallon capacity each, ultraviolet disinfection, a 282,000 gallon sludge holding tank, a 1.2 meter belt filter press, and all necessary apurtenances.

These facilities are designed to serve approximately 12,500 persons in Mitchell Heights, Henlawson, Justice Addition, Crooked Creek, Peach Creek, West Logan, Aracoma, and environs, and discharge treated wastewater to the Guyandotte River at Mile Point 78.5.

This permit is subject to the following terms and conditions :

The information submitted on, and with, Permit Application No. WV0105171, dated the 11th day of January 2001, and additional information submitted on the 7th day of March 2001, are all hereby made terms and conditions of this Permit with like effect as if all such Permit appplication information was set forth herein, with other conditions set forth in Sections A, B, C and Appendix A.

The validity of this permit is contingent upon the payment of the applicable annual permit fee, as required by Chapter 22, Article 11, Section 10 of the Code of West Virginia.

Inspectable Unit	Latitude	Longitude	Receiving Stream
001	37°51'24"	81°59'39"	GUYANDOTTE RV

A.001 DISCHARGE LIMITATIONS AND MONITORING REQUIREMENTS:

Final Limitations

Year Round

During the period beginning 06/04/2001 and lasting through midnight 05/04/2006 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						Monitoring Requirements		
	Quantity		Units		Other Units		Units	Measurement Frequency	Sample Type
Flow, thru treatment plant (Year Round) (ML-1)	N/A	N/A	N/A	N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	mgd	Continuous	measured
BOD, 5-Day 20 Deg.C (Year Round) (ML-B)	250 Avg. Monthly	500 Max. Daily	Lbs/Day	N/A	30 Avg. Monthly	60 Max. Daily	mg/l	1/week	8 hr comp
Total Suspended Solids (Year Round) (ML-A)	250 Avg. Monthly	500 Max. Daily	Lbs/Day	N/A	30 Avg. Monthly	60 Max. Daily	mg/l	1/week	8 hr comp
Nitrogen, Kjeldahl Total (Year Round) (ML-A)	150 Avg. Monthly	300 Max. Daily	Lbs/Day	N/A	18 Avg. Monthly	36 Max. Daily	mg/l	1/week	8 hr comp
Coliform, Fecal (Year Round) (ML-A)	N/A	N/A	N/A	N/A	200 Mo. Geo. Mean	400 Max. Daily	Cnts/100ml	1/week	Grab
pH (Year Round) (ML-A)	N/A	N/A	N/A	6 Inst. Min.	N/A	9 Inst. Max.	S.U.	1/week	Grab

Samples taken in compliance with the monitoring requirements specified above shall be taken at the following location(s):

Effluent BOD samples shall be collected at a location immediately preceding disinfection. All 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 :**

   Mar 01, 2002: Begin construction of wastewater treatment facility.

   Sep 01, 2003: Complete Construction of wastewater treatment facility.

   Mar 01, 2004: Achieve compliance with all permit conditions, including all effluent limitations contained in Section A.001.

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 be maintained during the twenty-five (25) year flood level.
2. The entire sewage treatment facility shall be adequately protected by fencing.
3. The proper operation and maintenance of the listed sewage treatment facility shall be performed, or supervised, by a certified operator possessing at least a Class II certificate for Waste Water Treatment Plant Operators as issued by the State of West Virginia. The on-site attendance of this facility's Class II operator shall be determined and directed by the Bureau for Public Health, Office of Environmental Health Services.
4. Instantaneous flow from the sewage disposal system shall not exceed the peak design flow at any given time.
5. 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.
6. 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.
7. 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 Section III of Appendix A.
8. The required DMRs should be received no later than 20 days following the end of the reporting period and be addressed to:

Chief	U. S. Environmental Protection Agency
Office of Water Resources	Region III, Water Protection Division
1201 Greenbrier Street	NPDES Branch (3WP50)
Charleston, West Virginia 25311-1088	1650 Arch Street
Attention: Engineering Branch	Philadelphia, PA 19103-2029

9. 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.8 above.
10. The permittee shall not accept any new non-domestic discharges without first obtaining approval from the Chief of the Office of Water Resources as provided in Title 47, Series 10, Section 14 of the West Virginia Legislative Rules.
11. If any non-domestic discharge causes, or is suspected of causing, interference or pass through (as defined by 40 CFR 403.3) or otherwise violates any provision of 40 CFR 403, the permittee shall notify the Chief of such violation or suspected violation.
12. If any non-domestic 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.
13. The average daily design flow of the Publicly Owned Treatment Works has been established at 1.0 million gallons per day (MGD). When the average monthly effluent flow reported on Discharge Monitoring Reports reaches, or exceeds, 90 percent of the average design flow, 0.9 MGD 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.
14. Any future collection system extensions projected to cause an increase in the wastewater flow, equal to, or greater than 50,000 gallons per day (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.
15. Over the term of this permit, the permittee is allowed up to one (1) excursion of the maximum daily fecal coliform effluent limitation prescribed in Section A.001 (Final Requirements). 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.

Section C - Other Requirements

15. 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. The excursion allowance is contingent upon the permittee's prompt return to compliance as evidenced by the next required fecal coliform self-monitoring event.

    c. The result for which an excursion allowance is claimed shall be included in the calculation of the average monthly effluent value.

    d. 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.

16. Because the permittee is proposing ultraviolet light as their disinfection method, no Total Residual Chlorine (TRC) effluent limitation shall currently be imposed. Should the permittee in the future decide to use chlorine as a disinfection method, a TRC effluent limitation shall be promulgated and imposed.

17. The permittee shall submit an application to incorporate the State statutory requirements relative to their sludge management program, on, or before, 90 days from the initiation of operation of the wastewater treatment plant. Whereupon, the review is concluded, and approval is granted by the Chief, the permittee shall have fulfilled the requirements of Appendix A, Part II, Section 5, Removed Substances, with respect to the sludge generated by the wastewater treatment facilities permitted herein. Said approval shall be afforded in accordance with teh provisions of Title 33, Series 2, of the West Virginia Legislative Rules, accordingly.

18. The Chief is required to include effluent discharge 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 did 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 001. 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.18.a., below. If the effluent potentially contains priority pollutants in amounts above Water Quality Standards, then the Chief will consider the feasibility of utilizing complete mix.

    In the second phase, the permittee will be required to generate information relative to the upstream water quality. The second phase of information generation is described in Section C.18.b., below.

    a. The Chief will determine if there is reasonable potential for any priority pollutant to be present in Outlet 001 in amounts exceeding applicable Water Quality Standards. The Chief's assessment will be based upon the effluent data collected and generated by the permittee, and the statistical procedures of the Environmental Protection Agency's Technical Support Document for Water Quality-based Toxics Control.

        1) The permittee shall monitor the effluent discharge of Outlet 001 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 1st day of March 2004, and lasting through, 31st day of May 2004. The monitoring requirements measurement frequency shall be once per week (1/week), and the sample type shall be eight(8) hour composite, with the exception of Free Cyanide, which shall be a grab type sample. A minimum of 12 test results for each pollutant should be obtained.

Section C - Other Requirements

18. a. 3)

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.	

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 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.

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.18.a. and shall, on or before, the 1st day of July 2004, 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, immediately, proceed with the implementation of the data generation requirements of Section C.18.b.

b. The information collected and provided in this evaluation will be used to determine effluent limitations necessary to protect water quality in the Lower Guyandotte River, as provided in Title 46 Series I, Water Quality Standards.

1) The permittee shall monitor the receiving stream, upstream of Outlet 001, for the purpose of generating data relative to the background concentrations of pollutants in the receiving stream. Such monitoring shall be conducted in accordance with the following conditions.

2) The receiving stream shall be monitored for each pollutant that the permittee will be requesting a complete mix analysis. Where applicable, the "total recoverable" form of cadmium, copper, lead, nickel, silver and zinc , the "total" form of mercury and arsenic, the hexavalent form of chromium, and the "weak acid dissociable" form of cyanide, shall be analyzed. Receiving stream hardness shall also be monitored for metal pollutants that have Water Quality Standards that are hardness-based.

3) The sampling location shall be upstream and outside the influence of Outlet 001. Samples shall be collected at approximately one half the width of the receiving stream from the bank. Samples shall be collected at approximate mid-depth. The precise latitude and longitude of the sampling location shall be recorded. If practicable, the sampling location shall be identified through the use of the Global Positioning System.

4) Grab samples shall be obtained.

5) Unless otherwise specified herein, sample collection, preservation and analysis shall be conducted in accordance with the procedures of 40 CFR Part 136. Analyses shall be conducted using the most sensitive approved methods and detection levels commercially available and economically feasible. Refer to the guidance prescribed in Section C.18.a.3., above.

6) Sampling frequency shall be twice per month (2/month) during the calendar months of July through October, inclusive, and once per two(2) months during the period of November through June. Monitoring shall be representative of an entire calendar year, and a minimum of 12 samples shall be obtained.

Section C - Other Requirements

18. b. 7) The permittee shall make a reasonable effort to perform background monitoring on days the receiving stream discharge is at, or below, normal for the period. Monitoring should not be performed in the 72 hour period following a significant precipitation event.

c. Upon completion of the data generation requirements of Section C.18.b., above, the permittee shall submit to the Chief a written summarization of the sampling data, for the institution of the appropriate revisions to Section A.001,with the Permit Renewal Application. Thereupon, the Chief shall perform an analysis of the complete mix water quality-based effluent discharge limitations for the pollutants which demonstrated a reasonable potential to be present in amounts that would violate Water Quality Standards. Further, the Chief will, at that time, consider reduction of the self monitoring frequency for pollutants determined not to have reasonable potential to be present in the effluent in amounts exceeding Water Quality Standards. Additionally, if effluent quality is such that pollutants are not potentially present in the effluent in amounts that will violate water quality standards, then the Chief may consider elimination of the prescribed effluent discharge limitation.

d. Whereby, the permittee does not perform the monitoring and generate the requisite data, above, the permittee shall comply with the effluent discharge limitations listed herein, which are based upon compliance with Water Quality Standards in the effluent at the point of discharge. A default hardness value of 100 mg/L has been utilized in calculating these limitations.

Parameter	Water Quality Based Effluent Limitation (ug/l)
Cadmium, Total Recoverable	0.9
Chromium, Hexavalent	8
Copper, Total Recoverable	8.8
Lead, Total Recoverable	2.6
Nickel, Total Recoverable	129.1
Silver, Total Recoverable	2
Zinc, Total Recoverable	58.3
Mercury, Total	0.14
Arsenic, Total	50
Cyanide, Free	4.1

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. WV0105171; 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. WV0105171; 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

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 LOGAN COUNTY 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 $3,250,000 (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.

LOGAN COUNTY PUBLIC SERVICE DISTRICT

By: _____
Its: Chairperson
Date: December 12, 2002

(SEAL)

Attest:

_____
Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: _____
Its: Director
Date: December 12, 2002

(SEAL)

Attest:

_____
Its: Secretary-Treasurer

000832/00466
11/01/02

Exhibit A

Project Description

The Project consists of the construction of a wastewater collection and treatment system to serve approximately 1,217 new customers in the Towns of West Logan and Mitchell Heights and the unincorporated communities of Aracoma, Peach Creek, Crooked Creek, Justice Addition, Henlawson and surrounding areas in Logan County.

WATER OR WASTE SYSTEM GRANT AGREEMENT

UNITED STATES DEPARTMENT OF AGRICULTURE

RURAL UTILITIES SERVICE

THIS AGREEMENT dated October 28, 2002 between
Logan County Public Service District
a public corporation organized and operating under
Chapter 16, Article 13A, West Virginia Code
(Authorizing Statute)
herein called "Grantee," and the United States of America acting through the Rural Utilities Service, Department of Agriculture, herein called "Grantor," WITNESSETH:

WHEREAS

Grantee has determined to undertake a project of acquisition, construction, enlargement, or capital improvement of a (water) (sewer) system to serve the area under jurisdiction at an estimated cost of **$ 16,540,000.00** and has duly authorized the undertaking of such project.

Grantee is able to finance not more than **$ 12,318,940.00** of the development cost through revenues, charges, taxes or assessments, or funds otherwise available to Grantee resulting in a reasonable user charge.

Said sum of **$ 12,318,940.00** has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed **$ 4,221,060.00** or _____ percent of said development costs, whichever is the lesser, subject to the terms and conditions established by the Grantor. Provided, however, that the proportionate share of any grant funds actually advanced and not needed for grant purposes shall be returned immediately to the Grantor. The Grantor may terminate the grant in whole, or in part, at any time before the date of completion, whenever it is determined that the Grantee has failed to comply with the conditions of the grant.

As a condition of this grant agreement, the Grantee assures and certifies that it is in compliance with and will comply in the course of the agreement with all applicable laws, regulations, Executive orders and other generally applicable requirements, including those set out in 7 CFR 3015.205(b), which hereby are incorporated into this agreement by reference, and such other statutory provisions as are specifically set forth herein.

NOW, THEREFORE, In consideration of said grant by Grantor to Grantee, to be made pursuant to Section 306 (a) of the Consolidated Farm and Rural Development Act the purpose only of defraying a part not to exceed **25.5%** percent of the development costs, as defined by applicable Rural Utilities Service Instructions.

GRANTEE AGREES THAT GRANTEE WILL:

A. Cause said project to be constructed within the total sums available to it, including said grant, in accordance with the project plans and specifications and any modifications thereof prepared by Grantee and approved by Grantor.

B. Permit periodic inspection of the construction by a representative of Grantor during construction.

C. Manage, operate and maintain the system, including this project if less than the whole of said system, continuously in an efficient and economical manner.

D. Make the services of said system available within its capacity to all persons in Grantee's service area without discrimination as to race, color, religion, sex, national origin, age, marital status, or physical or mental handicap (possess capacity to enter into legal contract for services) at reasonable charges, including assessments, taxes, or fees in accordance with a schedule of such charges, whether for one or more classes of service,*adopted by resolution dated xxxxxxxxxxxxxxxxxxxxx, as may be modified from time to time by Grantee. The initial rate schedule must be approved by Grantor. Thereafter, Grantee may make such modifications to the rate system as long as the rate schedule remains reasonable and nondiscriminatory.

E. Adjust its operating costs and service charges from time to time to provide for adequate operation and maintenance, emergency repair reserves, obsolescence reserves, debt service and debt service reserves.

F. Expand its system from time to time to meet reasonably anticipated growth or service requirements in the area within its jurisdiction.

G. Provide Grantor with such periodic reports as it may require and permit periodic inspection of its operations by a representative of the Grantor.

H. To execute any agreements required by Grantor which Grantee is legally authorized to execute. If any such agreement has been executed by Grantee as a result of a loan being made to Grantee by Grantor contemporaneously with the making of this grant, another agreement of the same type need not be executed in connection with this grant.

I. Upon any default under its representations or agreements set forth in this instrument, Grantee, at the option and demand of Grantor, will repay to Grantor forthwith the original principal amount of the grant stated herein above with the interest at the rate of 5 percentum per annum from the date of the default. Default by the Grantee will constitute termination of the grant thereby causing cancellation of Federal assistance under the grant. The provisions of this Grant Agreement may be enforced by Grantor, at its option and without regard to prior waivers by it previous defaults of Grantee, by judicial proceedings to require specific performance of the terms of this Grant Agreement or by such other proceedings in law or equity, in either Federal or State courts, as may be deemed necessary by Grantor to assure compliance with the provisions of this Grant Agreement and the laws and regulations under which this grant is made.

J. Return immediately to Grantor, as required by the regulations of Grantor, any grant funds actually advanced and not needed by Grantee for approved purposes.

K. Use the real property including land, land improvements, structures, and appurtenances thereto, for authorized purposes of the grant as long as needed.

1. Title to real property shall vest in the recipient subject to the condition that the Grantee shall use the real property for the authorized purpose of the original grant as long as needed.

2. The Grantee shall obtain approval by the Grantor agency for the use of the real property in other projects when the Grantee determines that the property is no longer needed for the original grant purposes. Use in other projects shall be limited to those under other Federal grant programs or programs that have purposes consistent with those authorized for support by the Grantor.

*as approved by the West Virginia Public Service Commission

3. When the real property is no longer needed as provided in 1 and 2 above, the Grantee shall request disposition instructions from the Grantor agency or its successor Federal agency. The Grantor agency shall observe the following rules in the disposition instructions:

(a) The Grantee may be permitted to retain title after it compensates the Federal Government in an amount computed by applying the Federal percentage of participation in the cost of the original project to the fair market value of the property.

(b) The Grantee may be directed to sell the property under guidelines provided by the Grantor agency. When the Grantee is authorized or required to sell the property, proper sales procedures shall be established that provide for competition to the extent practicable and result in the highest possible return.
[Revision 1, 04/17/1998]

(c) The Grantee may be directed to transfer title to the property to the Federal Government provided that in such cases the Grantee shall be entitled to compensation computed by applying the Grantee's percentage of participation in the cost of the program or project to the current fair market value of the property.

This Grant Agreement covers the following described real property (use continuation sheets as necessary).
A new 1.0 MGD sequencing batch reactor wastewater treatment plant, nine major pump stations, five duplex grinder stations, eleven simplex grinder stations, approximately 89,150 LF of 10-inch and smaller diameter gravity collection pipe, approximately 23,125 LF of 12-inch and smaller diameter force main, 478 manholes, customer services and necessary appurtenances to operate and maintain the system.

L. Abide by the following conditions pertaining to equipment which is furnished by the Grantor or acquired wholly or in part with grant funds. Equipment means tangible, non-expendable personal property having a useful life of more than one year and an acquisition cost of $5,000 or more per unit. A Grantee may use its own definition of equipment provided that such definition would at least include all equipment defined above.
[Revision 1, 04/17/1998]

1. Use of equipment.

(a) The Grantee shall use the equipment in the project for which it was acquired as long as needed. When no longer needed for the original project, the Grantee shall use the equipment in connection with its other Federally sponsored activities, if any, in the following order of priority:

(1) Activities sponsored by the Grantor.

(2) Activities sponsored by other Federal agencies.

(b) During the time that equipment is held for use on the project for which it was acquired, the Grantee shall make it available for use on other projects if such other use will not interfere with the work on the project for which the equipment was originally acquired. First preference for such other use shall be given to Grantor sponsored projects. Second preference will be given to other Federally sponsored projects.

2. Disposition of equipment. When the Grantee no longer needs the equipment as provided in paragraph (a) above, the equipment may be used for other activities in accordance with the following standards:

(a) Equipment with a current per unit fair market value of less than $5,000. The Grantee may use the equipment for other activities without reimbursement to the Federal Government or sell the equipment and retain the proceeds.

(b) Equipment with a current per unit fair market value of $5,000 or more. The Grantee may retain the equipment for other uses provided that compensation is made to the original Grantor agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value or proceeds from sale of the equipment. If the Grantee has no need for the equipment and the equipment has further use value, the Grantee shall request disposition instructions from the original Grantor agency.

The Grantor agency shall determine whether the equipment can be used to meet the agency's requirements. If no requirement exists within that agency, the availability of the equipment shall be reported, in accordance with the guidelines of the Federal Property Management Regulations (FPMR), to the General Services Administration by the Grantor agency to determine whether a requirement for the equipment exists in other Federal agencies. The Grantor agency shall issue instructions to the Grantee no later than 120 days after the Grantee requests and the following procedures shall govern:

(1) If so instructed or if disposition instructions are not issued within 120 calendar days after the Grantee's request, the Grantee shall sell the equipment and reimburse the Grantor agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the Grantee shall be permitted to deduct and retain from the Federal share ten percent of the proceeds, for Grantee's selling and handling expenses.

(2) If the Grantee is instructed to ship the equipment elsewhere the Grantee shall be reimbursed by the benefiting Federal agency with an amount which is computed by applying the percentage of the Grantee participation in the cost of the original grant project or program to the current fair market value of the equipment, plus any reasonable shipping or interim storage costs incurred.

(3) If the Grantee is instructed to otherwise dispose of the equipment, the Grantee shall be reimbursed by the Grantor agency for such costs incurred in its disposition.

3. The Grantee's property management standards for equipment shall also include:

(a) Records which accurately provide for: a description of the equipment; manufacturer's serial number or other identification number; acquisition date and cost; source of the equipment; percentage (at the end of budget year) of Federal participation in the cost of the project for which the equipment was acquired; location, use and condition of the equipment and the date the information was reported; and ultimate disposition data including sales price or the method used to determine current fair market value if the Grantee reimburses the Grantor for its share.

(b) A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years to verify the existence, current utilization, and continued need need for the equipment.

(c) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated an fully documented.

(d) Adequate maintenance procedures shall be implemented to keep the equipment in good condition.

(e) Proper sales procedures shall be established for unneeded equipment which would provide for competition to the extent practicable and result in the highest possible return.

This Grant Agreement covers the following described equipment (use continuation sheets as necessary).

None

M. Provide Financial Management Systems which will include:

1. Accurate, current, and complete disclosure of the financial results of each grant. Financial reporting will be on an accrual basis.

2. Records which identify adequately the source and application of funds for grant-supported activities. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.

3. Effective control over and accountability for all funds, property and other assets. Grantees shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes.

4. Accounting records supported by source documentation.

N. Retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least three years after grant closing except that the records shall be retained beyond the three-year period if audit findings have not been resolved. Microfilm or photo copies or similar methods may be substituted in lieu of original records. The Grantor and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the Grantee's government which are pertinent to the specific grant program for the purpose of making audits, examinations, excerpts and transcripts.

O. Provide information as requested by the Grantor to determine the need for and complete any necessary Environmental Impact Statements.

P. Provide an audit report prepared in accordance with Grantor regulations to allow the Grantor to determine that funds have been used in compliance with the proposal, any applicable laws and regulations and this Agreement.

Q. Agree to account for and to return to Grantor interest earned on grant funds pending their disbursement for program purposes when the Grantee is a unit of local government. States and agencies or instrumentality's of states shall not be held accountable for interest earned on grant funds pending their disbursement.

R. Not encumber, transfer or dispose of the property or any part thereof, furnished by the Grantor or acquired wholly or in part with Grantor funds without the written consent of the Grantor except as provided in item K above.

S. To include in all contracts for construction or repair a provision for compliance with the Copeland ``Anti-Kick Back" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR, Part 3). The Grantee shall report all suspected or reported violations to the Grantor.

T. To include in all contracts in excess of $100,000 a provision that the contractor agrees to comply with all the requirements of the Clean Air Act (42 U.S.C. §7414) and Section 308 of the Water Pollution Control Act (33 U.S.C. §1318) relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in Section 114 of the Clean Air Act and Section 308 of the Water Pollution Control Act and all regulations and guidelines issued thereunder after the award of the contract. In so doing the Contractor further agrees: **[Revision 1, 11/20/1997]**

1. As a condition for the award of contract, to notify the Owner of the receipt of any communication from the Environmental Protection Agency (EPA) indicating that a facility to be utilized in the performance of the contract is under consideration to be listed on the EPA list of Violating Facilities. Prompt notification is required prior to contract award.

2. To certify that any facility to be utilized in the performance of any nonexempt contractor subcontract is not listed on the EPA list of Violating Facilities pursuant to 40 CFR Part 32 as of the date of contract award. **[Revision 1, 11/20/97]**

3. To include or cause to be included the above criteria and the requirements in every nonexempt subcontract and that the Contractor will take such action as the Government may direct as a means of enforcing such provisions.

As used in these paragraphs the term ``facility" means any building, plan, installation, structure, mine, vessel or other floating craft, location, or site of operations, owned, leased, or supervised by a Grantee, cooperator, contractor, or subcontractor, to be utilized in the performance of a grant, agreement, contract, subgrant, or subcontract. Where a location or site of operation contains or includes more than one building, plant, installation, or structure, the entire location shall be deemed to be a facility except where the Director, Office of Federal Activities, Environmental Protection Agency, determines that independent facilities are co-located in one geographical area.

Grantor Agrees That It:

A. Will make available to Grantee for the purpose of this Agreement not to exceed **$ 4,221,060.00** which it will advance to Grantee to meet not to exceed **25.5%** percent of the project development costs of the project in accordance with the actual needs of Grantee as determined by Grantor.

B. Will assist Grantee, within available appropriations, with such technical assistance as Grantor deems appropriate in planning the project and coordinating the plan with local official comprehensive plans for sewer and water and with any State or area plans for the area in which the project is located.

C. At its sole discretion and at any time may give any consent, deferment, subordination, release, satisfaction, or termination of any or all of Grantee's grant obligations, with or without valuable consideration, upon such terms and conditions as Grantor may determine to be (1) advisable to further the purpose of the grant or to protect Grantor's financial interest therein and (2) consistent with both the statutory purposes of the grant and the limitations of the statutory authority under which it is made.

Termination of This Agreement

This Agreement may be terminated for cause in the event of default on the part of the Grantee as provided in paragraph I above or for convenience of the Grantor and Grantee prior to the date of completion of the grant purpose. Termination for convenience will occur when both the Grantee and Grantor agree that the continuation of the project will not produce beneficial results commensurate with the further expenditure of funds.

In witness whereof Grantee on the date first above written has caused these presence to be executed by its duly authorized

Chairman

and attested and its corporate seal affixed by its duly authorized

Secretary

Attest:
Logan County Public Service District

By James R. Jeffrey

(Title) Chairman

By Mike Stone

(Title) Secretary

UNITED STATES OF AMERICA

RURAL UTILITIES SERVICE

By Rose Mary Christian — Rural Development Specialist (Title)

STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

September 23, 1996

GASTON CAPERTON
GOVERNOR

RECEIVED
SEP 25 1996
LOGAN COUNTY
COMMISSION

The Honorable Mark S. Spurlock, M.D.
President
Logan County Commission
Logan County Courthouse, Room 103
Logan, West Virginia 25601

Dear Commissioner Spurlock:

Thank you for your application to the Small Cities Block Grant program for fiscal year 1996.

I am pleased to approve your request in the amount of $1,250,000. These funds will enable you to upgrade the existing wastewater treatment plant in the city of Logan and extend this service to areas outside of the city.

In order to most effectively use the limited dollars available, I hereby commit $750,000 from our fiscal year 1996 allocation which will be immediately available to you. The remaining $500,000 necessary to complete this project will be evaluated and committed in the coming fiscal year. I encourage you to expedite this project and reach its completion as quickly as possible with this funding strategy in mind. The West Virginia Development Office, Community Development staff, will contact you to complete the necessary contracts in order to proceed with your project.

It is with pleasure that I am able to work with you to make this project a reality.

Sincerely,

Gaston Caperton
Governor

GC:jds

FAX:
Copy to MSS
Copies to LC pack

39A

STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

CECIL H. UNDERWOOD
GOVERNOR

October 17, 1997

The Honorable Arthur E. Kirkendoll
President
Logan County Commission
Logan County Courthouse, Room 103
Logan, West Virginia 25601

Dear Commissioner Kirkendoll:

On September 23, 1996, the Logan County Commission received a commitment of $1,250,000 in Small Cities Block Grant funds to upgrade the existing wastewater treatment plant in the city of Logan and to extend this service to areas outside of the city.

The SCBG award was based upon your immediate need for funds; and, therefore, only $750,000 was made available from the FY1996 allocation, with a commitment to evaluate your progress and provide the remaining funding from future allocations.

Based upon the Logan County Commission's ability to proceed with this worthwhile community development project, I am committing the remaining $500,000 from the FY1997 Small Cities allocation. Your existing SCBG contract will be amended to include the additional funds.

It is with great pleasure that I am able to work with you to make this improvement a reality.

Very sincerely,

Cecil H. Underwood

CHU:jda

cc: Region II
Logan County PSD

39B

LOGAN COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS,
SERIES 2002 A (WEST VIRGINIA SRF PROGRAM),
SERIES 2002 B (WEST VIRGINIA INFRASTRUCTURE FUND) AND
SERIES 2002 C (UNITED STATES DEPARTMENT OF AGRICULTURE)

RECEIPT OF PAYMENT OF STEP I LOAN

The undersigned duly authorized representative of the West Virginia Water Development Authority, the owner of the Step I Loan (the "Loan"), of Logan County Public Service District (the "Issuer"), dated October 10, 1979, in the original aggregate principal amount of $66,445, bearing a service charge of $664.45, hereby certifies that it has received the sum of $67,109.45 from the Issuer and that such sum is sufficient to pay the entire outstanding principal amount of the Loan and the service charge thereon to the date hereof and discharge the liens, pledges and encumbrances securing the Loan.

Dated this 12th day of December, 2002.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Barbara B Meadows
Authorized Representative

LOGAN COUNTY
PUBLIC SERVICE DISTRICT

P.O. Box 506
Logan, WV 25601
(304) 946-2641 (TDD)
Fax (304) 946-2645
E-mail: lcpsd@lcpsd.com

BOARD MEMBERS:
James R. Jeffrey, Chair
Ben F. Lowe, Jr.
Mike Stone
MANAGING ENGINEER:
Rick Roberts, P.E.

December 12, 2002

Daniel B. Yonkosky, Director
WV Water Development Authority
180 Association Drive
Charleston, WV 25311-1217

Re: Phase I Wastewater Project

Dear Mr. Yonkosky:

Enclosed is a check in the amount of Sixty-seven Thousand One Hundred Nine Dollars and Forty-five Cents ($67,109.45) as full payment of the attached invoice.

If you have any questions, please let us know.

Sincerely,

Rick Roberts, P.E.
Managing Engineer

LOGAN COUNTY PSD

CRR:mjg

Attachment: as stated

C:\My Documents\Phase I Wastewater Project\YonkoskyWVWDA.let.doc

WDA-9

LOGAN COUNTY PSD
SERIES 2002 BONDS
CONSTRUCTION TRUST FUND
P.O. BOX 506
LOGAN, WV 25601-0506

69-36/519 750
631821139

105

DATE Dec. 12, 2002

PAY TO THE ORDER OF Wv Water Development Authority $ 67,109.45

Sixty-seven Thousand One Hundred Nine Dollar & 45/100 DOLLARS

BANK ONE.
Bank One, West Virginia, NA
Charleston, West Virginia 25301
www.bankone.com

MEMO

⑈0519003666⑈ 631821139⑈ 0105

CERTIFIED MA

BILL TO: Logan County PSD
Courthouse
Logan, WV 25601

INVOICE FOR: Repayment of Step I Loan

PROJECT NUMBER:	C-540453-01	
	STEP I	STEP II
DATE OF LOAN(S):	10-10-79	
AMOUNT OF LOAN(S):	$ 66,445.00	$

AMOUNT DUE:	LOAN(S)	$ 66,445.00
	SERVICE CHARGE	664.45
	TOTAL DUE	$ 67,109.45

AS PROVIDED IN WATER DEVELOPMENT AUTHORITY REGULATIONS AND LOAN AGREEMENT(S) (SECTION 8) BETWEEN THE WATER DEVELOPMENT AUTHORITY AND Logan County PSD, Logan County PSD AGREES THAT THE LOAN(S) AND SERVICE CHARGE(S) SHALL BE PAYABLE UPON COMPLETION OF FINANCING ARRANGEMENTS FOR THE STEP III PROJECT WHICH CONSUMMATES THE STEP I AND STEP II PROJECTS, OR ANY PORTION THEREOF, DEVELOPED THEREFOR, OR THREE YEARS AFTER AWARD OF THE STEP I LOAN OR TWO YEARS AFTER AWARD OF THE STEP II LOAN, WHICHEVER OCCURS FIRST.

PLEASE SUBMIT YOUR CHECK FOR THE TOTAL AMOUNT DUE, PAYABLE TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, 1201 DUNBAR AVENUE, DUNBAR, WV 25064.

WDA-4
NO. C-540453-01

RECEIVED

NOV 16 1979

WATER DEVELOPMENT AUTHORITY

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

LOAN AGREEMENT

1. LOAN RECIPIENT (NAME AND ADDRESS): COUNTY: Logan

Logan County PSD
Courthouse
Logan, WV 25601

2. LOAN RECIPIENT REPRESENTATIVE (NAME, TITLE AND ADDRESS):

Mrs. Ann O'Briant, Chairman
Logan County PSD
Courthouse
Logan, WV 25601

CANCELLED
PAID IN FULL
DATE: 12.12.02
BY: [signature]

3. LOAN PAYEE (NAME AND ADDRESS):

Logan County PSD
Courthouse
Logan, WV 25601

4. APPROVED AMOUNT OF LOAN: $ 66,445

5. PAYMENTS WILL BE INITIATED BY THE WDA UPON RECEIPT OF A COPY OF THE EPA APPROVED GRANT PAYMENT REQUEST IN AMOUNTS PROPORTIONATELY SIMILAR TO PAYMENTS MADE BY THE EPA.

ALL LOANS ARE SUBJECT TO STATE APPROPRIATION AND AVAILABILITY OF FUNDS. CONTRACT SHALL EXTEND UNTIL JUNE 30, 1980, AND IS SUBJECT TO RENEWAL.

6. TYPE OF ACTIVITY FOR WHICH LOAN FUNDS ARE TO BE USED:

The Step I project consists of the preparation of a facilities planning study including an I/I analysis for the area encompassed by Logan County except for the City of Logan, Spruce Fork area of Logan PSD and Spruce PSD.

7. TOTAL COSTS $ 265,780

ELIGIBLE COSTS $ 265,780

FEDERAL (US EPA) GRANT AMOUNT $ 199,330
(% OF ELIGIBLE COSTS 75)

STATE (WDA) LOAN AMOUNT $ 66,445
(% OF ELIGIBLE COSTS 25)

CANCELLED
PAID IN FULL
DATE: 12-12-02
BY : BJSm

8. LOAN OFFER AND ACCEPTANCE:

THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY HEREBY OFFERS A LOAN TO Logan County PSD FOR UP TO 25 PERCENT OF ALL APPROVED ELIGIBLE COSTS, SUCH LOAN NOT TO EXCEED $ 66,445 FOR SUPPORT OF COSTS DESCRIBED IN THIS LOAN AGREEMENT AND ITS APPLICATION WHICH IS HEREBY MADE A PART OF THIS AGREEMENT. RECIPIENT ORGANIZATION AGREES THAT THE LOAN AND SERVICE CHARGE SHALL BE PAYABLE UPON COMPLETION OF FINANCING ARRANGEMENTS FOR THE STEP III PROJECT WHICH CONSUMMATES THE STEP I AND STEP II PROJECTS, OR ANY PORTION THEREOF, DEVELOPED THEREFOR OR THREE YEARS AFTER AWARD OF THE STEP I LOAN OR TWO YEARS AFTER AWARD OF THE STEP II LOAN, WHICHEVER OCCURS FIRST. IF A PUBLIC ENTITY FAILS TO MEET ITS PAYMENT DEADLINES, IT MAY APPEAL TO THE WATER DEVELOPMENT BOARD FOR AN EXTENSION OF TIME; AND, IF THE DELAY IS JUSTIFIED IN THE OPINION OF THE BOARD, A TIME EXTENSION WILL BE GRANTED.

IN THE EVENT THE STEP I PROJECT SCOPE CONSISTS OF MORE THAN ONE GOVERNMENTAL AGENCY, EACH GOVERNMENTAL AGENCY SHALL BE REQUIRED TO PAY ITS RESPECTIVE SHARE OF THE TOTAL PARTICIPATION CHARGE.

LOAN AND SERVICE CHARGE. THE LOAN PROVIDED TO THE RECIPIENT ORGANIZATION IS A NO-INTEREST LOAN REPRESENTING UP TO 25 PERCENT OF A TOTAL ELIGIBLE PROJECT COST. THE SERVICE CHARGE IS SET AT ONE PERCENT (1%) OF THE VALUE OF THE LOAN.

TERMINATION. THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY RESERVES THE RIGHT TO TERMINATE THIS AGREEMENT UPON GIVING THE RECIPIENT ORGANIZATION NOT LESS THAN SIXTY (60) DAYS PRIOR WRITTEN NOTICE. THE RECIPIENT ORGANIZATION MAY TERMINATE THIS AGREEMENT BY GIVING THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY SIXTY (60) DAYS PRIOR WRITTEN NOTICE. IN THE EVENT THIS AGREEMENT IS TERMINATED BY THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, OR IN THE EVENT THIS AGREEMENT IS TERMINATED BY THE RECIPIENT ORGANIZATION, THE ELIGIBLE PROJECT COSTS INCURRED PRIOR TO THE DATE OF COMPLETION OF THE WORK ON THE APPROVED PROJECT OR THE DATE OF SUCH TERMINATION, WHICHEVER IS EARLIER, SHALL BE PAID BY THE RECIPIENT ORGANIZATION OR ITS CONSTITUENTS. ANY MONEYS PAID BY EITHER PARTY PURSUANT TO THE AGREEMENT SHALL BE REPAID IN NOT MORE THAN THREE (3) YEARS AFTER TERMINATION.

THIS LOAN AGREEMENT IS SUBJECT TO ALL STATUTORY PROVISIONS, ALL LOAN REGULATIONS OF THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AND ALL PROVISIONS OF THIS AGREEMENT AND FURTHER IS SUBJECT TO THE CONDITIONS SET FORTH IN GRANT AGREEMENT NO. C-540453-01 CONSUMMATED BETWEEN THE ENVIRONMENTAL PROTECTION AGENCY AND Logan County PSD OFFERED ON March 9, 1979 AND ACCEPTED ON March 20, 1979.

THE RECIPIENT ORGANIZATION AGREES THAT FUNDS AWARDED UNDER THIS AGREEMENT WILL BE USED SOLELY FOR THE PURPOSES OF THE PROJECT AS APPROVED.

9. NAME AND TITLE OF AWARD OFFICIAL: Edgar N. Henry

TITLE: Director

SIGNATURE: [signature]

DATE: October 10, 1979

CANCELLED
PAID IN FULL
DATE: 12.12.02
BY: BAM

STATE OF WEST VIRGINIA, COUNTY OF KANAWHA.

TAKEN, SUBSCRIBED AND SWORN TO BEFORE ME THIS 10th DAY OF October, 1979.

NOTARY: Barbara A. Butcher

MY COMMISSION EXPIRES: January 3, 1984

10. NAME AND TITLE OF RECIPIENT ORGANIZATION REPRESENTATIVE: Mrs. Ann O'Briant

TITLE: Chairman, Logan County PSD

SIGNATURE: [signature]

DATE: November 14.1979

STATE OF WEST VIRGINIA, COUNTY OF Logan.

TAKEN, SUBSCRIBED AND SWORN TO BEFORE ME THIS 14th DAY OF November, 1979.

NOTARY: Gloria D. Smith

MY COMMISSION EXPIRES: 9-17-80

NOTE: THE LOAN AGREEMENT MUST BE COMPLETED IN DUPLICATE AND RETURNED WITHIN 30 DAYS AFTER RECEIPT OR AS PROVIDED IN ANY TIME EXTENSION ARRANGED WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY. RECEIPT OF WRITTEN REFUSAL OR FAILURE TO RETURN WITHIN THE 30-DAY PERIOD WILL RESULT IN TERMINATION OF THE LOAN OFFER. NO AMENDMENTS MAY BE MADE TO THE AGREEMENT SUBSEQUENT TO SIGNING BY THE AUTHORITY.

ALL CORRESPONDENCE CONCERNING THIS OFFER AND AGREEMENT SHOULD BE ADDRESSED TO: WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, 1201 DUNBAR AVENUE, DUNBAR, WEST VIRGINIA 25064.

WATER DEVELOPMENT AUTHORITY

RESOLUTION

WHEREAS, the Logan County Public Service District has applied with the United States Environmental Protection Agency for a grant under Grant Agreement No. C-540453-01; and

Whereas, the Logan County Public Service District has applied with the West Virginia Water Development Authority for certain State funds in connection with the same grant; and

Whereas, the Environmental Protection Agency has prepared an offer to the Logan County Public Service District in regards to the said grant which the Logan County Public Service District has accepted; and

Whereas, the West Virginia Water Development Authority has made an offer of a loan to the Logan County Public Service District in regards to the application to the Water Development Authority, which the Logan County Public Service Districts intends to accept; and

Whereas, it is necessary for the Logan County Public Service District to designate someone to sign on its behalf the proper grant acceptance forms with the Environmental Protection Agency and loan agreement forms with the West Virginia Water Development Authority;

THEREFORE BE IT RESOLVED that Ann O'Briant, as Chairman of the Logan County Public Service District, is hereby authorized and directed to execute and deliver and to act as signee on behalf of the Logan County Public Service District any documents necessary to consummate the grant from the Environmental Protection Agency and the loan from the West Virginia Water Development Authority and be it further Resolved that any signature that the said ANN O'BRIANT may have heretofore made in connection therewith is fully ratified and accepted as the act of the Logan County Public Service District.

Done this 14th day of November, 1979

UBB & SPAULDING

LOGAN COUNTY PUBLIC SERVICE DISTRICT

BY: [signature]

By: [signature]

ATTEST:

By: [signature]

(SEAL)

Its: Commissioners

Gloria Smith

ITS Recorder

ACORD CERTIFICATE OF LIABILITY INSURANCE

INSURED COPY

DATE (MM/DD/YY) 12/09/2002

PRODUCER Serial # A7134

WV BOARD OF RISK & INSURANCE MGT.
90 MACCORKLE AVE. SW, SUITE 203
SOUTH CHARLESTON, WV 25309

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE

INSURED
LOGAN COUNTY COMMISSION
LOGAN COUNTY PSD
COUNTY COURTHOUSE
LOGAN, WV 25601

INSURER A: NATIONAL UNION FIRE CO OF PITTSBURGH, PA
INSURER B: BOARD OF RISK & INSURANCE MANAGEMENT
INSURER C:
INSURER D:
INSURER E:

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A	GENERAL LIABILITY X COMMERCIAL GENERAL LIABILITY CLAIMS MADE [X] OCCUR X WRONGFUL ACT X PROFESSIONAL GEN'L AGGREGATE LIMIT APPLIES PER: POLICY PROJECT LOC	L 0323	07/01/2002	07/01/2003	EACH OCCURRENCE FIRE DAMAGE (Any one fire) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG	$ 1,000,000 $ 100,000 $ 0 $ INCLUDED $ N/A $ N/A
A	AUTOMOBILE LIABILITY ANY AUTO X ALL OWNED AUTOS X SCHEDULED AUTOS X HIRED AUTOS X NONOWNED AUTOS	L 0323	07/01/2002	07/01/2003	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	$ 1,000,000 $ $ $
	GARAGE LIABILITY ANY AUTO				AUTO ONLY - EA ACCIDENT OTHER THAN AUTO ONLY: EA ACC AGG	$ $ $
	EXCESS LIABILITY OCCUR CLAIMS MADE DEDUCTIBLE RETENTION $				EACH OCCURRENCE AGGREGATE	$ $ $ $ $
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY STOPGAP	L 0323	07/01/2002	07/01/2003	STATUTORY LIMITS / OTHER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	$ 1,000,000 $ $
B	OTHER PROPERTY COVERAGE	P 0323	07/01/2002	07/01/2003	REPLACEMENT COST	

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS

SUBJECT TO THE PROVISIONS, CONDITIONS AND EXCLUSIONS OF THE POLICIES LISTED ABOVE, IT IS AGREED THAT THE CERTIFICATE HOLDER IS AN "ADDITIONAL INSURED" & " LOSS PAYEE" WITH RESPECTS TO: CLOSING OF WATER DEVELOPMENT LOAN.

CERTIFICATE HOLDER

WV WATER DEVELOPMENT AUTHORITY
180 ASSOCIATION DRIVE
CHARLESTON, WV 25311-1217

ADDITIONAL INSURED; INSURER LETTER:

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

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CLOSING MEMORANDUM

To: **Rick Roberts**
Rosalie Brodersen
Katy Mallory
Rosemary Christian
Barbara Meadows
Witter Hallan
Samme Gee

From: **Francesca Tan**

Date: **December 12, 2002**

Re: **Logan County Public Service District Sewer Revenue Bonds,**
Series 2002 A (West Virginia SRF Program),
Series 2002 B (West Virginia Infrastructure Fund) and
Series 2002 C (United States Department of Agriculture)

1. DISBURSEMENTS TO DISTRICT

A.

Payor:	West Virginia Department of Environmental Protection
Source:	Series 2002 A Bonds Proceeds
Amount:	$266,447
Date:	December 12, 2002
Form:	Check
Payee:	Logan County Public Service District
Bank:	Bank One, West Virginia, National Association, Logan, West Virginia
Account:	Series 2002 Bonds Construction Trust Fund

B.

Payor:	West Virginia Infrastructure and Jobs Development Council
Source:	Series 2002 B Bonds Proceeds
Amount:	$69,190
Date:	December 12, 2002
Form:	Wire Transfer
Payee:	Logan County Public Service District
Bank:	Bank One, West Virginia, National Association, Logan, West Virginia
Routing No.:	044000037

Account No.: 631821139
Account: Series 2002 Bonds Construction Trust Fund

C. Payor: United States Department of Agriculture
Source: Series 2002 C Bonds Proceeds
Amount: $107,110
Date: December 12, 2002
Form: Electronic Funds Transfer
Payee: Logan County Public Service District
Bank: Bank One, West Virginia, National Association, Logan, West Virginia
Routing No.: 044000037
Account No.: 631821139
Account: Series 2002 Bonds Construction Trust Fund

2. DISBURSEMENTS TO WATER DEVELOPMENT AUTHORITY

A. Payor: Logan County Public Service District
Source: Series 2002 C Bonds Proceeds
Amount: $67,109.45
Date: December 12, 2002
Form: Check
Payee: West Virginia Water Development Authority
Purpose: Pay Step I Loan in full

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

December 12, 2002

Logan County Public Service District
Monaville, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Re: Logan County Public Service District Sewer Revenue Bonds, Series 2002 A (West Virginia SRF Program)

Ladies and Gentlemen:

We have served as bond counsel to Logan County Public Service District (the "Issuer") in connection with the issuance of its Sewer Revenue Bonds, Series 2002 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 November 8, 2002, 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 $5,328,940, in the form of one bond, registered as to principal only to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 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 new public sewer facilities of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act and a Bond Resolution duly adopted by the Issuer on December 10, 2002, as supplemented by a Supplemental Resolution duly adopted by the Issuer on December 10, 2002 (collectively, the "Resolution"), pursuant to and under which Act and Resolution the Bonds are authorized and issued, and the Loan Agreement is entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Resolution and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Resolution and the Loan Agreement when used herein.

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

1. The Issuer is a duly created and validly existing public service district and is a public corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt the Resolution and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

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

3. The Loan Agreement inures to the benefit of the Authority and the 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 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 Sewer Revenue Bonds, Series 2002 B (West Virginia Infrastructure Fund) and Series 2002 C (United States Department of Agriculture), all in accordance with the terms of the Bonds and the Resolution.

6. Under the Act, the Bonds and the interest thereon are exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

7. The Bonds have not been issued on the basis that the interest, if any, thereon is or will be excluded from the gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest, if any, from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Bonds.

No opinion is given herein as to the effect upon the enforceability of the Bonds under any applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights or the exercise of judicial discretion or principles of equity in appropriate cases.

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

Very truly yours,

Jackson Kelly PLLC

10/31/02
001210/00324

M0339740.1

JACKSONKELLY
ATTORNEYS AT LAW PLLC

SUITE 500, 150 CLAY STREET • PO BOX 619 • MORGANTOWN, WV 26507 • TELEPHONE: 304-284-4100 • TELECOPIER: 304-284-4140
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December 12, 2002

Logan County Public Service District
Monaville, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Re: Logan County Public Service District Sewer Revenue Bonds, Series 2002 B (West Virginia Infrastructure Fund)

Ladies and Gentlemen:

We have served as bond counsel to Logan County Public Service District (the "Issuer") in connection with the issuance of its Sewer Revenue Bonds, Series 2002 B (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds").

We have examined certified copies of proceedings and other papers relating to the authorization of (i) a loan agreement for the Bonds, dated December 12, 2002, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and (ii) the Bonds to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are issued in the principal amount of $2,190,000 in the form of one bond, registered as to principal only to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 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 31, Article 15A of the Code of West Virginia, 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of new public sewer facilities of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act and a Bond Resolution duly adopted by the Issuer on December 10, 2002, as supplemented by a Supplemental Resolution duly adopted by the Issuer on December 10, 2002 (collectively, the "Resolution"), pursuant to and under which Act and Resolution the Bonds are authorized and issued, and the Loan Agreement is entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Resolution and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Resolution and the Loan Agreement when used herein.

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

1. The Issuer is a duly created and validly existing public service district and is a public corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt the Resolution and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

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

3. The Loan Agreement inures to the benefit of the Authority and the Council and cannot be amended so as to affect adversely the rights of the Authority and the Council or diminish the obligations of the Issuer without the written consent of the Authority and the Council.

4. The Issuer has legally and effectively adopted the Resolution and all other

necessary resolutions in connection with the issuance and sale of the Bonds. The Resolution constitutes a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms thereof and contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and a pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Sewer Revenue Bonds, Series 2002 A (West Virginia SRF Program) and Series 2002 C (United States Department of Agriculture), all in accordance with the terms of the Bonds and the Resolution.

6. Under the Act, the Bonds and the interest thereon are exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

7. The Bonds have not been issued on the basis that the interest, if any, thereon is or will be excluded from the gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest, if any, from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Bonds.

No opinion is given herein as to the effect upon the enforceability of the Bonds under any applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights or the exercise of judicial discretion or principles of equity in appropriate cases.

We have examined the executed and authenticated Bond numbered 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

11/15/02
001210/00324

M0339747.1

JACKSONKELLY
ATTORNEYS AT LAW PLLC

SUITE 500, 150 CLAY STREET • PO BOX 619 • MORGANTOWN, WV 26507 • TELEPHONE: 304-284-4100 • TELECOPIER: 304-284-4140
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December 12, 2002

Logan County Public Service District
Monaville, West Virginia

United States Department of Agriculture,
Rural Utilities Service
Beckley, West Virginia

Re: Logan County Public Service District Sewer Revenue Bonds,
Series 2002 C (United States Department of Agriculture)

Ladies and Gentlemen:

We have served as bond counsel to Logan County Public Service District (the "Issuer") in connection with the issuance of its Sewer Revenue Bonds, Series 2002 C(United States Department of Agriculture), dated the date hereof (the "Bonds").

We have examined certified copies of proceedings and other papers relating to the issuance of the Bonds. The Bonds are issued in the principal amount of $300,000, in the form of one bond and bear interest from the date hereof, on the amount advanced thereunder, at the rate of 4.625% per annum.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), and have been authorized by a Bond Resolution duly adopted by the Issuer on December 10, 2002, as supplemented by a Supplemental Resolution duly adopted by the Issuer on December 10, 2002 (collectively, the "Resolution"). The Bonds are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of new public sewer facilities of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Resolution when used herein.

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

1. The Issuer is a duly created and validly existing public service district and is a public corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt the Resolution and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Issuer has legally and effectively adopted the Resolution and all other necessary resolutions in connection with the issuance and sale of the Bonds. The Resolution constitutes a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms thereof.

3. The Bonds have been duly authorized, issued, executed and delivered by the Issuer and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and a pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Sewer Revenue Bonds, Series 2002 A (West Virginia SRF Program) and Series 2002 B (West Virginia Infrastructure Fund) , all in accordance with the terms of the Bonds and the Resolution.

4. Under the Act, the Bonds and the interest thereon are exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

5. The Bonds have not been issued on the basis that the interest thereon is or will be excluded from the gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Bonds.

No opinion is given herein as to the effect upon the enforceability of the Bonds under any applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights or the exercise of judicial discretion or principles of equity in appropriate cases.

We have examined the executed Bond numbered CR-1 and in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,

Jackson Kelly PLLC

James A. Walker

Counselor and Attorney at Law
December 12, 2002

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Logan County Public Service District
Monaville, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

United States Department of Agriculture
Rural Utilities Service
Beckley, West Virginia

JacksonKelly PLLC
Charleston, West Virginia 25322

RE: Logan County Public Service District Sewer Revenue Bonds,
Series 2002 A (West Virginia SRF Program),
Series 2002 B (West Virginia Infrastructure Fund) and
Series 2002 C (United States Department of Agriculture)

Ladies and Gentlemen:

I am Counsel to the Logan County Public Service District (the "Issuer"). As such counsel, I have examined copies of the approving opinion of JacksonKelly PLLC, as bond counsel, relating to the above-captioned bonds of the Issuer (collectively, the "Bonds"), a bond purchase agreement for the Series 2002 A Bonds, dated November 8, 2002, 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 2002 B Bonds, dated December 12, 2002, including all schedules and

exhibits attached thereto, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (collectively, the "Loan Agreement"), the letter of conditions for the Series 2002 C Bonds, dated July 5, 2000, as amended, from the United States of America, United States Department of Agriculture, Rural Utilities Service (the "Government"), a Bond Resolution duly adopted by the Public Service Board of the Issuer (the "Board") on December 10, 2002, as supplemented by a Supplemental Resolution duly adopted on December 10, 2002 (collectively, the "Resolution"), orders of The County Commission of Logan County relating to the Issuer and the appointment of members of the Board, and other documents relating to the Bonds and the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Loan Agreement and the Resolution when used herein.

I am of the opinion that:

1. The Issuer is a duly created and validly existing public service district and is a public corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System and to adopt the Resolution, all under the Act and other applicable provisions of law.

2. The members and officers of the Board have been duly and properly appointed and elected, have taken the requisite oaths and are thereby authorized to act on behalf of the Issuer in their respective capacities.

3. The Loan Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto, constitutes a valid and binding agreement of the Issuer, enforceable in accordance with its terms.

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

5. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Bonds, the Loan Agreement and the Resolution, and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default under any resolution, agreement or other instrument to which the Issuer is a party or any existing law, regulation, Court Order or Consent Decree to which the Issuer is subject.

6. The Issuer has received all permits, licenses, approvals, consents, exemptions, Orders, certificates, registrations and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for the use of the System, including, without

limitation, all requisite permits, approvals, Orders and certificates from the DEP, the 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 orders of the PSC entered on July 20, 2001, February 7, 2002, February 22, 2002, and November 26, 2002, in Case No. 00-1469-PSD-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 Orders entered July 20, 2001, February 7, 2002, and February 22, 2002, has expired prior to the date hereof without any appeal having been filed. The time for appeal of the PSC Order entered November 26, 2002, 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. Such Order is not subject to any appeal, further hearing, reopening or rehearing by any customer, protestant, intervenor or other person not a party to such order. All such orders remain in full force and effect.

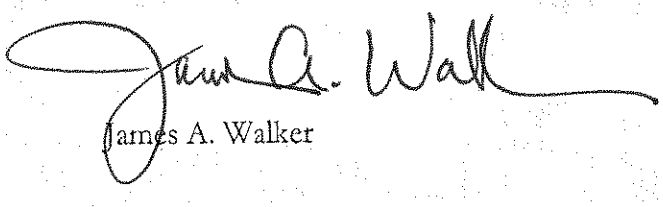
7. The Issuer has duly published the required notice with respect to, among other things, the amount of the Bonds to be issued, the interest rate and terms of the Bonds, the Project to be constructed, the costs of the Project, the anticipated user rates and charges and the date that a formal application for a certificate of public convenience and necessity is to be filed with the PSC in accordance with Chapter 16, Article 13A, Section 25 of the Code of West Virginia, 1931, as amended, and has duly complied with the provisions thereof.

8. To the best of my knowledge, there is no 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 my review of the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, I am of the opinion that such surety bonds and policies: (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interests 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.

Very Truly Yours,



James A. Walker

JAW:bgg

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Beckley, West Virginia

JacksonKelly PLLC
Charleston, West Virginia 25322

RE: Final Title Opinion For Logan County Public Service District

Ladies and Gentlemen:

I am Counsel to the Logan County Public Service District (the "Issuer") in connection with a proposed project to construct a wastewater collection and treatment system (the "Project"). I provide this final title opinion on behalf of the Issuer to satisfy the requirements of the West Virginia Department of Environmental Protection (the "DEP"), the West Virginia Infrastructure and Jobs Development Council and the United States of America, United States Department of Agriculture, Rural Utilities Service for the Project. Please be advised of the following:

1. I am of the opinion that the Issuer is a duly created and validly existing public service district possessed with all the powers and authority granted to public service districts under the laws of the State of West Virginia to construct, operate and maintain the Project as approved by the DEP.

2. The Issuer has obtained all necessary permits and approvals for the construction of the Project.

3. I have investigated and ascertained the location of, and am familiar with the legal description of the necessary sites, including easements and/or rights-of-way, required for the Project as set forth in the plans for the Project prepared by HMB Professional Engineers, Inc., the consulting engineers for the Project.

4. I have examined the records on file in the Office of the Clerk of the County Commission of Logan County, West Virginia, the county in which the Project is to be located and, in my opinion, the Issuer has acquired legal title or such other estate or interest in all 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 Logan County to protect the legal title to and interest of the Issuer.

Very Truly Yours,

James A. Walker

JAW:bgg