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LOGAN COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS (ENALOC PROJECT -
WEST VIRGINIA WATER DEVELOPMENT AUTHORITY),
SERIES 1999 D

Closing Date: December 14, 1999

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TRANSCRIPT OF PROCEEDINGS

Document No.	Description	Index No.
	I. Organizational Documents	
1.1	Certified copies of Chapter 16, Article 13A and Chapter 22C, Article 1 of the Code of West Virginia, 1931, as amended.	1
1.2	Orders of The County Commission of Logan County Creating and Enlarging Logan County Public Service District (the "Issuer").	2
1.3	Orders of The County Commission of Logan County Appointing Members of the Public Service Board of the Issuer (the "Board").	3
1.4	Oaths of Office of Board Members.	4
1.5	Rules of Procedure.	5
1.6	Minutes of Current Year Organizational Meeting.	6
	II. Authorizing Documents	
2.1	Loan Agreement.	7
2.2	West Virginia Infrastructure and Jobs Development Council Approval Letter.	8
2.3	Public Service Commission Orders.	9
2.4	Bond Resolution.	10

2.5	Supplemental Resolution.	11
2.6	Minutes of Board Meeting regarding Adoption of Bond Resolution and Supplemental Resolution.	12
2.7	Affidavit of Publication regarding Notice of Borrowing.	13
2.8	Specimen Bond.	14
2.9	Water Development Authority's Consent to Issuance of Parity Bonds.	15

III. Certificates, Receipts and Other Documents

3.1	General Certificate.	16
3.2	Certificate As To Arbitrage.	17
3.3	Certificate of Secretary as to Truth and Accuracy of Documents Delivered.	18
3.4	Certificate of Managing Engineer.	19
3.5	Certificate of Accountant.	20
3.6	Receipt for Bonds.	21
3.7	Receipt for Bond Proceeds.	22
3.8	Request and Authorization to Authenticate and Deliver Bonds.	23
3.9	Registrar's Agreement.	24
3.10	Certificate of Registration of Bonds.	25
3.11	Acceptance of Appointment of Depository Bank with respect to Bond Construction Trust Fund, Renewal and Replacement Fund and Rebate Fund.	26
3.12	Acceptance of Appointment of Depository Bank with respect to Revenue Fund.	27

3.13	Municipal Bond Commission New Issue Report Form.	28
3.14	IRS Information Return (Form 8038-G) and Letter of Transmittal.	29
3.15	Agreement of Sale between the Issuer and Enaloc Water Corporation.	30
3.16	Receipt from Enaloc Water Corporation.	31

IV. Opinions

4.1	Opinion of Jackson & Kelly PLLC, Bond Counsel.	32
4.2	Opinion of Counsel to Issuer.	33
4.3	Final Title Opinion.	34

The closing of the sale of the Logan County Public Service District Water Revenue Bonds (Enaloc Project - West Virginia Water Development Authority), Series 1999 D, will take place at the District's office in Logan, West Virginia, on December 14, 1999, at 10:00 a.m. No transaction shall be deemed to have been completed and no document shall be deemed to have been delivered unless and until all transactions are completed and all documents are delivered.

12/08/99
001210/00321

State of West Virginia

Certificate

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

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

Given under my hand and the Great Seal of the State of West Virginia on this Thirteenth *day of* December *19* 99

Ken Hechler

Secretary of State

1A

compliance with an order of the director of the division of environmental protection or the environmental quality board, and the rights, powers, and duties of such municipal corporation and the respective officers and departments thereof, including the sanitary board, are governed by the provisions of this article. (1955, c. 135; 1967, c. 105; 1994, c. 61.)

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

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

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

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

ARTICLE 13A.

PUBLIC SERVICE DISTRICTS FOR WATER, SEWERAGE AND GAS SERVICES.

Sec.
16-13A-1. Legislative findings.
16-13A-1a. Jurisdiction of the public service commission.
16-13A-1b. County commissions to develop plan to create, consolidate, merge, expand or dissolve public service districts.
16-13A-1c. General purpose of districts.
16-13A-2. Creation of districts by county commission; enlarging, reducing, merging, or dissolving district; consolidation; agreements, etc.; infringing upon powers of county commission; filing list of members and districts with the secretary of state.
16-13A-3. District to be a public corporation and political subdivision; powers thereof; public service boards.
16-13A-3a. Removal of members of public service board.
16-13A-4. Board chairman; members' compensation; procedure; district name.
16-13A-5. General manager of board.
16-13A-6. Employees of board.
16-13A-7. Acquisition and operation of district properties.
16-13A-8. Acquisition and purchase of public service properties; right of eminent domain; extraterritorial powers.
16-13A-9. Rules; service rates and charges; discontinuance of service; required water and sewer connections; lien for delinquent fees.
16-13A-9a. Limitations with respect to foreclosure.
16-13A-10. Budget.
16-13A-11. Accounts; audit.
16-13A-12. Disbursement of district funds.
16-13A-13. Revenue bonds.
16-13A-14. Items included in cost of properties.
16-13A-15. Bonds may be secured by trust indenture.
16-13A-16. Sinking fund for revenue bonds.
16-13A-17. Collection, etc., of revenues and enforcement of covenants; default; suit, etc., by bondholder or trustee to compel performance of duties; appointment and powers of receiver.
16-13A-18. Operating contracts.
16-13A-18a. Sale, lease or rental of water, sewer or gas system by district; distribution of proceeds.
16-13A-19. Statutory mortgage lien created; foreclosure thereof.
16-13A-20. Refunding revenue bonds.
16-13A-21. Complete authority of article; liberal construction; district to be public instrumentality; tax exemption.
16-13A-22. Validation of prior acts and proceedings of county courts for creation of districts, inclusion of additional territory, and appointment of members of district boards.
16-13A-23. Validation of acts and proceedings of public service boards.
16-13A-24. Acceptance of loans, grants or temporary advances.
16-13A-25. Borrowing and bond issuance; procedure.

Editor's notes. — Acts 1989, 1st Ex. Sess., c. 3, redesignated the board of health and the department of health as the division of health, within the department of health and human resources. See also, Acts 1997, c. 225.

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., 485 S.E.2d 434 (W. Va. 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, which passed March 8, 1986, and became effective ninety days from passage.

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.

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

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

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

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

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

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

In the discretion and at the option of the board such bonds may be secured by a trust indenture by and between the district and a corporate trustee, which may be a trust company or bank having powers of a trust company within or

without the State of West Virginia, but no such trust indenture shall convey, mortgage or create any lien upon the public service properties or any part thereof. The resolution authorizing the bonds and fixing the details thereof may provide that such trust indenture may contain such provisions for protecting and enforcing the rights and remedies of bondholders as may be reasonable and proper, not in violation of law, including covenants setting forth the duties of the district and the members of its board and officers in relation to the construction or acquisition of public service properties and the improvement, extension, operation, repair, maintenance and insurance thereof, and the custody, safeguarding and application of all moneys, and may provide that all or any part of the construction work shall be contracted for, constructed and paid for, under the supervision and approval of consulting engineers employed or designated by the board and satisfactory to the original bond purchasers, their successors, assignees or nominees, who may be given the right to require the security given by contractors and by any depository of the proceeds of bonds or revenues of the public service properties or other money pertaining thereto be satisfactory to such purchasers, their successors, assignees or nominees. Such indenture may set forth the rights and remedies of the bondholders and such trustee. (1953, c. 147.)

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

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

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

The board of any such district shall have power to insert enforceable provisions in any resolution authorizing the issuance of bonds relating to the collection, custody and application of revenues of the district from the operation of the public service properties under its control and to the enforcement of the covenants and undertakings of the district. In the event there shall be default in the sinking fund provisions aforesaid or in the payment of the principal or interest on any of such bonds or, in the event the district or its board or any of its officers, agents or employees, shall fail or

refuse to comply with the provisions of this article, or shall default in any covenant or agreement made with respect to the issuance of such bonds or offered as security therefor, then any holder or holders of such bonds and any such trustee under the trust indenture, if there be one, shall have the right by suit, action, mandamus or other proceeding instituted in the circuit court for the county or any of the counties wherein the district extends, or in any other court of competent jurisdiction, to enforce and compel performance of all duties required by this article or undertaken by the district in connection with the issuance of such bonds, and upon application of any such holder or holders, or such trustee, such court shall, upon proof of such defaults, appoint a receiver for the affairs of the district and its properties, which receiver so appointed shall forthwith directly, or by his agents and attorneys, enter into and upon and take possession of the affairs of the district and each and every part thereof, and hold, use, operate, manage and control the same, and in the name of the district exercise all of the rights and powers of such district as shall be deemed expedient, and such receiver shall have power and authority to collect and receive all revenues and apply same in such manner as the court shall direct. Whenever the default causing the appointment of such receiver shall have been cleared and fully discharged and all other defaults shall have been cured, the court may in its discretion and after such notice and hearing as it deems reasonable and proper direct the receiver to surrender possession of the affairs of the district to its board. Such receiver so appointed shall have no power to sell, assign, mortgage, or otherwise dispose of any assets of the district except as hereinbefore provided. (1953, c. 147.)

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

As to receivers, see Rule 66.

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

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

Mandamus. — Mandamus is a proper remedy to be pursued by the holder of a municipal revenue bond to require a municipal corporation to comply with rate covenants in its 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 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 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.)

Effect of amendment of 1997. — The amendment, in the first paragraph, substituted "a majority of not less than sixty percent of" for "all" preceding "the members of the public service board"; and rewrote the proviso.

§ 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).

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.

Effect of amendment of 1996. — The amendment, in the second paragraph, substituted "Thirty days" for "Sixty days" and inserted "public service" preceding the second occurrence of "district"; inserted "public service" in (d); and made stylistic changes.

Effect of amendment of 1997. — The amendment inserted the second and third sentences of the first paragraph.

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

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

ARTICLE 13B.

COMMUNITY IMPROVEMENT ACT.

Sec.
16-13B-1. Short title.
16-13B-2. Definitions.
16-13B-3. Power and authority of counties and municipalities relating to flood relief, wastewater and water projects.
16-13B-4. Determination of need and feasibility of creating an assessment district.
16-13B-5. Notice to property owners before creation of assessment district and construction of project: form of notice: affidavit of publication.
16-13B-6. Petition of property owners for creation of assessment district.
16-13B-7. Receipt of petition of property owners: ordinance or order authorizing creation of assessment district and construction of project.
16-13B-8. Assessment district to be a public corporation and political subdivision: powers thereof: community improvement boards.
16-13B-9. Provisions for construction of a project.
16-13B-10. Notice to property owners of assessments: hearings, correcting and laying assessments: report on project completion: permits.
16-13B-11. Construction of projects: assessments: corner lots, etc.
16-13B-12. Apportionment and assessment of cost.
16-13B-13. Assessment against property of public, charitable, eleemosynary, educational or religious institutions: duty of those in charge to cause assessments to be paid.
16-13B-14. Method of paying for cost of project: how assessments may be evidenced.
16-13B-15. Assessment certificates: assignments: designation of registrar for assessment certificates.
16-13B-16. No liability of state, county, municipality and assessment district.
16-13B-17. Payment of assessment fees: releases.
16-13B-18. Liens: recording notice of liens: suit for enforcement: priority.
16-13B-19. Reassessment for void, irregular or omitted assessments.
16-13B-20. How additional territory may be added to assessment district.
16-13B-21. Operation and maintenance of wastewater and water projects: rates and charges therefor.
16-13B-22. Liberal construction.

§ 16-13B-1. Short title.

This article shall be known and may be cited as the "West Virginia Community Improvement Act." (1992, c. 150.)

§ 16-13B-2. Definitions.

For purposes of this article:

(a) "Assessment certificate" means a certificate issued by a board pursuant to section fifteen [§ 16-13B-15] of this article to evidence an assessment levied

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

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

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

All acts and proceedings taken by any public service board the members of which were appointed, prior to the date this section takes effect [March 13, 1965], by any county court [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. — As to the designation of county courts as county commissions, see W. Va. Const., art. IX, § 9.

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

Any public service district created pursuant to the provisions of this article is authorized and empowered to accept loans or grants and procure loans or temporary advances evidenced by notes or other negotiable instruments issued in the manner, and subject to the privileges and limitations, set forth with respect to bonds authorized to be issued under the provisions of this article, for the purpose of paying part or all of the cost of construction or acquisition of water systems, sewage systems or gas facilities, or all of these, and the other purposes herein authorized, from any authorized agency or from the United States of America or any federal or public agency or department of the United States or any private agency, corporation or individual, which loans or temporary advances, including the interest thereon, may be repaid out of the proceeds of the bonds authorized to be issued under the provisions of this article, the revenues of the said water system, sewage system or gas facilities or grants to the public service district from any authorized agency or from the United States of America or any federal or public agency or department of the United States or from any private agency, corporation or individual or from any combination of such sources of payment, and to enter into the necessary contracts and agreements to carry out the purposes hereof with any authorized agency or the United States of America or any federal or public agency or department of the United States, or with any private agency, corporation or individual. Any other provisions of this article to the contrary notwithstanding, interest on any such loans or temporary advances may be paid from the proceeds thereof until the maturity of such notes or other negotiable instrument. (1958, c. 14; 1980, c. 60; 1981, c. 124; 1986, c. 118.)

Permissible borrowing. — 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

attendance at additional special meetings, total salary not to exceed two thousand five hundred fifty dollars per annum; for districts with two thousand customers or more, each board member may receive 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 for districts with four thousand or more customers, each board member may receive 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. 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. The board shall by resolution determine its own rules of procedure, fix the time and place of its meetings and the manner in which special meetings may be called. Public notice of meetings shall be given in accordance with section three [§ 6-9A-3], article nine-a, chapter six of this code. Emergency meetings may be called as provided by said section. A majority of the members constituting the board also constitute a quorum to do business. The members of the board are not personally liable or responsible for any obligations of the district or the board but are answerable only for willful misconduct in the performance of their duties. At any time prior to the issuance of bonds as hereinafter provided, the board may by resolution change the official or corporate name of the public service district and such change shall be effective from and after filing an authenticated copy of such resolution with the clerk of the county commission of each county in which the territory embraced within such district or any part thereof is located 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.)

Effect of amendment of 1997. — The amendment rewrote the second sentence; in the fourth sentence, deleted "and regulations" following "as provided for by the rules"; in the seventh sentence, substituted "as provided by said section" for "as provided by section three, article nine-a, chapter six of this code"; added "and with the public service commission" at the end of the tenth sentence; and made stylistic changes.

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.)

Effect of amendment of 1997. — The amendment, in the second sentence, substituted "more than fifteen thousand dollars" for "more than five thousand dollars"; and in the sixth sentence, made a stylistic change.

§ 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).

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., 485 S.E.2d 434 (W. Va. 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

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.)

Effect of amendment of 1997. — The amendment, in the third and fourth paragraphs, added "except in cases of merger or consolidation where the number of board members may equal five" at the end; in the fourth paragraph, inserted "and residing within the state of West Virginia" following "who are persons residing within the district"; in the fifth paragraph, inserted "except in the cases of merger or consolidation where the number of board members may equal five" in the middle of the paragraph; in the seventh paragraph, added the third sentence; in the ninth paragraph, added the third and fourth sentences; and made stylistic changes.

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).

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.

The chairman shall preside at all meetings of the board and may vote as any other members of the board but if he should be absent from any meeting, the remaining members may select a temporary chairman and if the member selected as chairman resigns as such or ceases for any reason to be a member of the board, the board shall select one of its members as chairman to serve until the next annual organization meeting. Salaries of each of its board members shall be as follows: For districts with fewer than six hundred customers, each board member may receive 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; for districts with six hundred customers or more but fewer than two thousand customers, each board member may receive one hundred dollars per attendance at regular monthly meetings and seventy-five dollars per

the necessary appurtenances in the new location in, on, over or under the property of the authority for as long a period and upon the same terms as it had the right to maintain and operate such facilities in their former location. (1994, c. 61.)

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

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

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

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

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

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

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

The aggregate principal amount of bonds and notes issued by the authority shall not exceed three hundred million dollars outstanding at any one time: Provided, 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.)

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 c. 20, art. 51.

§ 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

[§ 22C-1-9] of this article and shall be secured in accordance with the provisions of sections nine and ten [§§ 22C-1-9 and 22C-1-10] of this article. (1994, c. 61.)

§ 22C-1-21. Exemption from taxation.

The exercise of the powers granted to the authority by this article will be in all respects for the benefit of the people of the state, for the improvement of their health, safety, convenience and welfare and for the enhancement of their residential, agricultural, recreational, economic, commercial and industrial opportunities and is a public purpose. As the operation and maintenance of water development projects are essential governmental functions, the authority is not required to pay any taxes or assessments upon any water development project or upon any property acquired or used by the authority or upon the income therefrom. Such bonds and notes and all interest and income thereon are exempt from all taxation by this state, or any county, municipality, political subdivision or agency thereof, except inheritance taxes. (1994, c. 61.)

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

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

All governmental agencies, notwithstanding any contrary provision of law, may lease, lend, grant or convey to the authority, at its request, upon such terms as the proper authorities of such governmental agencies deem reasonable and fair and without the necessity for an advertisement, auction, order of court or other action or formality, other than the regular and formal action of the governmental agency concerned, any real property or interests therein, including improvements thereto or personal property which is necessary or convenient to the effectuation of the authorized purposes of the authority, including public roads and other real property or interests therein, including improvements thereto or personal property already devoted to public use. (1994, c. 61.)

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

The authority may acquire, pursuant to subdivision (10), section six [§ 22C-1-6(10)] of this article, any land, rights, rights-of-way, franchises, easements or

other property necessary or proper for the construction or the efficient operation of any water development project.

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

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

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

The authority may make reasonable rules for the installation, construction, maintenance, repair, renewal, relocation and removal of railroad or public utility facilities in, on, over or under any water development project. Whenever the authority determines that it is necessary that any such facilities installed or constructed in, on, over or under property of the authority pursuant to such rules be relocated, the railroad or public utility owning or operating such facilities shall relocate or remove them in accordance with the order of the authority. The cost and expenses of such relocation or removal, including the cost of installing such facilities in a new location, the cost of any lands or any rights or interests in lands and the cost of any other rights acquired to accomplish such relocation or removal, may be paid by the authority as a part of the cost of such water development project. In case of any such relocation or removal of facilities, the railroad or public utility owning or operating them, and its successors or assigns, may maintain and operate such facilities, with

assessments and the issuance of bonds or notes in anticipation of the collection thereof, and by the payment of such appropriated money or the proceeds of such bonds or notes to the authority pursuant to such agreements.

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

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

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

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

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

The provisions of sections nine and ten [§§ 12-6-9, repealed, and 12-6-10], article six, chapter twelve of this code to the contrary notwithstanding, all

water development revenue bonds issued pursuant to this article are lawful investments for the West Virginia state board of investments [investment management board] and are also lawful investments for banking institutions, societies for savings, building and loan associations, savings and loan associations, deposit guarantee associations, trust companies, insurance companies, including domestic for life and domestic not for life insurance companies. (1994, c. 61.)

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

The bracketed words were inserted by the editor. See § 12-6-3 for change of name.

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

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

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

§ 22C-1-20. Refunding bonds.

Any bonds issued hereunder and at any time outstanding may at any time and from time to time be refunded by the authority by the issuance of its refunding bonds in such amount as it may deem necessary to refund the principal of the bonds so to be refunded, together with any unpaid interest thereon; to provide additional funds for the purposes of the authority; and any premiums and commissions necessary to be paid in connection therewith. Any such refunding may be effected whether the bonds to be refunded have matured or thereafter mature, either by sale of the refunding bonds and the application of the proceeds thereof for the redemption of the bonds to be refunded thereby, or by exchange of the refunding bonds for the bonds to be refunded thereby: Provided, That the holders of any bonds so to be refunded shall not be compelled without their consent to surrender their bonds for payment or exchange prior to the date on which they are payable or, if they are called for redemption, prior to the date on which they are by their terms subject to redemption. Any refunding bonds issued under the authority of this article are payable from the revenues out of which the bonds to be refunded thereby were payable, or from other moneys or the principal of and interest on or other investment yield from, investments or proceeds of bonds or other applicable funds and moneys, including investments of proceeds of any refunding bonds, and are subject to the provisions contained in section nine

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

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

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

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

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

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

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

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

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

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

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

(6) Direct and general obligations of any other state within the territorial United States, to the payment of the principal of and interest on which the full faith and credit of such state is pledged: Provided, That at the time of their purchase, such obligations are rated in either of the two highest rating categories by a nationally recognized bond-rating agency; and

(7) Any fixed interest bond, note or debenture of any corporations organized and operating within the United States: Provided, That such corporation shall have a minimum net worth of fifteen million dollars and its securities or its parent corporation's securities are listed on one or more of the national stock exchanges: Provided, however, That (i) such corporation has earned a profit in eight of the preceding ten fiscal years as reflected in its statements, and (ii) such corporation has not defaulted in the payment of principal or interest on any of its outstanding funded indebtedness during its preceding ten fiscal years, and (iii) the bonds, notes or debentures of such corporation to be

purchased are rated "AA" or the equivalent thereof or better than "AA" or the equivalent thereof at least two or more nationally recognized rating services such as Standard and Poor's, Dun & Bradstreet or Moody's. (1994, c. 61.)

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

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

Any governmental agency or agencies or combination thereof may cooperate with the authority in the acquisition or construction of a water development project and shall enter into such agreements with the authority as are necessary, with a view to effective cooperative action and safeguarding of the respective interests of the parties thereto, which agreements shall provide for such contributions by the parties thereto in such proportion as may be agreed upon and such other terms as may be mutually satisfactory to the parties, including, without limitation, the authorization of the construction of the project by one of the parties acting as agent for all of the parties and the ownership and control of the project by the authority to the extent necessary or appropriate for purposes of the issuance of water development revenue bonds by the authority. Any governmental agency may provide such contribution as is required under such agreements by the appropriation of money or, if authorized by a favorable vote of the electors to issue bonds or notes or levy taxes or assessments and issue notes or bonds in anticipation of the collection thereof, by the issuance of bonds or notes or by the levying of taxes or

such other provisions as the authority deems reasonable and proper for the security of the bondholders or noteholders. All expenses incurred in carrying out the provisions of any such trust agreement may be treated as a part of the cost of the operation of the water development project. Any such trust agreement or resolution authorizing the issuance of water development revenue bonds may provide the method whereby the general administrative overhead expenses of the authority will be allocated among the several projects acquired or constructed by it as a factor of the operating expenses of each such project. (1994, c. 61.)

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

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

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

Any holder of water development revenue bonds issued under the authority of this article or any of the coupons appertaining thereto and the trustee under any trust agreement, except to the extent the rights given by this article may be restricted by the applicable resolution or such trust agreement, may by civil action, mandamus or other proceedings, protect and enforce any rights granted under the laws of this state or granted under this article, by the trust agreement or by the resolution authorizing the issuance of such bonds, and may enforce and compel the performance of all duties required by this article, or by the trust agreement or resolution, to be performed by the authority or any officer thereof, including the fixing, charging and collecting of sufficient rentals or other charges. (1994, c. 61.)

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

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

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

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

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

All moneys, properties and assets acquired by the authority, whether as proceeds from the sale of water development revenue bonds or as revenues or otherwise, shall be held by it in trust for the purposes of carrying out its powers and duties, and shall be used and reused in accordance with the purposes and provisions of this article. Such moneys shall at no time be commingled with other public funds. Such moneys, except as otherwise provided in any resolution authorizing the issuance of water development revenue bonds or in any trust agreement securing the same, or except when invested pursuant to section fifteen [§ 22C-1-15] of this article, shall be kept in appropriate depositories and secured as provided and required by law. The resolution authorizing the issuance of such bonds of any issue or the trust agreement securing such bonds shall provide that any officer to whom, or any banking institution or trust company to which, such moneys are paid shall act as trustee of such moneys and hold and apply them for the purposes hereof, subject to the conditions this article and such resolution or trust agreement provide. (1994, c. 61.)

authority determines. The bonds and notes shall be executed by the chair and vice-chair of the authority, both of whom may use facsimile signatures. The official seal of the authority or a facsimile thereof shall be affixed thereto or printed thereon and attested, manually or by facsimile signature, by the secretary-treasurer of the authority, and any coupons attached thereto shall bear the signature or facsimile signature of the chair of the authority. In case any officer whose signature, or a facsimile of whose signature, appears on any bonds, notes or coupons ceases to be such officer before delivery of such bonds or notes, such signature or facsimile is nevertheless sufficient for all purposes the same as if he or she had remained in office until such delivery and in case the seal of the authority has been changed after a facsimile has been imprinted on such bonds or notes such facsimile seal will continue to be sufficient for all purposes.

Any resolution authorizing any bonds or notes or any issue thereof may contain provisions (subject to such agreements with bondholders or noteholders as may then exist, which provisions shall be a part of the contract with the holders thereof) as to pledging all or any part of the revenues of the authority to secure the payment of the bonds or notes or of any issue thereof; the use and disposition of revenues of the authority; a covenant to fix, alter and collect rentals and other charges so that pledged revenues will be sufficient to pay the costs of operation, maintenance and repairs, pay principal of and interest on bonds or notes secured by the pledge of such revenues and provide such reserves as may be required by the applicable resolution or trust agreement; the setting aside of reserve funds, sinking funds or replacement and improvement funds and the regulation and disposition thereof; the crediting of the proceeds of the sale of bonds or notes to and among the funds referred to or provided for in the resolution authorizing the issuance of the bonds or notes; the use, lease, sale or other disposition of any water development project or any other assets of the authority; limitations on the purpose to which the proceeds of sale of bonds or notes may be applied and pledging such proceeds to secure the payment of the bonds or notes or of any issue thereof; notes issued in anticipation of the issuance of bonds, the agreement of the authority to do all things necessary for the authorization, issuance and sale of such bonds in such amounts as may be necessary for the timely retirement of such notes; limitations on the issuance of additional bonds or notes; the terms upon which additional bonds or notes may be issued and secured; the refunding of outstanding bonds or notes; the procedure, if any, by which the terms of any contract with bondholders or noteholders may be amended or abrogated, the amount of bonds or notes the holders of which must consent thereto and the manner in which such consent may be given; limitations on the amount of moneys to be expended by the authority for operating, administrative or other expenses of the authority; securing any bonds or notes by a trust agreement; and any other matters, of like or different character, which in any way affect the security or protection of the bonds or notes.

In the event that the sum of all reserves pledged to the payment of such bonds or notes are less than the minimum reserve requirements established in any resolution or resolutions authorizing the issuance of such bonds or notes,

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

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

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

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

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

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

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

Any such trust agreement may pledge or assign revenues of the authority to be received, but shall not convey or mortgage any water development project or any part thereof. Any such trust agreement or any resolution providing for the issuance of such bonds or notes may contain such provisions for protecting and enforcing the rights and remedies of the bondholders or noteholders as are reasonable and proper and not in violation of law, including the provisions contained in section nine [§ 22C-1-9] of this article and covenants setting forth the duties of the authority in relation to the acquisition of property, the construction, improvement, maintenance, repair, operation and insurance of the water development project the cost of which is paid, in whole or in part, from the proceeds of such bonds or notes, the rentals or other charges to be imposed for the use or services of any water development project, provisions with regard to the payment of the principal of and interest, charges and fees on loans made to governmental agencies from the proceeds of such bonds or notes, the custody, safeguarding, and application of all moneys and provisions for the employment of consulting engineers in connection with the construction or operation of such water development project. Any banking institution or trust company incorporated under the laws of this state which may act as depository of the proceeds of bonds or notes or of revenues shall furnish such indemnifying bonds or pledge such securities as are required by the authority. Any such trust agreement may set forth the rights and remedies of the bondholders and noteholders and of the trustee and may restrict individual rights of action by bondholders and noteholders as customarily provided in trust agreements or trust indentures securing similar bonds. Such trust agreement may contain

provision to the contrary elsewhere contained in this code, in event of any default by a governmental agency under such a loan agreement, the authority has, and may, at its option, exercise the following rights and remedies in addition to the rights and remedies conferred by law or pursuant to said loan agreement:

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

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

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

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

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

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

With the approval and the consent of the board, either the director of the division of environmental protection or the commissioner of the bureau of public health, or both of them, shall expend, out of any funds available for the purpose, such moneys as are necessary for the study of any proposed water development project and may use its engineering and other forces, including consulting engineers and sanitary engineers, for the purpose of effecting such study. All such expenses incurred by the director or commissioner prior to the issuance of water development revenue bonds or notes under this article shall be paid by the director or commissioner and charged to the appropriate water development project and the director and commissioner shall keep proper

records and accounts, showing the amounts so charged. Upon the sale of water development revenue bonds or notes for a water development project, the funds so expended by the director or commissioner, with the approval of the authority, in connection with such project, shall be repaid to the division of environmental protection or bureau of public health from the proceeds of such bonds or notes. (1994, c. 61.)

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

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

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

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

The bonds and notes shall be authorized by resolution of the authority, bear such date and mature at such time, in the case of any such note or any renewals thereof not exceeding five years from the date of issue of such original note, and in the case of any such bond not exceeding fifty years from the date of issue, as such resolution may provide. The bonds and notes shall bear interest at such rate, be in such denominations, be in such form, either coupon or registered, carry such registration privileges, be payable in such medium of payment, at such place and be subject to such terms of redemption as the authority may authorize. The bonds and notes of the authority may be sold by the authority, at public or private sale, at or not less than the price the

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

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

(12) Employ managers, superintendents and other employees, who are covered by the state civil service system, and retain or contract with consulting engineers, financial consultants, accounting experts, architects, attorneys and such other consultants and independent contractors as are necessary in its judgment to carry out the provisions of this article, and fix the compensation or fees thereof. All expenses thereof are payable solely from the proceeds of water development revenue bonds or notes issued by the authority, from revenues and from funds appropriated for such purpose by the Legislature.

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

source of money, property, labor or other things of value, to be held, used and applied only for the purposes for which such grants and contributions are made.

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

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

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

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

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

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

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

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

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

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

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

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

In order to ensure that the public purposes to be served by the authority may be properly carried out and in order to assure the timely payment to the authority of all sums due and owing under loan agreements with governmental agencies, as referred to in section five of this article, notwithstanding any

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

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

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

(3) The agreement of the governmental agency to impose, collect, and, if required to repay the obligations of the governmental agency under the loan agreement, increase service charges from persons using the project, which service charges shall be pledged for the repayment of the loan together with all interest, fees and charges thereon and all other financial obligations of the governmental agency under the loan agreement; and

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

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

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

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

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

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

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

(2) Adopt an official seal.

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

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

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

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

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

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

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

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

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

(21) "Wastewater facilities" means facilities for the purpose of treating, neutralizing, disposing of, stabilizing, cooling, segregating or holding waste-water, including, without limiting the generality of the foregoing, facilities for the treatment and disposal of sewage, industrial wastes, or other wastes, waste water, and the residue thereof; facilities for the temporary or permanent impoundment of wastewater, both surface and underground; and sanitary sewers or other collection systems, whether on the surface or underground, designed to transport wastewater together with the equipment and furnishings thereof and their appurtenances and systems, whether on the surface or underground, including force mains and pumping facilities therefor.

(22) "Water facility" means all facilities, land and equipment used for the collection of water, both surface and underground, transportation of water, treatment of water and distribution of water all for the purpose of providing potable, sanitary water suitable for human consumption and use. (1994, c. 61.)

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

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

The authority is controlled, managed and operated by the seven-member board known as the water development board. The director of the division of environmental protection, and the commissioner of the bureau of public health and the state officer or employee who in the judgment of the governor is most responsible for economic or community development are members ex officio of the board. The governor shall designate annually the member who is the state officer or employee most responsible for economic or community development. The other four members of the board are appointed by the governor, by and with the advice and consent of the Senate, for terms of two, three, four and six years, respectively. The successor of each such appointed member shall be

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

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

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

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

There shall also be a director of the authority appointed by the board. (1994, c. 61; 1995, c. 252.)

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

To accomplish the public policies and purposes and to meet the responsibility of the state as set forth in this article, the water development authority may

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec.
22C-1-18. Water development bonds lawful investments.
22C-1-19. Purchase and cancellation of notes or bonds.
22C-1-20. Refunding bonds.
22C-1-21. Exemption from taxation.
22C-1-22. Acquisition of property by authority — Acquisition by purchase; governmental agencies authorized to convey, etc., property.
22C-1-23. Same — Acquisition under subdivision (10), section six of this article; property of public utilities and common carriers; relocation, restoration, etc., of highways and public utility facilities.
22C-1-24. Financial interest in contracts prohibited; penalty.
22C-1-25. Meetings and records of authority to be kept public.
22C-1-26. Liberal construction of article.
22C-1-27. Authorized limit on borrowing.

Editor's notes. — The provisions relating to the water development authority were formerly codified in c. 20, art. 5C.

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

§ 22C-1-1. Short title.

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

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

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

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

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

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

§ 22C-1-3. Definitions.

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

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

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

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

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

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

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

§ 22B-4-3. Judicial review.

All of the provisions of section nine [§ 22B-1-9], article one of this chapter apply to and govern such review with like effect as if the provisions of said section nine were set forth in extenso in this section, except the petition shall be filed in the circuit court of Kanawha County or the county in which the surface-mining operation is located. (1994, c. 61.)

CHAPTER 22C.

ENVIRONMENTAL RESOURCES; BOARDS, AUTHORITIES, COMMISSIONS AND COMPACTS.

Article

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

ARTICLE 1.

WATER DEVELOPMENT AUTHORITY.

Sec.

22C-1-1. Short title.
22C-1-2. Declaration of policy and responsibility; purpose and intent of article; findings.
22C-1-3. Definitions.
22C-1-4. Water development authority; water development board; organization of authority and board; appointment of board members; their term of office, compensation and expenses; director of authority.
22C-1-5. Authority may construct, finance, maintain, etc., water development projects; loans to governmental agencies are subject to terms of loan agreements.
22C-1-6. Powers, duties and responsibilities of authority generally.
22C-1-7. Power of authority to collect service charges and exercise other powers of governmental agencies in event of default; power to require governmental agencies to enforce their rights.
22C-1-8. Expenditure of funds for study and engineering of proposed projects.
22C-1-9. Authority empowered to issue water development revenue bonds, renewal notes and refunding bonds; requirements and manner of such issuance.
22C-1-10. Trustee for bondholders; contents of trust agreement.
22C-1-11. Trust agreements for related responsibilities; reimbursements.
22C-1-12. Legal remedies of bondholders and trustees.
22C-1-13. Bonds and notes not debt of state, county, municipality or of any political subdivision; expenses incurred pursuant to article.
22C-1-14. Use of funds by authority; restrictions thereon.
22C-1-15. Investment of funds by authority.
22C-1-16. Rentals and other revenues from water development projects owned by the authority; contracts and leases of the authority; cooperation of other governmental agencies; bonds of such agencies.
22C-1-17. Maintenance, operation and repair of projects; reports by authority to governor and Legislature.

State of West Virginia

Certificate

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

THIS IS A TRUE COPY OF CHAPTER 22C, ARTICLE 1 OF THE WEST VIRGINIA CODE AS INDICATED BY THE RECORDS OF THIS OFFICE.

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

Sixteenth *day of*

December *19* 99

Ken Hechler

Secretary of State

by Mary J. Pettiff, Dep.

1B

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

2

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 Morth 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 Corn-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:

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.

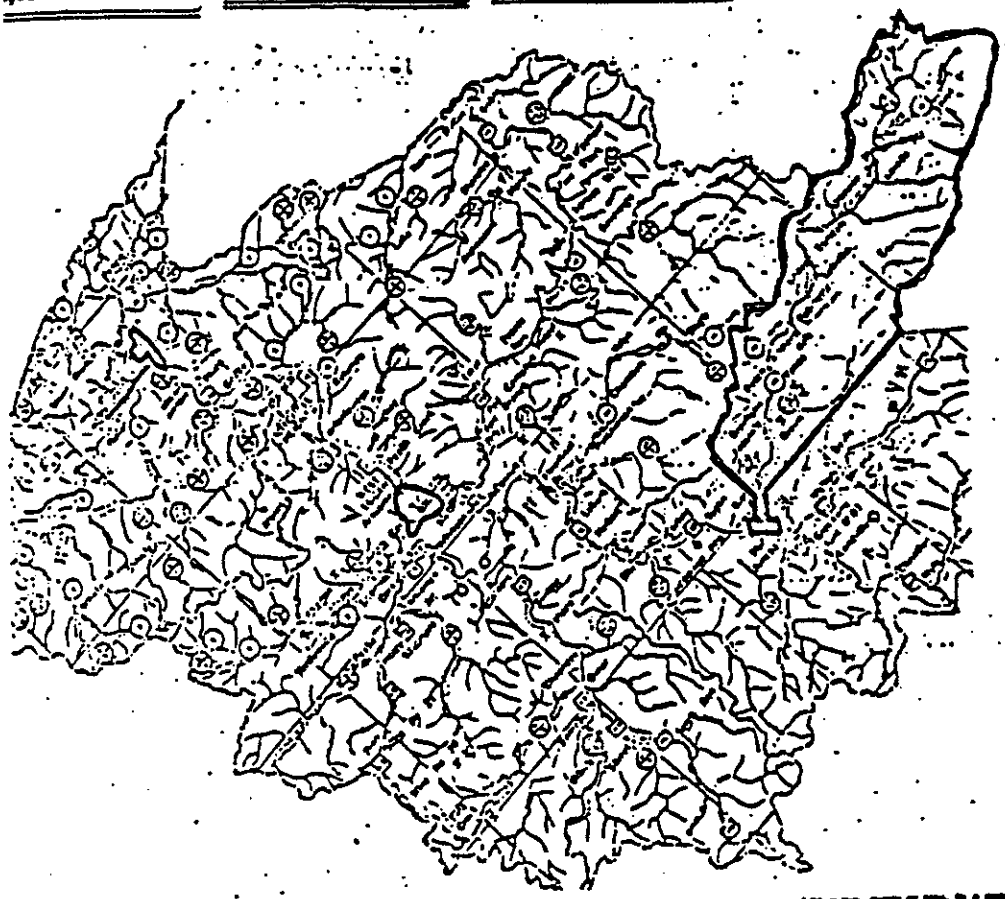
WHEREAS, the municipality of West Logan cannot be included within the boundaries of this proposed public service district without its consent;

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.

Lennie L. Owens
Mayor



RESOLUTION

WHEREAS, on the 1 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

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 Virginia 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:

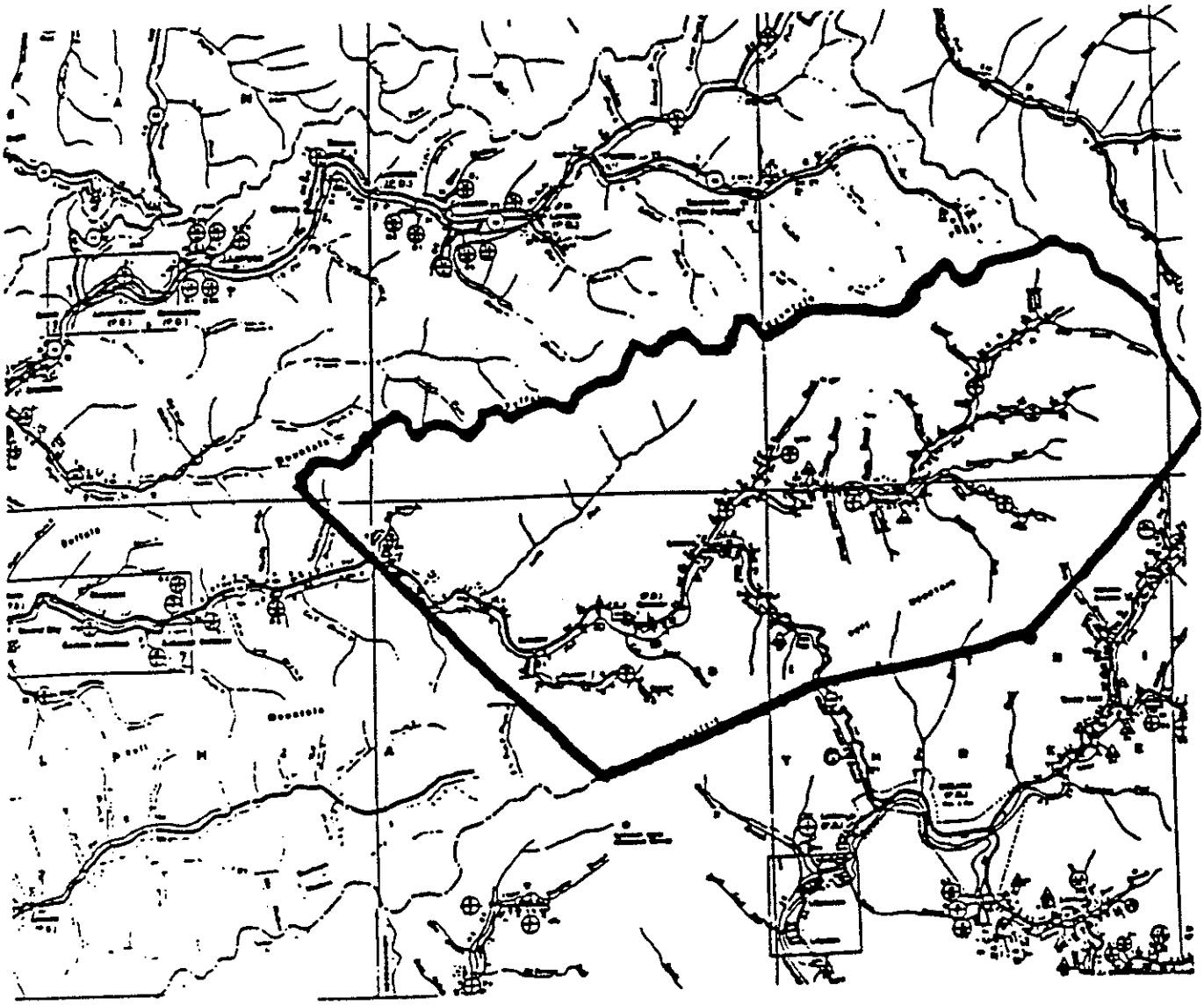
> Beginning at a point at the Logan and Wyoming County line at its intersection with West Virginia Route 10; thence, following said Logan and Wyoming line in a northwesterly direction approximately 6,400 feet, more or less, on said County line; thence, following the meanders of the Logan and Wyoming 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 19,800 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. 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



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 Logan 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 believes 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 [illegible] day of April, 1994.

President

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, Roo

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

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

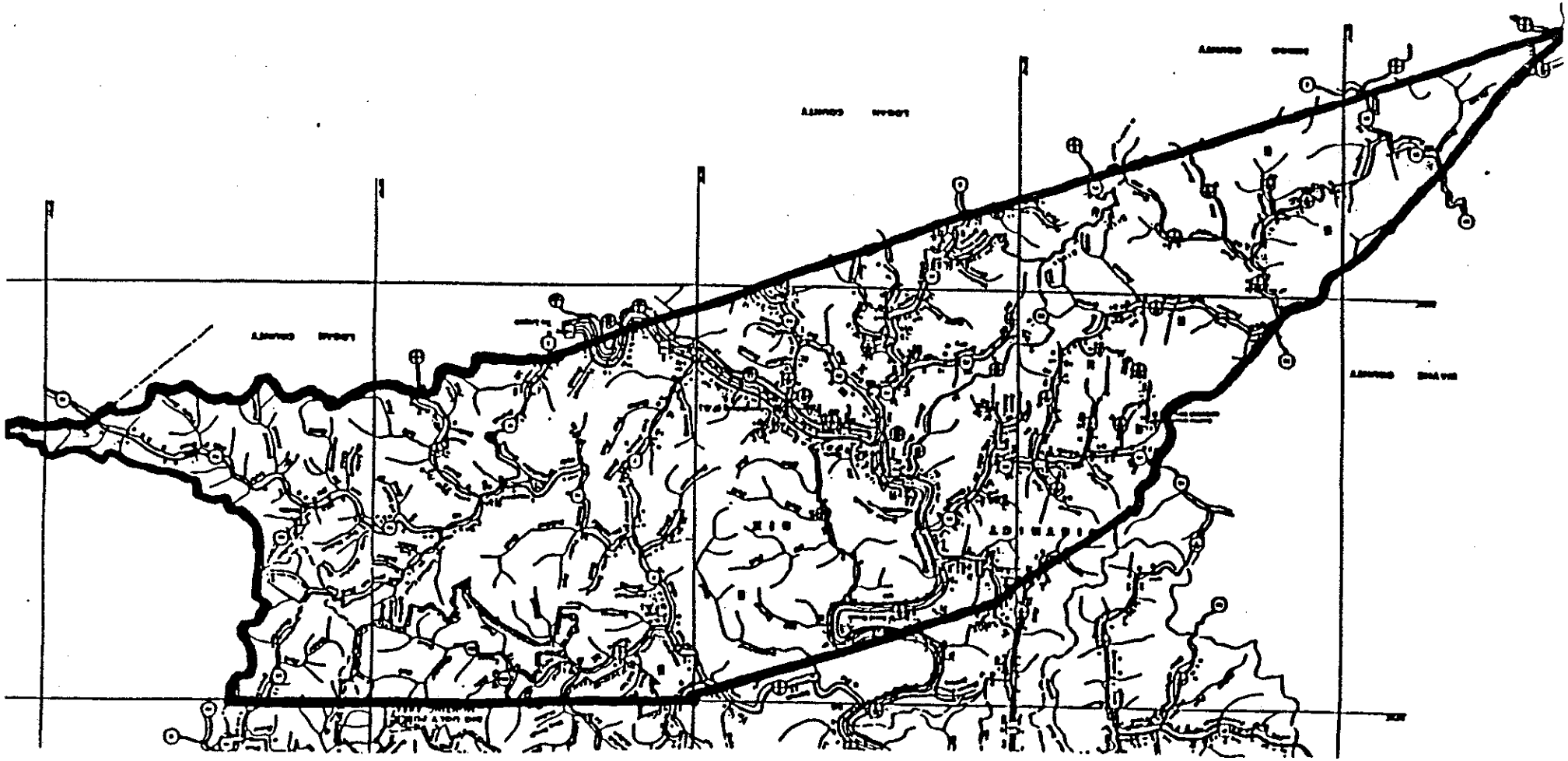
Logan County line; thence, following said Lincoln and Logan County line in a northeasternly direction approximately 84,450 feet, more or less, to its intersection with the Boone County line; thence, following said Lincoln and Boone County line in a northeasternly direction approximately 8,970 feet, more 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 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 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 approximatley 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.

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



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.

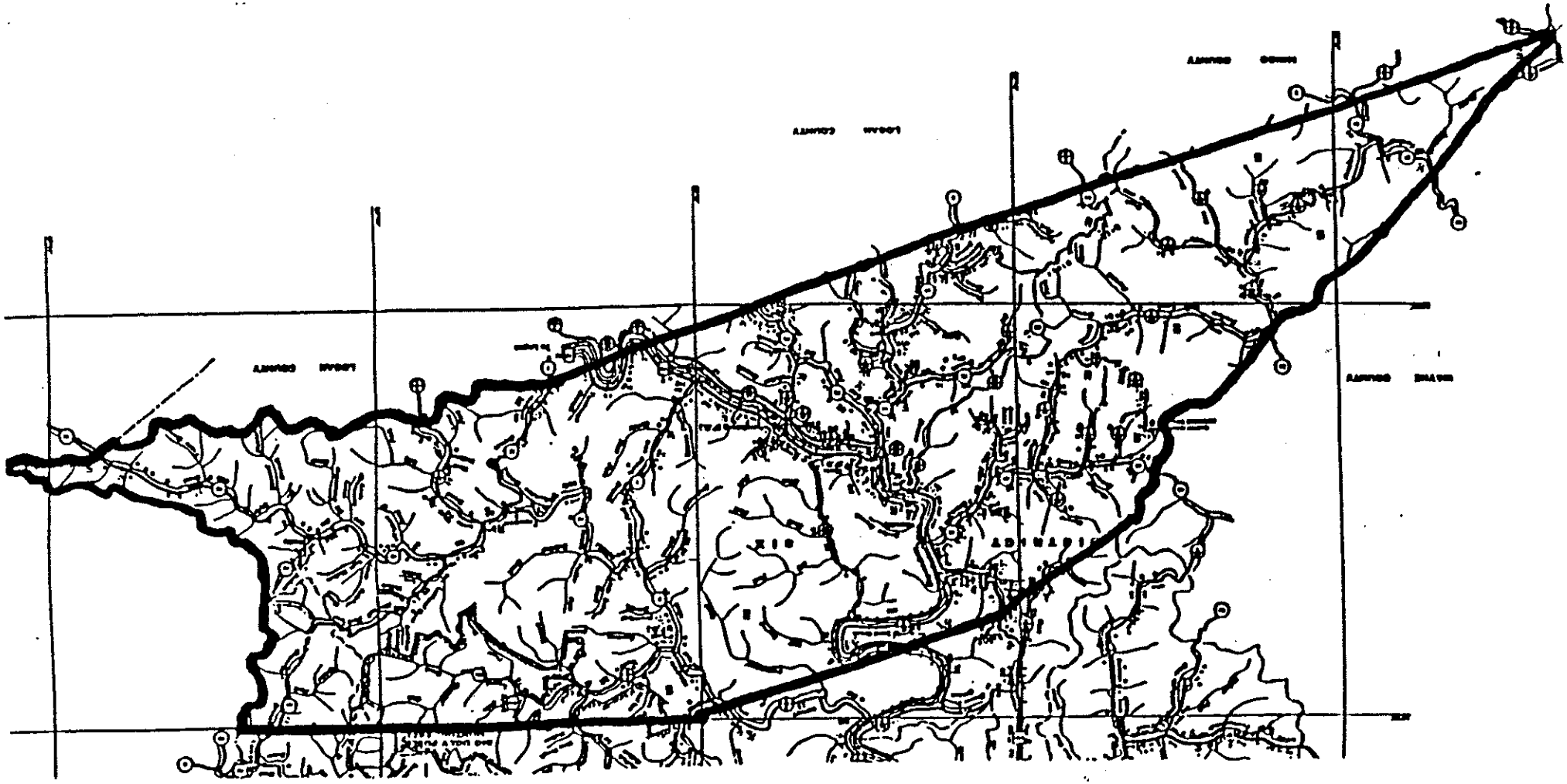
WHEREAS, previously on the 6th day of October, 1994, the County Commission of Lincoln County, West Virginia, adopted an order dissolving the Ranger-Harts Public Service District. THEREFORE, the area of Lincoln County to be included in Logan County Public Service District is not included within the boundaries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



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

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 t petition filed by the Lincoln County Commission to dissolve t Ranger-Harts Public Service District and on the petition filed by t Logan County Commission to expand the boundaries of the Logan Cour Public Service District into the Harts Creek area of Lincoln County and one appeared at hearing to make protest to the petitions, after prop publication was made, and since Commission Staff has recommended granti said petitions, it is determined that said petitions should be granted unprotested cases.

ORDER

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

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

IT IS FURTHER ORDERED that the Executive Secretary serve a copy c this order upon the Commission by hand delivery, and upon all parties c record by United States Certified Mail, return receipt requested.

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

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

Any party may request waiver of the right to file exceptions to a Administrative Law Judge's Order by filing an appropriate petition i writing with the Secretary. No such waiver will be effective unti approved by order of the Commission, nor shall any such waiver operate t make any Administrative Law Judge's Order or Decision the order of th Commission sooner than five (5) days after approval of such waiver by th Commission.

Sunya Anderson
Administrative Law Judge

SA:mal

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 to Chapter 16, Article 13A, Section 2, of the West Virginia Code of 1931, as amended, the County Commission of Logan County, West Virginia, upon its own motion entered an order proposing the enlargement of Logan County Public Service District into the Verner and Spice Creek areas of Mingo County, West Virginia; and,

WHEREAS, the County Commission of Mingo 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 hereto, and incorporated as part hereof; and,

WHEREAS, pursuant to said motion, on October 6, 1997 at 6:00 o'clock p.m. 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 of 1931, as amended, 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 Verner and Spice Creek areas of Mingo 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 of 1931, as amended, to have all of the powers numerated 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 Mingo County to be included in the Logan County Public Service District is as

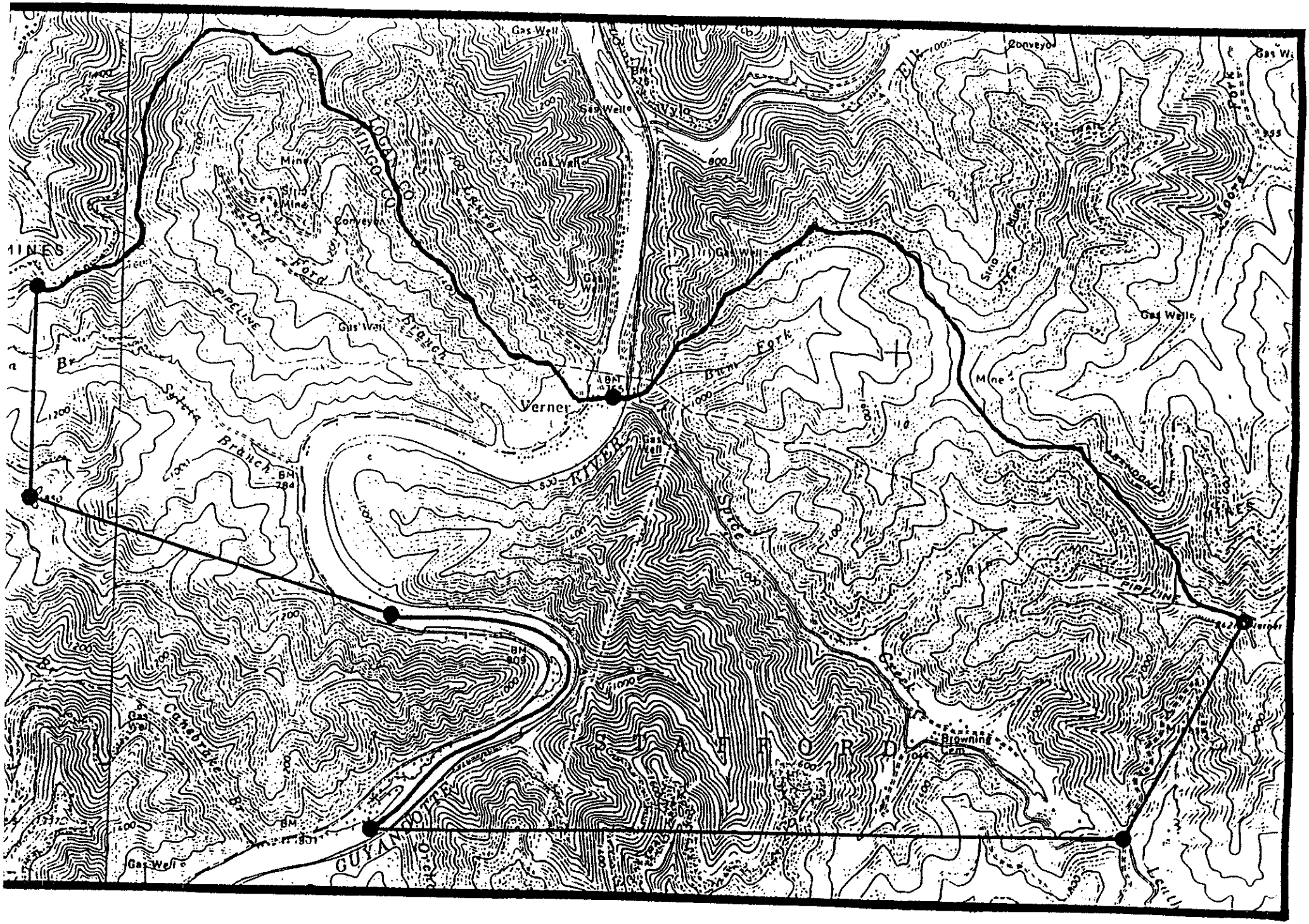
follows:

> 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 as ordered herein shall be effective on the date of the Final Order approving the enlargement being issued by the Public Service Commission of West Virginia.

ENTERED this 6th day of October, 1997.

Arthur E. Kirkendoll, President
LOGAN COUNTY COMMISSION


Gas Well
Vylo
Elk
Conveyor
Gas Well
Mine
Strip Mine
Conveyor
Drop Ford Branch
PIPELINE
Gas Well
Verner
Bum Fork
Mine
Gas Well
Gas Well
Branch
RIVER
Spice
STRIP
PIPELINE
Creek
Browning Cem
STAFFORD
GUYANDOTTE
Gas Well
Gas Well

Scale:1"=2.000'

R E S O L U T I O N

WHEREAS, on the 5th day of September, 1997, 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 Mingo County as further 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, the County Commission of Mingo County, West Virginia, adopted an order reducing the size of the Mingo County Public Service District by deleting the above described territory in Mingo County as further identified on the attached map marked as Exhibit A from the Mingo County Public Service District. **THEREFORE**, the area of Mingo County to be included in Logan County Public Service District is not included within the boundaries of any existing Public Service District; and,

WHEREAS, the County Commission of Mingo County, West Virginia believes 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 Mingo County;

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

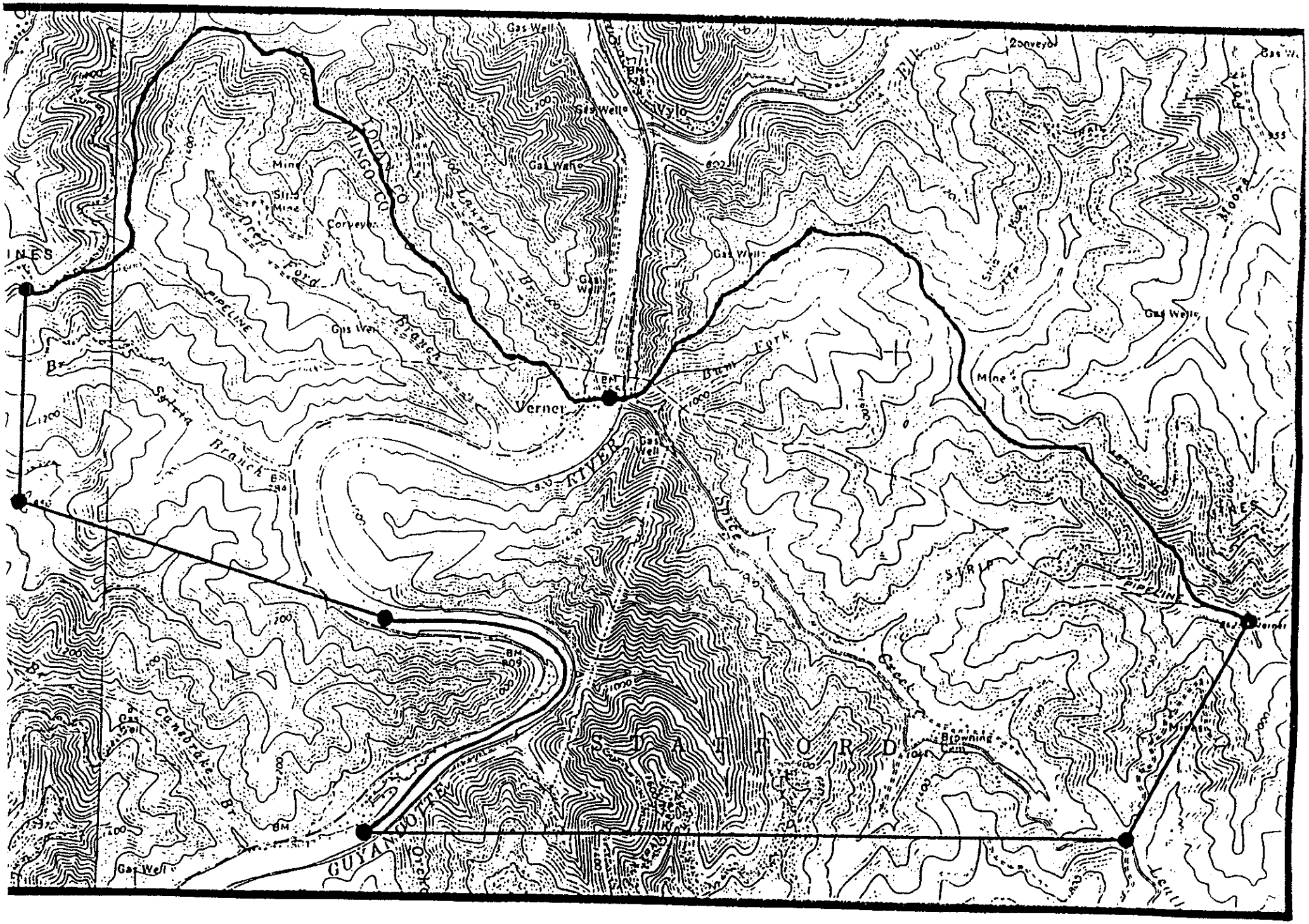
Dated this 1st day of October, 1997.

MINGO COUNTY COMMISSION

Mr. Larry Cline, President

Mr. Curtis Fletcher, Commissioner

Mr. Jim Hatfield, Commissioner



Scale: 1"=2,000'

EXHIBIT A

IN THE COUNTY COMMISSION OF LOGAN COUNTY, WEST VIRGINIA

IN RE: REAPPOINTMENTS - 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** do expire this date on the **LOGAN COUNTY PUBLIC SERVICE DISTRICT** Board, upon respective motions duly made, seconded and passed, does reappoint Mr. Lowe and Mr. Jeffrey to new terms of six (6) years on the said Logan County Public Service District Board with said terms expiring January, 2002.

ENTERED this the 8th day of January, 1996.

Mark S. Spurlock, M. D.
President

Arthur E. Kirkendoll
Commissioner

Danny R. Godby
Commissioner

IN THE COUNTY COMMISSION OF LOGAN COUNTY, WEST VIRGINIA

IN RE: LOGAN COUNTY PUBLIC SERVICE DISTRICT
APPOINTMENT TO FILL VACANCY

The County Commission of Logan County, West Virginia, being apprised that a vacancy does now exist on the **LOGAN COUNTY PUBLIC SERVICE DISTRICT** board due to the resignation of Ann O'Briant, upon motion duly made, seconded, and unanimously passed, does appoint **MIKE STONE** to the Logan County Public Service District to serve the unexpired term of Ms. O'Briant, said term to expire October, 2001.

ENTERED this the 7th day of July, 1997.

Arthur E. Kirkendoll
President

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 MEMBE
James R. Jeffrey, C
Ben F. Lowe, Jr
Mike Stone
MANAGING ENGIN
Rick Roberts, P.E

STATE OF WEST VIRGINIA
COUNTY OF LOGAN, TO WIT:

I, James R. Jeffrey, do solemnly swear to support the Constitution of the United States and the Constitution of the State of West Virginia, and to faithfully discharge the duties of Board Member for the Logan County Public Service District, to the best of my skill and judgment, so help me God.

James R. Jeffrey

Subscribed and sworn to before me this the 30th day of April, 1998.

By: Charles R. Roberts Jr.

OFFICIAL SEAL
Notary Public, State of West Virginia
CHARLES R. ROBERTS JR.
P. O. BOX 159
MAN, WV 25635
My commission expires August 30, 1999

STATE OF WEST VIRGINIA, COUNTY OF LOGAN, TO-WIT:
IN THE OFFICE OF THE CLERK OF THE COUNTY COMMISSION:
The foregoing paper was this the 1 day of May, 19 98
at 10:02 AM presented to me in my office, and thereupon, together with a certificate thereunto annexed is admitted to record.
Recording Fee $ NC
Teste: GLEN D. ADKINS, County Clerk
By Vickie Burgess Deputy

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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 MEMBE
James R. Jeffrey, C
Ben F. Lowe, Jr
Mike Stone
MANAGING ENGIN
Rick Roberts, P.E

STATE OF WEST VIRGINIA
COUNTY OF LOGAN, TO WIT:

I, Ben F. Lowe, Jr., do solemnly swear to support the Constitution of the United States and the Constitution of the State of West Virginia, and to faithfully discharge the duties of Board Member for the Logan County Public Service District, to the best of my skill and judgment, so help me God.

Ben F. Lowe Jr

Subscribed and sworn to before me this the 30th day of April, 1998.

By: Charles R Roberts Jr.

OFFICIAL SEAL
Notary Public, State of West Virginia
CHARLES R. ROBERTS JR.
P. O. BOX 159
MAN, WV 25635
My commission expires August 30, 1999

STATE OF WEST VIRGINIA, COUNTY OF LOGAN, TO-WIT:
IN THE OFFICE OF THE CLERK OF THE COUNTY COMMISSION:
The foregoing paper was this the 1 day of May, 19 98
at 10:02 AM presented to me in my office, and thereupon, together with a certificate thereunto annexed is admitted to record.
Recording Fee $ NC Teste: GLEN D. ADKINS, County Clerk
By Vickie Dingess Deputy

G:\WP51\DOCS\STATWVBL.WPD

BOOK 009 PAGE 552

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 MEMBE
James R. Jeffrey, C
Ben F. Lowe, Jr.
Mike Stone
MANAGING ENGIN
Rick Roberts, P.E

STATE OF WEST VIRGINIA
COUNTY OF LOGAN, TO WIT:

I, Mike Stone, do solemnly swear to support the Constitution of the United States and the Constitution of the State of West Virginia, and to faithfully discharge the duties of Board Member for the Logan County Public Service District, to the best of my skill and judgment, so help me God.

Mike Stone

Subscribed and sworn to before me this the 30th day of April, 1998.

OFFICIAL SEAL
Notary Public, State of West Virginia
CHARLES R. ROBERTS JR.
P. O. BOX 159
MAN, WV 25635
My commission expires August 30, 1999

By: Charles R Roberts Jr.

STATE OF WEST VIRGINIA, COUNTY OF LOGAN, TO-WIT:
IN THE OFFICE OF THE CLERK OF THE COUNTY COMMISSION:
The foregoing paper was this the 1 day of May, 1998
at 10:02AM presented to me in my office, and thereupon, together with a certificate thereunto annexed is admitted to record.
Recording Fee $ NC Teste: GLEN D. ADKINS, County Clerk
By Vickie Dingess Deputy

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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 Suite 507, White & Browning Building, 201½ 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 West Virginia Code of 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.

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 same day of the previous week. 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 48 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 or incidental thereto shall be transacted at such special meeting.

Section 4. Pursuant to Chapter 6, Article 9A, Section 3 of the West Virginia Code of 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 48 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 48 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. 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.

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

Rule No. 2. Notice of Special Meetings. Not less than 48 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 48 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.

Notwithstanding the foregoing provisions, notice of the recess or adjournment of any special meeting and of the time and place for the continuation or reconvening thereof,

publicly given during such special meeting shall be adequate notice to the public and news media of the date, time and place thereof, the purpose or purposes therefor remaining the same.

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 West Virginia Code of 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 West Virginia Code of 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 West Virginia Code of 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 West Virginia Code of 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. 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. 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 December, 1999.

Chairperson and Member

Secretary and Member

Treasurer and Member

CERTIFICATION

Certified a true copy of the Rules of Procedure duly adopted by the Board of Logan County Public Service District on December 9, 1999.

Dated this 14th day of December, 1999.

[SEAL]

Mike Stone
Secretary

12/03/99
001210/00321

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 MEMBE
James R. Jeffrey, C
Ben F. Lowe, Jr
Mike Stone
MANAGING ENGIN
Rick Roberts, P.E

MINUTES

January 14, 1999

Respectfully submitted,

Mr. James R. Jeffrey, Chair

Mr. Ben Lowe, Jr., Treasurer

Mr. Mike Stone, Secretary

The Logan County Public Service District met for its regularly scheduled Special Board Meeting at 6:30 p.m., Thursday, January 14, 1999, in Room 507 of the White & Browning Building, Logan, WV. Mr. James R. Jeffrey, Chair, called the meeting to order, recognizing those present, who were:

Mr. James R. Jeffrey, Chair
Mr. Ben F. Lowe, Jr., Treasurer
Mr. Mike Stone, Secretary
Mr. Rick Roberts, LCPSD Managing Engineer
Mr. James Walker, LCPSD Legal Counsel
Ms. Nancy Killen, LCPSD Clerk

ELECTION OF OFFICERS: A motion that the Officers retain their present positions for the ensuing year was made by Mr. Lowe, seconded by Mr. Stone and passed unanimously by the Board. The Officers elected for the year 1999 are:

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

CUSTOMER/PUBLIC PRESENTATIONS: None.

ANNOUNCEMENTS: Mr. Roberts announced that the next Board Meeting will be held at 6:30 p.m., on Thursday, January 28, 1999, in Room 104 of the Logan County Courthouse, Logan, WV.

PROJECT IMPLEMENTATIONS:

Pine Creek Water Project - Mr. Roberts reported that Governor Underwood announced the $1,250,000 Small Cities Block Grant at the ground breaking ceremonies for the Mingo County Industrial Park. Mr. Jeffrey attended the dedication and gave the Board a report. Mr. Roberts said the ARC Grant of $1,000,000 was also announced, but it is not obligated until the Board of Governors meet; which could be another month. He said that the IJDC has approved the use of the remaining Harts Creek Water Project money, ($47,740) to go toward the project. The funding package will be completed with the addition of $102,260 Budget Digest money for a project total of $2,400,000.

Mr. Roberts said that because of RUS funding, it is going to be required that the proposed Mingo County Trace Fork Water Project serve a portion of the Industrial Park. He will meet with Ms. Virginia Branhamn, with Mingo County at the end of the month to work out the details. He said he will have to work out a Memo of Understanding which allocates the percentage where their system can provide some of the water. He said the PSD will supply all the water until the Mingo County Project is built, and a percentage thereafter.

Mr. Roberts said that he expects property acquisition to be relatively easy, since there are only two parcels and they are owned by Coal & Crane.

Elk Creek/Verner Water Project - Mr. Roberts reported that the line is being tested. The contractors have two leaks - one on Spice Creek above the booster station and the second one is apparently in the river crossing at the lower end of Verner. He said the leak is only 7 gallons per an 8-hour period, but it is enough to make the system fail. Mr. Roberts said that even if the contractors get the leaks fixed he does not think the system will be operational by the end of this month.

Crawley Creek Water Project - Mr. Roberts reported that the Economic Development Council is supposed to meet next week to decide on the remaining $1,000,000 funding for this project. He said that they are hesitating on making their decision because of the uncertain status of the Conference Center. He said that if the funding comes through, he thinks the easements will be well enough along at that point that we should be able to go to bid the latter part of February. If the funding doesn't come through the decision will have to be made whether to bid the project without the Conference Center, but Mr. Roberts said he is confident that the Conference Center will be built.

Mr. Walker reported on the status of the property acquisitions. He said that he will have the deed to the water tank property to Mr. Roberts by Monday. He said that the booster station property owned by the Whitt family may be in DOH right-of-way, and he is checking that out. Mr. Walker said that the tank site is owned by Ms. Alma Rose Ellis Blair and the heirs of Mr. Willard Conley. He is trying to locate Mr. Conley's heirs.

Mill Creek Water Project - Mr. Roberts presented a Drawdown Request from the Local Account for the following invoices:

Charleston Newspapers, Inc.	$ 352.24
The Logan Banner	335.21
James A. Walker, Att'y	512.00
Total	**$1,199.45**

Motion to approve the Drawdown Request was made by Mr. Lowe, seconded by Mr. Stone, and was passed unanimously.

Mr. Roberts reported that the Craddock Fork booster station site is located in one of the Ball family's yard and they are not willing to give the PSD an easement for that location or any other on their property, and it will have to be condemned. After some discussion, the Board asked Mr. Roberts to have the booster station site moved out of the persons yard.

Mr. Roberts reported on the bid-opening held on January 7, 1999. Two bids were received on the Plant Contract, five bids were received on Lines Contract No. 1 and four bids were received on Lines Contract No. 2. Since all bids came in unreasonably high, Mr. Roberts was directed by the Board to go over the contracts to see where costs could be cut.

Other Projects - Mr. Roberts reported that the PSD construction crew has completed about 70% of the upgrading of the old Whitman Creek system. He also reported that the money for upgrading the old J.C. Evans systems from the Health Department through the Drinking Water Treatment Revolving Fund will not be available until mid-summer. He and Jack Boothe are working on the designs and the field work.

SYSTEMS OPERATIONS:

The Board **Reviewed** all **Invoices** presented and **Signed Checks** for same. The also **Reviewed** the **Financial Reports**, the **Delinquent Report**, the **Water Accountability Summary**, the **Monthly Vehicle Use Summary**, and the **Purchased Water Report**.

ADJOURNMENT: Being no other business, the meeting was adjourned.

LOAN AGREEMENT

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

LOGAN COUNTY PUBLIC SERVICE DISTRICT (ENALOC)
(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

1.7 "Origination Fee" means the fee paid by a Governmental Agency with respect to its participation in the State's Revolving Fund program established pursuant to Title VI of the Water Quality Act of 1987, to provide funds for the acquisition and construction of wastewater Projects.

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

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

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

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

ARTICLE II

The Project and the System

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

is consistent with the applicable comprehensive plan of water management approved by the Director of the West Virginia Division of Environmental Protection (or in the process of preparation by such Director), has been approved by the West Virginia Bureau for Public Health and is consistent with the standards set by the West Virginia Water Resources Board for the waters of the State affected thereby.

2.2 Subject to the terms, conditions and provisions of this Loan Agreement and 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 is approved by the Authority.

2.4 The Governmental Agency agrees that the Authority and its duly authorized agents shall have the right at all reasonable times to enter upon the Project site and Project facilities and to examine and inspect the same. The Governmental Agency further agrees that the Authority and its duly authorized agents and representatives shall, prior to, at and after completion of construction and commencement of operation of the Project, have such rights of access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority 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, acting by and through its Director or his 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 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 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 its 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.

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Governmental Agency on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds is outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Local Bonds is outstanding, business interruption insurance if available at a reasonable cost.

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

2.10 The Governmental Agency shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Governmental Agency shall employ qualified operating personnel properly certified by the State to operate the System during the entire term of this Loan Agreement.

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

2.12 The Governmental Agency, commencing on the date contracts are executed for the construction of the Project and for two years following the completion 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.

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

(b) The Governmental Agency shall have authorized the issuance of and 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 shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit A;

(d) No Loan shall be made for the purpose of refinancing any outstanding long-term indebtedness of a Governmental Agency unless an opinion of counsel is received by the Authority to the effect that such refinancing is permitted by the Act and the General Resolution, and that such refinancing will not cause a violation of any covenant, representation or agreement of the Authority contained in the General Resolution or any tax or arbitrage certificate with respect to the exclusion of the interest on the Authority's water development revenue bonds from gross income of the holders thereof for federal income tax purposes;

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

(f) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") and the West Virginia Infrastructure and Jobs Development Council necessary for the construction of the Project and operation of the System, with all requisite appeal periods having expired without successful appeal, and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

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

(h) The Governmental Agency shall have obtained any and all approvals of rates and charges required by State law and shall have taken any other action required to establish and impose such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), with all requisite appeal periods having expired without successful appeal, and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

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

(j) The net proceeds of the Local Bonds, together with all moneys on deposit or to be simultaneously deposited (or, with respect to proceeds of grant anticipation notes or other indebtedness for which a binding purchase contract has been entered, to be deposited on a date certain) and irrevocably pledged thereto and the proceeds 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 water development projects and satisfactory to the Authority, to such effect, such certificate to be in form and substance satisfactory to the Authority, and evidence satisfactory to the Authority of such irrevocably committed grants.

3.2 Subject to the terms and provisions of this Loan Agreement, the rules and regulations promulgated by the Authority or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall make the Loan to the Governmental Agency and the Governmental Agency shall accept the Loan from the Authority, and in furtherance thereof it is agreed that the Governmental Agency shall sell to the Authority and the Authority shall make the Loan by purchasing the Local Bonds in the principal amount and at the price set forth in Schedule X hereto. The Local Bonds shall have such further terms and provisions as described in Article IV hereof.

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the Authority, which written notice shall be given not less than 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 and the Governmental Agency. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority.

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Authority for loans to finance water development projects and that the obligation of the Authority to make any such loan is subject to the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing and to the right of the Authority to make such loans to other governmental agencies as in the aggregate will permit the fullest and most

timely utilization of such proceeds to enable the Authority to pay debt service on the water development revenue bonds issued by it. The Governmental Agency specifically recognizes that the Authority will not purchase the Local Bonds unless and until it has available funds sufficient to purchase all the Local Bonds and that, prior to such execution, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available. The Governmental Agency further specifically recognizes that during the last 90 days of a period to originate Loans from its water development revenue bond proceeds, the Authority may execute Loan Agreements, commit moneys and close Local Bond sales in such order and manner as it deems in the best interest of the Program. Additionally, the Governmental Agency recognizes that the Authority will purchase the Local Bonds only with funds from the Program and not with funds from any other loan programs of the Authority.

ARTICLE IV

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

4.1 The Governmental Agency shall, as one of the conditions of the Authority to make the Loan, authorize the issuance of and issue the Local Bonds pursuant to an official action of the Governmental Agency in accordance with the Local Statute, which shall, as adopted or enacted, contain provisions and covenants in substantially the form as follows, unless the specific provision or covenant is modified or waived by the Authority:

(a) That the gross revenues of the System shall always be used for purposes of the System. Such gross revenues will be used monthly, in the order of priority listed below:

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document, as reflected on the Schedule X attached hereto, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, beginning thirteen (13) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded from proceeds of the

Local Bonds or otherwise concurrently with the issuance thereof (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit or surety or other security instrument) 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) (or such other amount as shall be acceptable to the Authority and as shall fund the Reserve Account over not more than ten (10) years) 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 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, shall operate and maintain the System in good condition and, to the extent applicable, in compliance with, among other state and federal standards, the water quality standards established by the West Virginia Division of Environmental Protection (the "DEP") and the United States Environmental Protection Agency (the "EPA"), shall permit the DEP and EPA to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof, and shall, as a condition precedent to the Authority's making the Loan, have obtained, among other permits required, permits from the EPA and the DEP, if required;

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

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds; 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, 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 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 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, 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 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, 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 shall not authorize redemption of any Local Bonds by it without the written consent of the Authority and except in compliance with the restrictions contained in this Loan Agreement;

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

(xvii) That the Governmental Agency shall take any and all action, or shall refrain from taking any action, as shall be deemed necessary by the Authority to maintain the exclusion from gross income for federal income tax purposes of interest on the Authority's water development revenue bonds;

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

(xix) That the Governmental Agency shall have obtained the certificate of the Consulting Engineer in the form attached hereto as Exhibit A, to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority, the Project is adequate for the purposes for which it was designed and the funding plan as submitted to the Authority is sufficient to pay the costs of acquisition and construction of the Project;

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

(xxi) That the Governmental Agency shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required interest, principal and reserve fund 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 to the Authority by the 5th day of such calendar month;

(xxii) 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;

(xxiii) 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;

(xxiv) That the Governmental Agency shall obtain the written approval of the Authority before expending any proceeds of the Local Bonds available due to bid/construction/project underruns, including the "contingency" as set forth in the final Schedule A attached to the certificate of the Consulting Engineer;

(xxv) That the Governmental Agency shall list the funding provided by the Authority 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;

(xxvi) That, to the extent required by law, the Governmental Agency shall secure the approval of the Authority and all other state agencies having jurisdiction before applying for federal assistance for pollution abatement in order to maximize the amounts of such federal financial assistance received or to be received for all water development projects in the State of West Virginia; and

(xxvii) That, as a condition precedent to the Authority's making the Loan, the Governmental Agency shall deliver to the Authority a tax or arbitrage certificate satisfactory to the Authority.

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

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

4.3 An Origination Fee Account shall be established with the Trustee to hold the portion of the proceeds of any Loan established to fund an Origination Fee. Amounts on deposit in an Origination Fee Account shall belong to the Governmental Agency receiving the

related Loan, but such amounts may only be disbursed from the Account to pay the Origination Fee as and when required to satisfy the requirements of the State's Revolving Fund program established pursuant to Title VI of the Water Quality Act of 1987 or for such other purposes as the Authority may approve in writing.

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

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

4.6 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.

4.7 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be as determined by the Authority and shall include, without limitation, Program expenses, legal fees paid by the Authority and fees paid to the trustee and paying agents for the water development revenue bonds. The Authority shall provide both the Governmental Agency and the trustee for the water development revenue bonds with a schedule of such fees and charges, and the Governmental Agency shall pay such fees and charges on the dates indicated directly to the trustee. The Governmental Agency hereby specifically authorizes the Authority to exercise the powers granted it by Section 9.06 of the General Resolution.

4.8 The Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the Authority's bonds.

4.9 As long as the Authority is the owner of any of the Local Bonds outstanding, the Governmental Agency shall not redeem any of such Local Bonds outstanding without the written consent of the Authority, and any such redemption of Local Bonds authorized by the Authority shall provide for the payment of interest to the first allowable redemption date for the applicable water development revenue bonds, the redemption premium payable on the applicable water development revenue bonds redeemable as a consequence of such redemption of Local Bonds and the costs and expenses of the Authority in effecting any

such redemption, all as further prescribed by Section 9.11 of the General Resolution. Nothing in this Loan Agreement shall be construed to prohibit the Authority from refunding applicable water development revenue bonds, and such refunding need not be based upon or result in any benefit to the Governmental Agency.

ARTICLE V

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

5.1 The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Governmental Agency hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Loan, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System, as set forth in the Local Act and in compliance with the provisions of 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 minimum sums set forth in the Local Act, the Governmental Agency hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges so as to provide funds sufficient to produce the minimum sums set forth in the Local Act and as required by this Loan Agreement.

5.3 In the event the Governmental Agency defaults in any payment due to the Authority pursuant to Section 4.2 hereof, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, from the date of the default until the date of the payment thereof.

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under Section 7 of the Act, including without limitation the right to impose, enforce and collect directly charges upon users of the System.

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

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

6.4 The Governmental Agency hereby agrees to repay on or prior to the Date of Loan Closing any moneys due and owing by it to the Authority for the planning or design of the Project, and such repayment shall be a condition precedent to the Authority's making the Loan.

6.5 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.

6.6 Notwithstanding Section 6.5, 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.

6.7 The Governmental Agency hereby agrees to give the Authority prior written notice of the issuance by it of any other obligations to be used for the Project, payable from the revenues of the System or from any grants for the Project or otherwise related to the Project or the System.

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

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

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

7.8 This Loan Agreement shall terminate upon the earlier of:

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

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

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

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

Logan County PSD
[Name of Governmental Agency]

(SEAL)

By: James R. Jeffries
Its: Chairman

Attest:

December 14, 1999

Mike Stone

Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: Daniel B. Yoskowitz
Director

Attest:

December 14, 1999

Barbara B Meadows
Secretary-Treasurer

26433

CC0264~1.1

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 meanings set forth in the _____ [passed/adopted] by the Issuer on _____, ___, and the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), dated _____.

2. The Bonds are being issued for the purposes of _____ _____.

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 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* has ascertained that all successful

*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".

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, **the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project set forth in the Schedule A attached hereto; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Final Total Cost of Project, Sources of Funds and Costs of Financing" for the Project.

WITNESS my signature and seal on this ____ day of _____, ___.

[SEAL]

_____

By: _____
West Virginia License No. _____

---

ascertained that".

**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 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") 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 payable semiannually on April 1 and October 1 of each year, commencing _____ 1, ____, at the rate of __% per annum, and with principal payable annually on October 1 of each year, commencing _____ 1, ____, all 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 _____ and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond _____ duly adopted or enacted by the Governmental Agency on ___ _____ (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 cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the Governmental Agency without the consent of the Authority.

3. The Governmental Agency is a duly organized and presently existing _____, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the 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 and legally enforceable and binding special obligations of the Governmental Agency, payable from the net or gross revenues of the System referred to 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]
Fiscal Year - __
Report Month: _____

	ITEM	CURRENT MONTH	YEAR TO DATE	BUDGET YEAR TO DATE	DIFFERENCE
1.	Gross Revenues Collected				
2.	Operating Expenses				
3.	Other Bond Debt Payments (including Reserve Account deposits)				
4.	Bond Payments (include Reserve Account deposits)				
5.	Renewal and Replacement Fund Deposit				
6.	Funds available for capital construction				

Witnesseth my signature this __ day of _____, _____.

[Name of Governmental Agency]

By: _____
Authorized Officer

EXHIBIT D

[Monthly Payment Form]

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

Re: [Name of bond issue]

Dear Ladies and Gentlemen:

The following deposits were made to the West Virginia Municipal Bond Commission on behalf of [Name of Governmental Agency] on _____, __.

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	$330,000
Purchase Price of Local Bonds	$330,000

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semiannual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 5.8% per annum. Principal of the Local Bonds is payable on October 1 in each year as set forth on Schedule Y attached hereto and incorporated herein by reference.

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

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

(1) Water Revenue Bonds (Cow Creek Project), Series 1996 B, dated July 31, 1996, issued in the original aggregate principal amount of $1,780,000;

(2) Water Revenue Bonds (Whitman Creek Project), Series 1997 A, dated February 12, 1997, issued in the original aggregate principal amount of $1,000,000;

(3) Water Revenue Bonds (Harts Creek Project), Series 1997 B, dated March 25, 1997, issued in the original aggregate principal amount of $1,075,000;

(4) Water Revenue Bonds (Elk Creek/Spice Creek/Verner Project - West Virginia Infrastructure and Jobs Development Council), Series 1998 A, dated June 10, 1998, issued in the original aggregate principal amount of $815,000;

(5) Water Revenue Bonds (Mill Creek Project - West Virginia Infrastructure and Jobs Development Council), Series 1999 A, dated April 21, 1999, issued in the original aggregate principal amount of $5,050,000;

(6) Water Refunding Revenue Bonds, Series 1999 B, dated June 3, 1999, issued in the original aggregate principal amount of $3,353,854; and

(7) Water Revenue Bonds (Crawley Creek/Chief Logan Project - West Virginia Infrastructure and Jobs Development Council), Series 1999 C, dated June 17, 1999, issued in the original aggregate principal amount of $3,205,000.

SCHEDULE Y

Logan County Public Service District (West Virginia)

WDA Supplemental Fund Loan of $330,000
20 Years, 5.80% Interest Rate
Closing Date: December 14, 1999

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
4/01/2000	-	-	5,688.83	5,688.83
10/01/2000	-	-	9,570.00	9,570.00
4/01/2001	-	-	9,570.00	9,570.00
10/01/2001	9,974.00	5.800%	9,570.00	19,544.00
4/01/2002	-	-	9,280.75	9,280.75
10/01/2002	10,553.00	5.800%	9,280.75	19,833.75
4/01/2003	-	-	8,974.72	8,974.72
10/01/2003	11,165.00	5.800%	8,974.72	20,139.72
4/01/2004	-	-	8,650.93	8,650.93
10/01/2004	11,812.00	5.800%	8,650.93	20,462.93
4/01/2005	-	-	8,308.38	8,308.38
10/01/2005	12,497.00	5.800%	8,308.38	20,805.38
4/01/2006	-	-	7,945.97	7,945.97
10/01/2006	13,222.00	5.800%	7,945.97	21,167.97
4/01/2007	-	-	7,562.53	7,562.53
10/01/2007	13,989.00	5.800%	7,562.53	21,551.53
4/01/2008	-	-	7,156.85	7,156.85
10/01/2008	14,801.00	5.800%	7,156.85	21,957.85
4/01/2009	-	-	6,727.62	6,727.62
10/01/2009	15,659.00	5.800%	6,727.62	22,386.62
4/01/2010	-	-	6,273.51	6,273.51
10/01/2010	16,567.00	5.800%	6,273.51	22,840.51
4/01/2011	-	-	5,793.07	5,793.07
10/01/2011	17,528.00	5.800%	5,793.07	23,321.07
4/01/2012	-	-	5,284.76	5,284.76
10/01/2012	18,545.00	5.800%	5,284.76	23,829.76
4/01/2013	-	-	4,746.95	4,746.95
10/01/2013	19,620.00	5.800%	4,746.95	24,366.95
4/01/2014	-	-	4,177.97	4,177.97
10/01/2014	20,758.00	5.800%	4,177.97	24,935.97
4/01/2015	-	-	3,575.99	3,575.99
10/01/2015	21,962.00	5.800%	3,575.99	25,537.99
4/01/2016	-	-	2,939.09	2,939.09
10/01/2016	23,236.00	5.800%	2,939.09	26,175.09
4/01/2017	-	-	2,265.25	2,265.25
10/01/2017	24,584.00	5.800%	2,265.25	26,849.25
4/01/2018	-	-	1,552.31	1,552.31
10/01/2018	26,010.00	5.800%	1,552.31	27,562.31
4/01/2019	-	-	798.02	798.02
10/01/2019	27,518.00	5.800%	798.02	28,316.02
Total	**330,000.00**	-	**238,428.17**	**568,428.17**

SCHEDULE Z

None.

West Virginia Infrastructure & Jobs Development Council

Public Members:
James D. Williams, Chairman
St. Albans
James L. Harrison, Sr., Vice Chairman
Princeton
Dwight Calhoun
Petersburg
William J. Harman
Grafton

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

Susan J. Riggs, Esquire
Executive Secretary

August 5, 1999

Rick Roberts, P.E., Managing Engineer
Logan County Public Service District
Suite 507, White & Browning Building
Logan, West Virginia 25601

Re: Enaloe Water Corporation Water System **99W-494**

Dear Mr. Roberts:

The West Virginia Infrastructure and Jobs Development Council (the "Council"), at its August 4, 1999 meeting, reviewed the Logan County Public Service District's (the "District") preliminary application regarding the District's proposed acquisition of the Enaloe Water Corporation's water system. Based on the findings of the Water Technical Review Committee, the Council has determined that the project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. The District should carefully review the enclosed comments of the Water Technical Review Committee. The District may need to address certain issues raised in said comments as it proceeds with the project.

Upon consideration of the District's preliminary application, the Council recommends that the District pursue a Water Development Authority (the "WDA") loan of $330,000 to finance the project. Please contact the WDA for specific information on the steps the District needs to follow to apply for these funds. **Please note that this letter <u>does not</u> constitute funding approval from the WDA.**

If you have any questions regarding this matter, please contact Susan J. Riggs at the above-referenced telephone number.

Sincerely,

James D. Williams

James D. Williams

JDW/tb
Enclosure
cc: Daniel B. Yonkosky (w/o enc.)

8

990969aljl20199.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: December 1, 1999

FINAL
12/13/99

CASE NO. 99-0969-PWD-PC

LOGAN COUNTY PUBLIC SERVICE DISTRICT, a public utility, and ENALOC WATER CORPORATION, a utility.
Petition for consent and approval of the purchase of Enaloc Water Corporation by Logan County Public Service District.

RECOMMENDED DECISION

On July 9, 1999, the Logan County Public Service District (District) and the Enaloc Water Corporation (Enaloc) filed a petition with the Commission seeking the Commission's consent and approval for the District to purchase the assets and customers of the Enaloc Water Corporation, pursuant to West Virginia Code §24-2-12. The purchase price for the Enaloc Water Corporation is $300,000, plus an amount equal to the accounts receivable.

On August 20, 1999, Commission Staff filed its Initial Joint Staff Memorandum recommending that this matter be referred to the Division of Administrative Law Judges. Staff noted that a further memorandum would be issued regarding publication requirements and Staff's position on the agreement of sale contract.

By Order issued August 23, 1999, this matter was referred to the Division of Administrative Law Judges for a decision to be rendered on or before February 4, 2000.

On August 30, 1999, Commission Staff filed a Final Joint Staff Memorandum recommending approval of the petition upon the filing of

additional information and completion of specific activities. Staff noted that both utilities are regulated by the Public Service Commission and that the Commission must grant its prior consent and approval before one utility may purchase or acquire the other. Staff believes that the petition substantially complies with Rule 10.6 of the Commission's Rules of Practice and Procedure. Staff noted that the District intends to acquire Enaloc's distribution system only. Enaloc will retain the ownership of the two treatment plants and two storage tanks but intends to abandon the treatment plants and storage tanks after the acquisition is completed. The District proposes to purchase the distribution system with a loan from the West Virginia Water Development Authority in the amount of $300,000, for a period of twenty years at an interest rate not to exceed 5.8%. Staff recommends that Enaloc's certificate be canceled, if the acquisition is approved. Staff requested that the District be required to provide written documentation that its Board of Directors, by resolution or otherwise, have approved the proposed borrowing and terms of the purchase agreement for the Enaloc system; that Enaloc provide written documentation that its Board of Directors and stockholders approved the terms of the purchase agreement; that the Petitioners publish notice of the proposed acquisition in order to give all their customers notice of the petition and the opportunity to protest the acquisition; and that the Commission's Engineering Staff file a recommendation that the acquisition is appropriate. Legal Staff noted that the Logan Water Board had recently passed a municipal ordinance increasing the resale rate. It asserted that the new rate was used in the District's calculations to support the feasibility of the acquisition.

On September 20, 1999, Commission Staff filed a Further Final Joint Staff Memorandum, with a Final Internal Memorandum prepared by Joseph A. Marakovits, Technical Analyst, Engineering Division. Mr. Marakovits advised that the District is estimating an approximately $190,000 per year increase in operating and maintenance expenses for the Enaloc system. Staff believes the District's projected expenses to be reasonable. The estimate includes funds for meter testing, meter maintenance and preventive maintenance labor. The Engineering Division recommended approval of the District's petition to acquire the Enaloc system.

By Order entered October 4, 1999, a procedural schedule was established joining Enaloc Water Corporation as a Petitioner and

Public Service Commission
of West Virginia
Charleston

directing the District and Enaloc Water Corporation to file additional information as outlined in Staff's August 30, 1999 recommendation.

On October 13, 1999, the District filed additional information. Enaloc Water Corporation also filed additional information on that date.

By Order entered October 26, 1999, Logan County Public Service District and Enaloc Water Corporation were directed to give notice to their customers no later than November 12, 1999, of the proposed acquisition of the Enaloc Water Corporation. The Petitioners were directed to file an affidavit of publication indicating that the notice of acquisition was published in Logan County, no later than November 22, 1999. Commission Staff was directed to file any additional responses to the Petitioners' filings, no later than November 23, 1999.

On November 8, 1999, the Commission received an affidavit of publication indicating that the notice of acquisition was published in The Logan Banner, a newspaper of general circulation in Logan County, on November 3, 1999.

On November 23, 1999, Staff filed a Further Final Joint Staff Memorandum. Staff noted that the Notice of Acquisition was published pursuant to the October 26, 1999 Procedural Order, but that a typographical error had occurred in the publication. Staff noted that no protests were received to the publication. Staff believes that the Petitioners have substantially complied with its notice requirements. Staff requested that the petition be granted, without hearing, as soon as possible, because Enaloc's computer system is not Y2K compliant.

The Administrative Law Judge has reviewed the Notice of Acquisition and the publication affidavit provided by the Petitioners. It appears the publication has a typographical error. The water usage for the Enaloc customers for the next 3,000 gallons is listed as $8.12, instead of $6.14. Since the error is in Enaloc's rates instead of the District's, the Administrative Law Judge agrees that substantial compliance of the notice has occurred and believes that the newspaper's typographical error in this matter is harmless. The minimum charge for the usage is correct and any persons concerned about the discrepancy had an opportunity

to contact the Commission. Therefore, the Administrative Law Judge is of the opinion that the petition for the consent and approval of the District to purchase the distribution system assets and acquire the customers of Enaloc Water Corporation, pursuant to West Virginia Code §24-2-12, should be granted.

FINDINGS OF FACT

1. On July 9, 1999, the Logan County Public Service District and the Enaloc Water Corporation filed a petition with the Commission seeking the Commission's consent and approval for the District to purchase the assets and serve the customers of Enaloc Water Corporation pursuant to West Virginia Code §24-2-12. (See, July 9, 1999 Petition).

2. The purchase price for the Enaloc Water Corporation assets is $300,000, plus an amount equal to the accounts receivable, and is to be financed through a West Virginia Water Development Authority loan in the amount of $330,000, for a period not to exceed twenty (20) years at an interest rate not to exceed 5.8%. (See, Final Joint Staff Memorandum received August 30, 1999).

3. The Petitioners provided confirmation that the proposed borrowing and the terms of the purchase agreement have been approved by the District's Board of Directors and that Enaloc's Board of Directors and stockholders are in agreement with the terms of the purchase agreement. (See, Final Joint Staff Memorandum received August 30, 1999; filing received October 13, 1999).

4. Technical Staff recommended that the petition be approved and advised that the District is estimating an increase in operating and maintenance expenses for the Enaloc system; that the District's projected expenses for this system are reasonable; and that the District's estimate includes funds for meter testing, meter maintenance and preventive maintenance labor. (See, Further Final Joint Staff Memorandum with attachments received September 20, 1999).

5. The Commission received an affidavit of publication indicating that, on November 3, 1999, the notice of acquisition was published in The Logan Banner, a newspaper of general circulation

in Logan County, in order to give notice of the filing to the customers of the District and Enaloc Water Corporation. (See, Affidavit of Publication received November 8, 1999).

6. No protests were received to the Notice of Acquisition. (See, case file generally).

CONCLUSIONS OF LAW

1. Based upon the foregoing, the Administrative Law Judge is of the opinion that the petition for consent and approval for Logan County Public Service District to purchase the distribution system assets of the Enaloc Water Corporation and serve the former customers of the Enaloc Water Corporation should be granted, pursuant to Staff's recommendation.

2. A typographical error in the notice published in The Logan Banner is harmless inasmuch as the customers were given notice of the acquisition; the error is not in the District's rates which are to be charged to the Enaloc customers; and the customers were given an opportunity to protest the filing.

ORDER

IT IS, THEREFORE, ORDERED that the petition filed with the Commission on July 9, 1999, for the Logan County Public Service District to purchase the Enaloc Water Corporation's distribution system assets and serve the Enaloc Water Corporation's former customers, pursuant to West Virginia Code §24-2-12, be, and hereby is, granted.

IT IS FURTHER ORDERED that the Enaloc Water Corporation's certificate of convenience and necessity to operate as a water utility in Logan County, be, and hereby is, canceled.

IT IS FURTHER ORDERED that Logan County Public Service District file an original and five (5) copies of any tariff sheets which require revision due to this acquisition no later than thirty (30) days from the date that this Order becomes final.

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

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

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

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

Susan A. Murensky

Susan A. Murensky
Administrative Law Judge

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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 6th day of December, 1999.

CASE NO. 99-0969-PWD-PC

LOGAN COUNTY PUBLIC SERVICE DISTRICT,
a public utility, and ENALOC WATER
CORPORATION, a utility.
Petition for consent and approval of
the purchase of Enaloc Water Corporation
by Logan County Public Service District.

COMMISSION ORDER WAIVING EXCEPTION PERIOD

On December 1, 1999, Administrative Law Judge Susan A. Murensky entered a Recommended Decision which, among other things, granted purchase of Enaloc Water Corporation by the Logan County Public Service District in the above-styled proceeding.

On December 3, 1999, Roy F. Layman, counsel for Enaloc Water Corporation; and Rick Roberts, P.E., Logan County Public Service District, filed separate letters requesting a waiver of the fifteen day period of time in which a party may file exceptions to the Recommended Decision. Commission Staff has indicated it has no objection to granting said waiver.

West Virginia Code §24-1-9 provides a time period of at least twenty (20) days from the date of a recommended order until it becomes effective. According to West Virginia Code §24-1-9(c), at least fifteen (15) days must be afforded the parties within which to file exceptions. In addition, §24-1-9(e) provides that when no exceptions are filed within the specified time period, the Commission shall have an additional five (5) days within which to stay or postpone the order.

The Commission is of the opinion and belief that said requests of waiver received by the Commission on December 3, 1999, should be granted.

IT IS, THEREFORE, ORDERED that the requested waiver be, and the same hereby is, granted.

IT IS FURTHER ORDERED that the Administrative Law Judge's Recommended Decision in this matter becomes final (5) days after the date of this order.

IT IS FURTHER ORDERED that the Commission's Executive Secretary shall 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

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PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
4-18-96

Entered: March 29, 1996

CASE NO. 95-0919-PWD-42T

LOGAN COUNTY PUBLIC SERVICE DISTRICT,
a public utility, Logan County.
In the matter of increased
water rates and charges.

RECOMMENDED DECISION

On September 22, 1995, the Logan County Public Service District (District) filed a formal application to change rates and supporting documentation requesting an increase in revenues of 48.47% for a total annual revenue of $2,346,158. The District stated that this increase in revenues is required to offset increased operation and maintenance expenses, allow necessary construction and upgrades, and to allow the District to hire additional personnel. The requested increased rates would be effective for the entire service area of the District and its approximately 5,300 customers.

By a letter and revised tariff sheets filed September 28, 1995, this application was designated as a Rule 42T filing, instead of a Rule 42A filing. The revised tariff sheets and the increased rates stated therein were to become effective on November 1, 1995.

On October 11, 1995, the Logan County Public Service District filed a request for immediate Commission approval of emergency interim increased rates to become effective November 1, 1995, due to an unexpected revenue shortfall being experienced by the District.

On October 26, 1995, the Public Service Commission entered an Amended Commission Order Suspending Rates and Charges, Providing Opportunity to Intervene, And Referring to the Administrative Law Judges Division in this matter. Under the terms of the Order, the requested increased regular rates and charges contained on the revised tariff sheets filed September 22, 1995, were suspended and the use thereof deferred until 12:01 a.m., April 29, 1996, unless otherwise ordered by the Commission. The Order also provided for formal intervention by interested persons or corporations as well as public legal notice of said opportunity to intervene and required the Staff of the Public Service Commission to file its report in this matter on or before December 29, 1995. This matter was referred to the Division of Administrative Law Judges for further proceedings with a decision due date of April 1, 1996. The Commission also granted the emergency interim rates as requested by the District, subject to refund.

Previously on October 11, 1995, the District filed a duly executed affidavit of publication demonstrating publication for public legal notice of a copy of a proper Public Notice of Change in Rates on September 26 and 28, 1995, and October 3, 1995, in The Logan Banner, a newspaper qualified by the Secretary of State, published and of general circulation in Logan County, West Virginia. At this time as well, the District filed a completed copy of a Report on Tariff Change, Tariff Form No. 2.

On November 21, 1995, the District filed a duly executed copy of an affidavit of publication demonstrating publication for public legal notice of the Notice of Filing and Opportunity to Intervene on November 1 and 6, 1995, in The Logan Banner, all in satisfaction of the Commission's Amended Order entered October 26, 1995.

Pursuant to the public legal notice provided for this application, E.E. Barrett and Louis Damron, on behalf of the residents of Henlawson, filed a written protest to this requested rate increase on October 5, 1995.

On January 5, 1996, the Staff of the Public Service Commission filed its Audit Report in this proceeding reporting on its investigation and analysis of the books, records and operations of the Logan County Public Service District for the fiscal year ending June 30, 1995. After detailing its investigative findings and accounting adjustments, Staff concluded that the District's current approved tariff, including the emergency interim increased rates, generates going-level operating revenues of $2,004,668 with a cash flow deficit of $44,202. Staff has determined that the District's requested revenue increase would be excessive, and, instead, recommended a 14% rate increase over and above the emergency interim increased rates which would produce an expected increase of $280,807 in operating revenues with a resulting cash flow surplus of $235,200, as recommended by the Staff Engineer in order to fund certain required upgrades and special maintenance items detailed in the Staff Report. Staff stated that this increase is sufficient to fund the necessary improvements, keep the District operationally sound, provide for the required debt service, and fund the required bond reserves. Staff also recommended several specific changes in operations and administration to be implemented as soon as possible but not later than July 1, 1996. Lastly, Staff recommended that, unless substantial public protests were received, it was not necessary to schedule this case for hearing.

A copy of the Staff Report was forwarded to the District by the Executive Secretary by a cover letter dated January 5, 1996. In response, on January 20, 1996, the District filed a letter stating that it did not accept the recommendations of Staff and requesting that this matter be scheduled for hearing.

However, by a letter filed February 3, 1996, the District notified the Commission that it would now accept the Staff Recommendations in this case and withdrew its request for a hearing.

As a result of the report and recommendations of Commission Staff and the concession thereto by the Logan County Public Service District, a Recommended Decision was entered in this matter on February 7, 1996, approving certain increased rates and charges for the District as proposed by Staff to be effective March 1, 1996. At the time this decision was

entered the file in this matter contained the previously mentioned letter of protest from E.E. Barrett and Louis Damron, filed October 5, 1995, and a letter filed October 12, 1995, by Mr. and Mrs. Earl Epperhart and Mr. and Mrs. Gary Epperhart. The Epperhart letter had been handled by Commission Staff as a low pressure complaint which was processed by Staff and closed on November 29, 1995. The single remaining letter of Mr. Barrett and Mr. Damron, was not deemed to be substantial protest for a District serving 5,300 customers, and the Staff-recommended increase was granted without further proceedings.

Pursuant to exceptions filed by Mr. Barrett and Mr. Damron on February 10, 1996, a Commission Order was entered on February 21, 1996, remanding this case for a public hearing to be held in Logan County. Subsequent to the entry of the original Recommended Decision on February 7, 1996, at least eight letters of protest, received by the Commission between October 11, 1995, and October 25, 1995, were located and added to the file. Consequently, the Commission directed that a public hearing be held in order to consider the reasonableness of the proposed settlement, (i.e. acceptance by the District of the Staff Report and recommendations in their entirety) and to give the District's ratepayers an opportunity to be heard. This order also restored the Administrative Law Judge's original decision due date of April 1, 1996, and had the effect of restoring the original rate suspension period.

A Procedural Order was entered on that same day, February 21, 1996, scheduling this matter for an evening hearing to be held in Logan on March 7, 1996, and requiring that the District provide public legal notice of the hearing by publishing a copy of a prepared Notice of Hearing, once a week for two consecutive weeks in a newspaper qualified by the Secretary of State, published and of general circulation in Logan County, and to make due return of said publication to the Commission.

On March 6, 1996, the District filed a duly executed Affidavit of Publication demonstrating publication of the required Notice of Hearing on February 26 and March 4, 1996, in The Logan Banner, all in compliance with the Procedural Order entered February 21, 1996.

The hearing convened as scheduled with the parties and approximately forty (40) customers of the Logan County Public Service District in attendance. Logan County Public Service District was represented by its attorney James H. Walker. The Staff of the Public Service Commission was represented by Staff Attorney Cassius H. Toon. On March 15, 1996, an accurate transcript consisting of sixty-eight pages of testimony was filed with the Commission. There were no post-hearing briefs or memoranda of law filed in this matter.

EVIDENCE

Fifteen customers of the Logan County Public Service District made statements at hearing. Mr. E. E. Barrett of Henlawson stated his belief that the maximum increase allowable would be 26.59%, since that was the figure included in the latest public notice of this filing. Although the actual proposed rates were also included in the notice, by Mr. Barrett's calculation they would amount to a 37% or 48% increase. He also believes

that while Staff's review of the District's books is fine, Staff failed to consider the socio-economic conditions of Logan County such as unemployment, fixed income households and poverty. He also questions why a cash flow surplus of $235,000 is needed. He also claims that for at least a week he and eight of his neighbors have been connected to the District's water system by a temporary black plastic pipe laying on top of the ground. (Tr., pp. 5-7). He also believes that there were inaccuracies in a transcript of a previous Commission case and that certain lines weren't flushed as promised. (Tr., pp. 25-27).

Victor Adams of Airport Road discussed the increases in his water bill over the last several years. Eighty-two hundred (8200) gallons of usage cost him twenty-six dollars ($26.00) in April of 1983 and December of 1994, but in January of 1996, the same usage cost forty-four dollars ($44.00). He believes that his usage is high for just him and his wife and two daughters who are away at college during the week. However, the District has replaced his meter at his request and he has observed a satisfactory leak test, all to no avail. He believes that the District may be reading his neighbor's meter as his. The District has, on occasion, adjusted bills for other people in the neighborhood, but not for him. (Tr., pp. 7-10).

Sandra Colgrove lives in a two-person household and also complains of high usage. The District has changed her meter to no avail. She also has a son in college who visits every six weeks or so. (Tr., pp. 10-11). Her bill dropped dramatically without explanation in the last month. (Tr., p. 12). Last summer she and her husband were gone for two-thirds of a month and still received an $86.00 water bill. (Tr., p. 23).

Alvin Farmer of Henlawson believes that the District charges the people whatever it wants to. His meter was misread and the District reread and corrected the overbilling. Many of his neighbors are on fixed retirement incomes, and he doesn't think the District really needs any increase. (Tr., pp. 11-12). Customers on new projects should pay their own way and not raise rates to older customers. (Tr., pp. 30-31).

Tim Wiley states that his bill has doubled in a year, and he doesn't understand how a 20% emergency rate increase could result in a doubled bill. (Tr., p. 13).

John Earls of the Airport Road area states that he, his wife and small son used 9,000 gallons of water last month, even though it is winter time and they haven't yet filled their swimming pool. He does not believe that the bill is accurate, since in the last six months his next largest bill was for 4,300 gallons. He has performed his own leak tests and has not found any problems. He believes there is something wrong with the District's system and the way it is run. (Tr., pp. 13-15).

Thomas Mathis of Airport Road uses about 12,000 gallons of water a month and his bills have doubled since 1992 when the District took over the old J.C. Evans Water Company. There are four people in his household and he has a swimming pool, and he does not doubt the amount of usage, just the cost. He also believes that his area deserves fire protection. (Tr., pp. 16-18). He also would like to know what the increase will be used for. (Tr., p. 29).

James Hanks of Stollings states that he was billed for 18,200 gallons of usage last month and 7,600 gallons the month before. The meter has been changed and the system tested for leaks, and his meter will be reread due to the high bill, but he does not think it will do any good. (Tr., pp. 18-19).

Charlie Bumgardner of Stollings has checked his system for leaks, but received a bill for 21,200 gallons in January for him, his wife and two children. He has requested a reread. (Tr., pp. 19-20).

Dana Hicks, also of Stollings, states that his meter has been turned off for the last three months and he received a minimum bill of $11.28. This month he was billed $26.94 and his meter had still been off until just last Sunday (March 3, 1996). He doesn't think the District needs a rate increase, but that the customers deserve an increase in their money. (Tr., pp. 20-21).

Mrs. Earl (Margaret) Epperhart of Stollings objects to the size of the proposed rate increase, and believes the District could be better managed. She also has a low pressure problem which was the subject of an informal complaint, but has been told that the main in Stollings will be replaced. Her son, Gary Epperhart, and his wife have high bills although they both work and are gone during the day. (Tr., pp. 21-22).

John Earls apparently received a high bill and has requested a reread. (Tr., p. 22).

Homer Collier of McConnell has a low pressure problem and states that if the District gets its increase it should replace some inadequate mains. His water bill has doubled since 1955 and he doesn't understand why the District can't fix his problem if it can add extensions in Big Creek and other areas. New customers should be charged a surcharge to pay for their extensions, not the older customers. (Tr., pp. 23-24). The District connected an inch and a quarter main in McConnell to a six-inch river crossing and "it just ain't right". (Tr., p. 24).

Charles Fleshman of Justice Addition states that the area has a pressure problem although he personally has a booster pump. (Tr., p. 24).

Patrick Kinser of Henlawson has a low pressure problem and his bill doubled. He doesn't think the District deserves a raise. (Tr., pp. 27-28).

Irene Barrett, wife of the previous protestant E.E. Barrett and a resident of Henlawson, states that she still has a low pressure problem and that the District should have to pay for repairs to its system without a raise in the bills. Her neighbor, who wishes to remain anonymous, says that every time she complains to the District her bill goes up. (Tr., pp. 28-29).

This concluded the initial statements of protest.

The Logan County Public Service District stated that it agreed to stipulate to the findings and recommendations contained in the Staff

Report, but would present testimony to answer the concerns of the protestants. (Tr., pp. 31-32).

The District called its Assistant Managing Engineer, Mike McNulty, as its first witness. Mr. McNulty described his duties and supervisory responsibilities and explained that the Logan County Public Service District was comprised of and operates approximately eleven discrete water systems located throughout the County. He explained that this proposed rate increase was needed in order to implement several construction projects, allow the hiring of three additional Class II water plant operators, as required by the Department of Health, and some additional maintenance personnel, and to replace certain vehicles and other equipment. Tank painting, filter maintenance and touch-read meter installation are also included. The touch-read meters are quicker to read and record and help eliminate human error. A new river crossing at Henlawson has been ordered by the Public Service Commission, and will be undertaken this summer at a cost of $85,000, to be paid from operating revenues generated by this rate increase. At Staff's recommendation, the District's other priority projects have been scheduled over a five-year period rather than the three-year period originally proposed by the District, in order to lessen the impact on ratepayers. All such projects are ultimately funded through rates. Because of the District's diverse service territory, the District's vehicles are critical to operations and average between 20,000 to 30,000 miles of use per year. Several are currently in need of replacement. (Tr., pp. 32-39).

The District filed its first rate case in March of 1993, for the Sharples, Big Creek and Mud Fork systems. That case was dismissed on procedural grounds, as was the next case filed in June of 1993. The Public Service Commission then informed the District that it wanted the District to file a combined tariff for all customers rather than individual tariffs for each small system. Consequently, in July of 1994 the District filed for a single county-wide rate which was granted and became final in April of 1995. Under this consolidated rate, some customers' bills increased while others decreased, such as the Henlawson customers. However, the expected increase in overall revenues from all operations did not materialize, which necessitated this current rate filing and the request for emergency interim rate relief. The District buys treated water from the City of Logan, the West Logan Water Company, and the City of Chapmanville, and is subject to increased costs in that regard. (Tr., pp. 39-44).

Mr. McNulty also explained that projects to be funded by this proposed rate increase would result in improved system pressure in Stollings and the new river crossing supply main to Henlawson. (Tr., pp. 44-45).

Under examination by the Administrative Law Judge, Mr. McNulty stated that anyone experiencing sporadic billings or unusual high usage should contact the District. The District averages only 25 or so rereads each month on a customer base of 5,300, some of which are initiated by the District itself when an unusually high bill is detected by the computer. All utilities suffer occasional meter reading errors but the District will always correct a misread when it occurs. (Tr., pp. 46-49).

The Staff Attorney then asked several questions on behalf of the protestants. Mr. McNulty stated that the new river crossing at Henlawson would be a six-inch line, but that fire protection service is not contemplated for the area at this time. He also explained that during the period of construction there would be no tap fee charged for connection on the Big Creek/Trace Fork project. After construction is complete, there will be a $150.00 tap fee. All rights-of-way have been obtained. He also clarified that West Logan does not treat its own water, but that the water still must pass through the West Logan Water Company distribution system before the District can buy it. (Tr., pp. 49-51).

The Staff of the Public Service Commission then called Senior Utilities Analyst, Jack Miller, as its only witness in this matter. Mr. Miller performed the Staff review of the books and records of the District and identified and sponsored the Staff Report previously filed in this matter. He then explained the audit process employed by Staff for the test period ending June 30, 1995. He also detailed the Staff's findings for its "per books", "going level", "proforma" and "Staff-recommended" figures as well as the pertinent adjustments made thereto. Mr. Miller explained that he and the Staff Engineer determined that the District needed about $200,000 less in revenues than originally requested and spread the cost of some necessary improvements over a five-year period rather than the three-year time span requested by the District. Even with the emergency interim rate increase in effect, the District is currently operating at an expected cash flow deficit of around $44,202. This is a very large District with large expenses. Staff has also provided sufficient funds in its proposal for required bond reserves. The Staff-recommended cash flow surplus of $235,200 will be used to fund the construction, maintenance and equipment expenses deemed necessary for the District's on-going efficient operations. He believes that the Staff Report is accurate. (Tr., pp. 52-61).

Under examination by the Administrative Law Judge Mr. Miller stated that the District had undertaken the operational and administrative changes recommended by the Staff in its report, and that all District monies were accounted for. He also discussed the impact of the Staff recommendations on a public service district's on-going operations, and that all District borrowings are reviewed and approved by the Commission. (Tr., pp. 62-65).

In closing, it was explained by the District that the black plastic pipe complained of by Mr. Barrett was an emergency temporary repair required by a crushed or broken main. Mr. Barrett then admitted that the temporary connection had been repaired and removed earlier that day. (Tr., pp. 66-67).

This concluded the testimony at hearing.

DISCUSSION

As detailed in the testimony at hearing, Logan County Public Service District has been trying with limited success since 1993 to gain the required level of rate relief for its diverse water systems. These efforts resulted most recently in a rate case which consolidated the District's individual system tariffs into a unified tariff effective April 1, 1995. Under the unified tariff and depending on which individual system they were

on, some customers' rates increased and some decreased. However, as the new unified tariff began to be used by the District, it was apparent that the newly approved tariff was not generating the expected income from operations sufficient to carry the District. Consequently, the District filed this rate case on September 22, 1995, and requested an emergency interim rate increase until this case could be processed and finalized. This request was granted by Commission Order entered October 26, 1995, and the District implemented a twenty-percent (20%) emergency interim rate increase which would be subject to refund at the conclusion of this case if not supported by the evidence.

The Staff Report filed in this matter on January 5, 1996, clearly reflects that the District needs significant rate relief over and above the Commission-approved emergency interim rates. The District's current tariff, including revenues from the emergency interim rates, generates going level operating revenues of $2,004,668 with a resulting cash flow deficit of $44,202. Current Commission-approved construction projects and Staff-approved maintenance and equipment expense total to a Staff-recommended cash flow surplus of $235,200 per year. These expenses are not in any way speculative or over generous, but, instead, reflect the capitalized cost of previously certificated projects and required system maintenance. Consequently, an additional $280,807 increase in operating revenues, over and above the current revenues being produced by the emergency interim rates, is fully justified and required by all financial and operational data presented in this case. This additional $280,807 increase in revenues is a 14% increase over current going level revenues as calculated by Staff. The overall increase in total operating revenues to be approved in this case, including the emergency interim rates and the final recommended rates is $711,116, or a 45.2% increase over per books adjusted operating revenues. It is painfully apparent that the District was long overdue for significant rate consideration. As Staff repeatedly pointed out at hearing, this is a big district with big expenses including significant debt, voluminous purchased water, and the myriad maintenance problems inherent in operating eleven aging and scattered small water systems. The Staff-recommended rate design contained in its report and published for public legal notice of the hearing properly distributes recovery of the required revenues to the appropriate customer classes and has not been questioned by the District or any protestant.

The Protestants in this case offered no evidence of a financial or operational nature which would contradict the Staff findings. Indeed, most Protestants were concerned with individual service or billing complaints and did not primarily contest the overall revenue requirements of the District. Certain Protestants wanted the customers on new or upgraded segments to pay for those improvements individually by surcharge or wanted the rate increase denied because of the poor economic conditions or demographic factors in Logan County. However, Staff responded at hearing that rates must be based on the system's overall cost of service and that Staff had endeavored to keep its revenue requirements to a minimum. In fact a number of service complaints heard at hearing will be eliminated or improved under projects to be funded by revenues to be generated by the rates proposed in this case. Likewise, while the Commission and its Staff are continuously aware of the impact of utility rates on the poor, the unemployed, and the elderly who live on retirement or other fixed income, the repairs and improvements contemplated by this case will only cost more

and require a greater rate increase if put off any longer. Staff has found no serious operational or managerial problems which have resulted in significant unnecessary expense. The District has agreed to implement every operational and administrative improvement recommended by Staff in order to assure continuing efficient operation.

For these reasons, the Staff-recommended total increase in revenues for the Logan County Public Service District will be approved. Likewise the Staff-recommended rate design will be approved for use by the District. The District will be required to implement the operational and administrative improvements detailed in the Staff Report. Inasmuch as all financial and engineering evidence indicates a necessary revenue increase over and above current going-level revenues, generated by the Commission-approved emergency interim rates, those revenues will not be refunded, but will be incorporated in the total operating revenues approved herein.

FINDINGS OF FACT

1. On July 25, 1995, Logan County Public Service District filed a notice of intent to file a rate application after thirty (30) days, pursuant to West Virginia Code §24-2-4a. (See, Letter filed July 25, 1995).

2. On September 22, 1995, the Logan County Public Service District filed a formal application to change rates and supporting documentation requesting an increase in revenues of 48.47% for a total annual revenue of $2,346,158. The District stated that this increase in revenues is required to offset increased operation and maintenance expenses, allow necessary construction and upgrades, and to allow the District to hire additional personnel. The requested increased rates would be effective for the entire service area of the District and its approximately 5,300 customers. (See Application filed September 22, 1995).

3. On October 11, 1995, the Logan County Public Service District filed a request for immediate Commission approval of emergency interim increased rates to become effective November 1, 1995, due to an unexpected revenue shortfall being experienced by the District. (See, Letter filed October 11, 1995).

4. By an Amended Commission Order entered October 26, 1995, the Public Service Commission suspended and deferred the use of the increased rates and charges contained in the revised tariff sheets filed September 22, 1995, until 12:01 a.m., April 29, 1995, unless otherwise ordered by the Commission, and approved the emergency interim rates as requested by the District and recommended by Commission Staff, subject to refund. (See, Commission Order entered October 26, 1995).

5. The District has caused to be published, for public legal notice of this filing, a copy of a proper Public Notice of Change in Rates on September 26 and 28, 1995, and October 3, 1995, in The Logan Banner, a newspaper duly qualified by the Secretary of State, published and of general circulation in Logan County, West Virginia. (See, Affidavit of Publication filed October 11, 1995).

6. The District has properly filed a completed copy of the Commission's Tariff Form No. 2, Report on Tariff Change on October 11, 1995. (See, Report filed October 11, 1995).

7. On November 21, 1995, the District filed a duly executed copy of an affidavit of publication demonstrating publication for public legal notice of the Notice of Filing and Opportunity to Intervene on November 1 and 6, 1995, in The Logan Banner, all in satisfaction of the Commission's Amended Order entered October 26, 1995. (See, Affidavit of Publication filed November 21, 1995).

8. Pursuant to the public legal notice provided for this application, E.E. Barrett and Louis Damron, on behalf of the residents of Henlawson, as well as at least eight other customers of the District filed written protest to this requested rate increase between October 5, 1995, and October 25, 1995. (See, Letters filed October 5, 1995, to October 25, 1995).

9. Pursuant to a thorough and professional investigation of the books, records and operations of the Logan County Public Service District for the test year ending June 30, 1995, the Staff of the Public Service Commission filed its report in this matter on January 5, 1996. Staff has determined that the District's current tariff inclusive of the emergency interim rate increase generates going-level operating revenues of $2,004,668, with a resulting cash flow deficit of $44,202. (See, Staff Audit Report filed January 5, 1996).

10. The Staff of the Public Service Commission has recommended that the District be granted a 14% rate increase over and above the Commission-approved emergency interim rate increase which would produce an expected increase of $280,807 in operating revenues with a resulting cash flow surplus of $235,200, which is sufficient to fund certain required upgrades and special maintenance items as recommended by the Staff Engineer and as detailed in the Staff Report. (See, Staff Audit Report filed January 5, 1996).

11. In its report, Commission Staff recommended several specific changes in operations and administration to be implemented as soon as possible but not later than July 1, 1996, to which the District did not object. (See, Staff Audit Report filed January 5, 1996).

12. The Logan County Public Service District has accepted the Staff Audit Report filed January 5, 1996, as essentially accurate and correct, including the Staff-proposed rates and charges contained therein and attached hereto as Appendix A, and initially waived its right to a hearing on same. (See, Letter filed February 3, 1996).

13. The letters of protest to this application to change rates contained no allegations of specific financial or engineering information contrary to the Staff Report. (See, letters filed October 5-25, 1995).

14. By a Recommended Decision entered January 22, 1996, in Case No. 95-0467-PWD-CN, the Logan County Public Service District was granted a certificate of convenience and necessity to construct and operate a major main line extension with storage to serve approximately 150 customers in

the Trace Fork, Big Creek Road area of Logan County, contingent upon sufficient rates to fund such project being approved in this rate case. Construction bids on this approved project were to be awarded during March 1996, and construction is expected to commence with the onset of good weather. Consequently, the increased rates approved in this case should be made effective as soon as possible in order to meet the funding requirements of such project. (See, Recommended Decision entered January 22, 1996, in Case No. 95-0467-PWD-CN).

15. On March 6, 1996, the Logan County Public Service District filed an Affidavit of Publication demonstrating publication of a prepared Notice of Hearing once a week for two consecutive weeks in The Logan Banner, all in compliance with a Procedural Order entered February 21, 1996. (See, Affidavit of Publication filed March 6, 1996).

16. At hearing, fifteen customers of the District made public statements of protest, including individual service complaints about low pressure, lack of fire protection facilities and sporadic high usages. Certain Protestants also stated that the cost of new service or localized upgrades should not be distributed across the entire customer base, or that the District's rate increase should be denied based on the number of poor, elderly or unemployed customers on the system. (See, Tr., pp. 5-7, 7-10, 10-11, 12, 13, 13-15, 16-8, 19-20, 20-21, 21-22, 23, 23-24, 25, 27-28).

17. The Protestants at hearing did not produce any evidence of significant financial or operational inefficiency by the District. (See, Tr., pp. 5-29).

18. The Logan County Public Service District is comprised of eleven discrete water systems located throughout Logan County and purchases the bulk of its water for resale from other water utilities. (Tr., pp. 32, 43-44).

19. The Logan County Public Service District performs, on average, 25 meter rereads a month, both at the request of distressed customers and upon identification of an unusual reading by the District itself, which is not excessive for a utility serving 5,300 service locations. (Tr., pp. 46-49).

20. Projects and improvements to be funded by this requested rate increase will correct or improve several of the individual service complaints made by the Protestants in this case. (Tr., pp. 44-45).

21. The Staff-recommended level of operating revenues is sufficient to fund the District's debt service, required bond and maintenance reserves, and ongoing operation and maintenance expenses, as well as the approved construction and extraordinary maintenance items and has not been shown by any evidence of record in this proceeding to be excessive or not required. (See, Staff Report filed January 4, 1996; Tr., pp. 52-61).

CONCLUSIONS OF LAW

1. Under the facts and circumstances of this case, the determinations and recommendations of Commission Staff, and the agreement by the Logan County Public Service District, it is fair and reasonable to approve the application for increased rates and charges filed by the

District on September 22, 1995, as amended by Staff, and to approve the Staff-proposed rates and charges attached hereto as Appendix A, to be effective for all service rendered on and after 12:01 a.m., April 29, 1996.

2. It is also reasonable to require the Logan County Public Service District to implement the specific changes in operations and administration detailed in the Staff Audit Report filed January 5, 1996, as soon as may be practical, but in no instance later than July 1, 1996.

ORDER

IT IS, THEREFORE, ORDERED that the application to increase rates and charges filed September 22, 1995, by the Logan County Public Service District, as amended by the Staff of the Public Service Commission, shall be, and hereby is, approved, and, further, that the Staff-Proposed Rates and Charges, attached hereto as Appendix A, shall be approved for collection and use by the District for all service rendered on and after 12:01 a.m., April 29, 1996.

IT IS FURTHER ORDERED that the revised tariff sheets filed by Logan County Public Service District on September 22, 1995, be, and they hereby are, disapproved and stricken from the Commission's tariff files.

IT IS FURTHER ORDERED that the Logan County Public Service District shall implement the operational and administrative changes set out and detailed in the Staff Audit Report filed herein on January 5, 1996, as soon as may be practical, but in no instance later than July 1, 1996, and shall report, in writing, on its progress in this regard to the Staff of the Public Service Commission on July 1, 1996. Nothing in this Recommended Decision shall be construed as granting approval, or a waiver of the requirement of review and approval, for any construction or improvement otherwise requiring Commission review and approval.

IT IS FURTHER ORDERED that, inasmuch as the increased rates and charges approved herein are in excess of the current interim emergency rates approved by the Commission on October 26, 1995, no refund of any revenues collected under said interim emergency rates shall be required, and that the District shall file with the Commission a copy of its actual tariff, amended pursuant to this Recommended Decision, within ten (10) days of initial use by the District.

IT IS FURTHER ORDERED that this matter 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 wavier by the Commission.

Thomas N. Trent
Administrative Law Judge

TNT:mal

LOGAN COUNTY PUBLIC SERVICE DISTRICT
CASE NO. 95-0919-PWD-42T

APPROVED RATES

APPLICABILITY OF SERVICE

Applicable to all areas served by Logan County Public Service District.

AVAILABILITY OF SERVICE

Available for metered general domestic, commercial and industrial service.

RATES

First	2,000 gallons used per month	$6.43 per 1,000 gallons
Next	58,000 gallons used per month	6.16 per 1,000 gallons
Next	240,000 gallons used per month	4.52 per 1,000 gallons
All Over	300,000 gallons used per month	2.33 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than the following amount according to the size of the meter installed, to-wit;

Meter Size	Minimum Bill
5/8 inch meter	$ 12.86 per month
3/4 inch meter	19.29 per month
1 inch meter	32.16 per month
1-1/4 inch meter	46.95 per month
1-1/2 inch meter	64.32 per month
2 inch meter	102.90 per month
3 inch meter	192.95 per month
4 inch meter	321.58 per month
6 inch meter	643.16 per month
8 inch meter	1,029.05 per month

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 current amount unpaid. This delayed payment is not interest and is to be collected only once for each bill where it is appropriate.

RECONNECTION FEES

Service shall not be restored until all amounts in arrears, including penalties, plus the reconnection fee or Ten Dollars ($10.00) have been paid.

SERVICE CONNECTION CHARGE (Tap Fees)

$150.00. It shall be the responsibility of the customer to provide connection of their private service line to the meter setting.

RETURNED CHECKS FOR INSUFFICIENT FUNDS

If a check received is returned by the bank for any reason, the bank's charge to the Logan County Public Service District shall be the District's charge to the customer for such a bad check, but such charge to the customer shall not exceed $15.00.

AVAILABILITY OF SERVICE

Available for private fire protection service.

RATE

Where connections, hydrants, sprinklers, etc., on property are maintained by consumer:

	Per Annum
2 -inch service line with hydrants, sprinklers, and/or hose connections	$ 49.60
3 -inch service line with hydrants, sprinklers, and/or hose connections	$ 112.11
4 -inch service line with hydrants, sprinklers, and/or hose connections	$ 196.39
6 -inch service line with hydrants, sprinklers, and/or hose connections	$ 497.65
8 -inch service line with hydrants, sprinklers, and/or hose connections	$ 816.07
10-inch service line with hydrants, sprinklers, and/or hose connections	$1,447.50
12-inch service line with hydrants, sprinklers, and/or hose connections	$2,028.25

INCREMENTAL COST OF WATER PURCHASED AND PRODUCED

$1.64 M Gal. To be used to bill water and customer leaks beyond historical average usage.

S. O. Form 3
1M

P. S. C. W. Va. No. 6

Canceling P. S. C. W. Va. No. 5

LOGAN COUNTY PUBLIC SERVICE DISTRICT, a public utility
(Name of Utility)

OF

Logan, West Virginia
(Location of Office)

Rates, Rules and Regulations for Furnishing

WATER

AT

Different areas in Logan County, West Virginia.

Filed with THE PUBLIC SERVICE COMMISSION

OF

WEST VIRGINIA

Issued March 29, 1996 Effective April 29, 1996

Issued by authority of an Order
of the Public Service Commission
of West Virginia in Case No. 95-0919-PWD-42T,
dated March 29, 1996.

Issued by LOGAN COUNTY PUBLIC SERVICE DISTRICT
(Name of Utility)

By Mr. Gene O'Brien

Chairman

APPLICABILITY OF SERVICE

Applicable to all areas served by Logan County Public Service District.

AVAILABILITY OF SERVICE

Available for metered general, domestic, commercial and industrial service.

(A) Rates

First 2,000 gallons used per month	$6.43	per thousand gallons
Next 58,000 gallons used per month	6.16	per thousand gallons
Next 240,000 gallons used per month	4.52	per thousand gallons
Over 300,000 gallons used per month	2.33	per thousand gallons

(A) MINIMUM CHARGE

No bill will be rendered for less than the following amounts according to the size of the meter installed, to-wit:

5/8 Inch Meter	$	12.86 Per Month
3/4 Inch Meter		19.29 Per Month
1 Inch Meter		32.16 Per Month
1-1/4 Inch Meter		46.95 Per Month
1-1/2 Inch Meter		64.32 Per Month
2 Inch Meter		102.90 Per Month
3 Inch Meter		192.95 Per Month
4 Inch Meter		321.58 Per Month
6 Inch Meter		643.16 Per Month
8 Inch Meter		1,029.05 Per Month

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 is not interest and is to collected only once for each bill where it is appropriate.

RECONNECTION FEES

Service shall not be restored until all amounts in arrears, including penalties, plus the reconnection fee of Ten Dollars ($10) have been paid.

(A) Indicates Advance

(C) SERVICE CONNECTION CHARGE (Tap Fees)

$150.00. It shall be the responsibility of the customer to provide connection of their private service line to the meter setting.

RETURNED CHECKS FOR INSUFFICIENT FUNDS

If a check received is returned by the bank for any reason, the bank's charge to the Logan County PSD shall be the District's charge to the customer for such a bad check, but such charge to the customer shall not exceed $15.00.

AVAILABILITY OF SERVICE

Available for private fire protection service.

RATE

Where connections, hydrants, sprinklers, etc., on property are maintained by consumer:

	PER ANNUM
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4-inch service line with hydrants, sprinklers, and/or hose connections	$ 196.39
6-inch service line with hydrants, sprinklers, and/or hose connections	$ 497.65
8-inch service line with hydrants, sprinklers, and/or hose connections	$ 816.07
10-inch service line with hydrants, sprinklers, and/or hose connections	$1,447.50
12-inch service line with hydrants, sprinklers, and/or hose connections	$2,028.25

(N) INCREMENTAL COST OF WATER PURCHASED AND PRODUCED

$1.64 M Gal. To be used to bill water for customer leaks beyond historical average usage.

(C) Indicates Change
(N) Indicates New

LOGAN COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS (ENALOC PROJECT - WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), SERIES 1999 D

BOND RESOLUTION

Table of Contents

Page

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS
Section 1.01. Definitions 1
Section 1.02. Authority for this Resolution 9
Section 1.03. Findings 9
Section 1.04. Resolution Constitutes Contract 11

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT
Section 2.01. Authorization of Acquisition and Construction of the Project 12

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT
Section 3.01. Authorization of Bonds 13
Section 3.02. Terms of Bonds 13
Section 3.03. Execution of Bonds 14
Section 3.04. Authentication and Registration 14
Section 3.05. Negotiability, Transfer and Registration 14
Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost 15
Section 3.07. Bonds not to be Indebtedness of the Issuer 15
Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds 15
Section 3.09. Form of Bonds 16
Section 3.10. Sale of Bonds; Authorization and Execution of Loan Agreement with Authority 25
Section 3.11. "Amended Schedule A" 25

ARTICLE IV

(Reserved) 26

ARTICLE V

SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank 27
Section 5.02. Establishment of Funds and Accounts with Commission 27
Section 5.03. System Revenues; Flow of Funds 27

ARTICLE VI

APPLICATION OF BONDS PROCEEDS

Section 6.01. Application of Bond Proceeds;
Pledge of Unexpended Bond Proceeds 32
Section 6.02. Disbursements from Bond Construction Trust Fund 32

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer 34
Section 7.02. Bonds not to be Indebtedness of the Issuer 34
Section 7.03. Bonds Secured by Pledge of Net Revenues;
Lien Position with respect to Prior Bonds 34
Section 7.04. Initial Schedule of Rates and Charges 34
Section 7.05. Sale of the System 34
Section 7.06. Issuance of Other Obligations Payable Out of
Revenues and General Covenant Against Encumbrances 35
Section 7.07. Parity Bonds 36
Section 7.08. Books; Records and Audit 38
Section 7.09. Rates 39
Section 7.10. Operating Budget and Monthly Financial Report 40
Section 7.11. No Competing Franchise 40
Section 7.12. Enforcement of Collections 41
Section 7.13. No Free Services 41
Section 7.14. Insurance and Construction Bonds 41
Section 7.15. Certificate of Consulting Engineers; Engineering Services 42
Section 7.16. Completion of Project; Permits and Orders 42
Section 7.17. Tax Covenants 42
Section 7.18. Statutory Mortgage Lien 43
Section 7.19. Compliance with Loan Agreement and Law 43
Section 7.20. PSC Order 44
Section 7.21. Contracts; Public Releases 44
Section 7.22. Securities Law Compliance 44

ARTICLE VIII

INVESTMENT OF FUNDS; NON-ARBITRAGE

Section 8.01. Investments 45
Section 8.02. Arbitrage and Tax Exemption 45
Section 8.03. Tax Certificate and Rebate 45

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default 47
Section 9.02. Remedies 47
Section 9.03. Appointment of Receiver 47

ARTICLE X

DEFEASANCE OF BONDS

Section 10.01. Defeasance of Bonds 49

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Resolution 50
Section 11.02. Resolution Constitutes Contract 50
Section 11.03. Severability of Invalid Provisions 50
Section 11.04. Headings, Etc. 50
Section 11.05. Conflicting Provisions Repealed; Prior Resolutions 50
Section 11.06. Covenant of Due Procedure, Etc. 50
Section 11.07. Effective Date 51

Exhibit A - Project Description

BOND RESOLUTION

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATER 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 $330,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS (ENALOC PROJECT - WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), SERIES 1999 D; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY 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. Definitions. The following terms shall have the following meanings herein unless the context expressly requires otherwise:

"Act" means, collectively, Chapter 16, Article 13A and Chapter 22C, Article 1 of the Code of West Virginia, 1931, as amended and in effect on the date of adoption of this Resolution.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 1999 D 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 other person duly elected as such by the Governing Body.

"Board" or "Governing Body" means the public service board of the Issuer and shall include the membership of the Board as may hereafter be duly constituted as the legal successors to the present membership or any other authority vested with and authorized to exercise the powers of the Issuer.

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

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

"Bonds" means, collectively, the Series 1999 D Bonds, the Prior Bonds and any additional Parity Bonds hereafter issued within the terms, restrictions and conditions contained in this Resolution or another resolution.

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

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 1999 D Bonds in substantially the form set forth in Section 3.09 hereof.

"Chairperson" means the Chairperson of the Governing Body of the Issuer or any temporary Acting Chairperson duly appointed by the Governing Body.

"Closing Date" means the date upon which there is an exchange of the Series 1999 D Bonds for the proceeds representing the purchase price of the Series 1999 D Bonds from the Authority.

"Code" means the Internal Revenue Code of 1986, as amended, including the rules and regulations promulgated pursuant thereto or any predecessors or successors thereto.

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

"Consulting Engineers" means the Managing Engineer of the Issuer, or any engineer or firm of engineers, licensed by the State, which shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System in accordance with Chapter 5G, Article 1 of the Code of West Virginia, 1931, as amended.

"Costs" or "Costs of the Project" or any similar phrase means those costs described in Section 1.03 E hereof to be a part of the cost of acquisition and construction of the Project.

"Debt Service" means the scheduled amount of interest and amortization of principal payable on the Series 1999 D Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

"Depository Bank" means a bank or banks designated as such in the Supplemental Resolution and its successors and assigns.

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

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

"Government Obligations" means direct obligations of, or obligations the timely payment of the principal of and interest on which is guaranteed by, the United States of America, including (i) such obligations which have been stripped from their unmatured interest coupons, interest coupons stripped from such obligations and receipts or certificates evidencing payments from such obligations or interest coupons stripped from such obligations, (ii) evidences of ownership of a proportionate interest in specified direct obligations of, or specified obligations which are unconditionally and fully guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian and (iii) obligations, the sole source of the payment of the principal of and interest on which are obligations of the nature of those described in clause (i), which are irrevocably pledged for such purposes.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenues" does not

include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined) or any Tap Fees, as hereinafter defined.

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

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract or investment-type property or 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, excluding, however, obligations the interest on which is excluded from gross income under Section 103 of the Code for federal income tax purposes, other than specified private activity bonds as defined in Section 57(a)(5)(c) of the Code.

"Issuer" means Logan County Public Service District, a public service district, public corporation and political subdivision of the State in Logan County, West Virginia, and includes the Governing Body.

"Loan Agreement" means the Loan Agreement to be entered into between the Authority and the Issuer, providing for the purchase of the Series 1999 D Bonds from the Issuer by the Authority.

"Managing Engineer" means the Managing Engineer of the Issuer or any successor thereto.

"Net Proceeds" means the face amount of the Series 1999 D Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 1999 D Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Series 1999 D Bonds and is not acquired in order to carry out the governmental purpose of the Series 1999 D Bonds.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System, as hereinafter defined and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, Registrar and Paying Agent, 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, notices or other action by a specified percentage of Bondholders, any Bonds registered to the Issuer.

"Parity Bonds" means additional Parity Bonds issued under the provisions and within the limitations prescribed by Section 7.07 hereof.

"Paying Agent" means the Commission.

"Prior Bonds" means, collectively, the Issuer's (i) Water Revenue Bonds (Cow Creek Project), Series 1996 B, dated July 31, 1996, issued in the original aggregate principal amount of $1,780,000; (ii) Water Revenue Bonds (Whitman Creek Project), Series 1997 A, dated February 12, 1997, issued in the original aggregate principal amount of $1,000,000; (iii) Water Revenue Bonds (Harts Creek Project), Series 1997 B, dated March 25, 1997, issued in the original aggregate principal amount of $1,075,000; (iv) Water Revenue Bonds (Elk Creek/Spice Creek/Verner Project - West Virginia Infrastructure and Jobs Development Council), Series 1998 A, dated June 10, 1998, issued in the original aggregate principal amount of $815,000; (v) Water Revenue Bonds (Mill Creek Project - West Virginia Infrastructure and Jobs Development Council), Series 1999 A, dated April 21, 1999, issued in the original aggregate principal amount of $5,050,000; (vi) Water Refunding Revenue Bonds, Series 1999 B, dated June 3, 1999, issued in the original aggregate principal amount of $3,353,854; and (vii) Water Revenue Bonds (Crawley Creek/Chief Logan Project - West Virginia Infrastructure and Jobs Development Council), Series 1999 C, dated June 17, 1999, issued in the original aggregate principal amount of $3,205,000.

"Prior Resolutions" means, collectively, the resolutions of the Issuer authorizing the Prior Bonds adopted on July 30, 1996, February 6, 1997, March 20, 1997, May 28, 1998, April 8, 1999, May 27, 1999, and June 10, 1999.

"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 acquisition and construction of certain extensions, additions, betterments and improvements to the System, a description of which is attached hereto as Exhibit A and incorporated herein by reference.

"PSC" means the Public Service Commission of West Virginia and any successors to the functions thereof.

"PSC Order" means the final order of the PSC, approving the acquisition and construction of the Project and the financing thereof.

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

(a) Government Obligations;

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

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

(d) Time accounts, (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that such Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time account or must be

replaced or increased so that the market value thereof is always at least equal to the principal amount of said time account;

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

(f) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (d) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either 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 paid repurchase agreements, and provided further that the owner of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

(g) The "consolidated fund" (or any distinct portion thereof) managed by the West Virginia Investment Management Board pursuant to Article 6, Chapter 12 of the Code of West Virginia, 1931, as amended; and

(h) Advance-Refunded Municipal Bonds.

"Regulations" means the regulations promulgated under the Code.

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

"Reserve Accounts" means, collectively, the respective reserve accounts of the Series 1999 D Bonds and the Prior Bonds.

"Reserve Requirements" means, collectively, the respective reserve requirements of the Series 1999 D Bonds and the Prior Bonds.

"Resolution" means this Resolution, as amended or supplemented from time to time.

"Revenue Fund" means the Revenue Fund established by the Prior Resolutions and continued by Section 5.01 hereof.

1600 LAIDLEY TOWER
CHARLESTON, WEST VIRGINIA 25322
TELEPHONE 304-340-1000

300 FOXCROFT AVENUE
MARTINSBURG, WEST VIRGINIA 25402
TELEPHONE 304-263-8800

256 RUSSELL AVENUE
NEW MARTINSVILLE, WEST VIRGINIA 26155
TELEPHONE 304-455-1751

412 MARKET STREET
PARKERSBURG, WEST VIRGINIA 26101
TELEPHONE 304-424-3490

1144 MARKET STREET
WHEELING, WEST VIRGINIA 26003
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175 EAST MAIN STREET
LEXINGTON, KENTUCKY 40596
TELEPHONE 606-255-9500

2401 PENNSYLVANIA AVENUE N.W.
WASHINGTON, D.C. 20037
TELEPHONE 202-973-0200

MEMBER OF LEX MUNDI,
THE WORLD'S LEADING ASSOCIATION
OF INDEPENDENT LAW FIRMS.

January 31, 2000

Charles R. Roberts, Jr., P.E.
Managing Engineer
Logan County Public Service District
Suite 507, White & Browning Building
201½ Stratton Street
Logan, WV 25601

James A. Walker, Esquire
Suite 201, White & Browning Building
201½ Stratton Street
Logan, WV 25601

Mr. R. Witter Hallan
Executive Director
West Virginia Municipal Bond Commission
Suite 300, 812 Quarrier Street
Charleston, WV 25301

Mr. Daniel B. Yonkosky
Director
West Virginia Water Development Authority
180 Association Drive
Charleston, WV 25311-1571

Re: Logan County Public Service District Water Revenue Bonds
(Enaloc Project - West Virginia Water Development Authority),
Series 1999 D
J&K Reference No: 1210/321

Gentlemen:

I have prepared and enclosed a transcript of the closing documents for the above-captioned bond issue. Thank you for your assistance in this matter. Please call me if you have any questions.

Very truly yours,

Francesca Tan

Francesca Tan

FT/wf
Enclosure

M0312045.1

"Secretary" means the Secretary of the Governing Body of the Issuer.

"Series 1999 D Bonds" means the Water Revenue Bonds (Enaloc Project - West Virginia Water Development Authority), Series 1999 D, of the Issuer, authorized to be issued hereby.

"Series 1999 D Bonds Construction Trust Fund" means the Series 1999 D Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 1999 D Bonds Reserve Account" means the Series 1999 D Bonds Reserve Account established by Section 5.02 hereof.

"Series 1999 D Bonds Reserve Requirement" means as of any date of calculation the maximum amount of principal and interest which will become due on the Series 1999 D Bonds in the then current or any succeeding year.

"Series 1999 D Bonds Sinking Fund" means the Series 1999 D Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds of the Series 1999 D Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution of the Issuer amendatory hereof or supplemental hereto and when preceded by the article "the," refers specifically to the Supplemental Resolution authorizing the sale of the Series 1999 D Bonds; provided, that any provisions intended by this Resolution to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by this Resolution to be set aside and held for the payment of or security for the Series 1999 D Bonds and the Prior Bonds, including but not limited to the Renewal and Replacement Fund, the Reserve Accounts and the Sinking Funds.

"System" means the complete waterworks system of the Issuer, and any further improvements or extensions thereto hereafter constructed or acquired from any sources whatsoever, and includes the Project.

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

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

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

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

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

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

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

A. The Issuer is a public service district, public corporation and political subdivision of the State located in Logan, Lincoln, Wyoming and Mingo Counties, West Virginia and presently owns and operates a public waterworks system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that the Project be acquired and constructed.

B. The Issuer intends to permanently finance the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the Authority.

C. The estimated maximum cost of acquisition and construction of the Project is $330,000, which will be obtained from the Series 1999 D Bonds herein authorized.

D. The estimated revenues to be derived in each year after acquisition of the Project from the operation of the System will be sufficient to pay all Operating Expenses of the System, the principal of and interest on the Prior Bonds and the Series 1999 D Bonds and payments into all funds and accounts and other payments provided for herein and in the Prior Resolutions.

E. It is deemed necessary for the Issuer to issue the Series 1999 D Bonds in the aggregate principal amount of not more than $330,000, to permanently finance the cost of acquisition and construction of the Project. Such costs shall be deemed to include the cost of acquisition and construction of any public service properties, the cost of all property rights,

easements and franchises deemed necessary or convenient therefor; amounts which may be deposited in the Series 1999 D Bonds Reserve Account; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense, commitment fees, fees of the Authority, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 1999 D Bonds and such other expenses as may be necessary or incident to the financing herein authorized, the acquisition and construction of the Project and the placing of the same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 1999 D Bonds or the repayment of indebtedness, incurred by the Issuer for such purposes shall be deemed Costs of the Project.

F. The Series 1999 D Bonds shall be issued on a parity with the Prior Bonds as to liens, pledge and source of and security for payment and in all other respects. The Issuer has met the parity and coverage requirements of the Prior Bonds and the Prior Resolutions and has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature. Prior to the issuance of the Series 1999 D Bonds, the Issuer will obtain (i) a certificate of an Independent Certified Public Accountant stating that the parity tests of the Prior Bonds are met and (ii) the written consent of the Holders of the Series 1996 B Bonds, Series 1997 A Bonds, Series 1997 B Bonds, Series 1998 A Bonds, Series 1999 A Bonds and Series 1999 C Bonds to the issuance of the Series 1999 D Bonds on a parity with the lien of the Series 1996 B Bonds, Series 1997 A Bonds, Series 1997 B Bonds, Series 1998 A Bonds, Series 1999 A Bonds and Series 1999 C Bonds. The Issuer is not required to obtain the parity consent of the Holders of the Series 1999 B Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

G. The period of usefulness of the System after completion of the Project is not less than 20 years.

H. It is in the best interests of the Issuer that the Series 1999 D Bonds be sold to the Authority pursuant to the terms and provisions of the Loan Agreement.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement, relating to authorization of the acquisition, construction and operation of the Project and the System and the issuance of the Series 1999 D Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the approval of the Project and the financing thereof by the West Virginia Infrastructure and Jobs Development and Council (the "Council") and the obtaining of the PSC Order, the time for rehearing and

appeal of which has expired or will have been waived prior to the issuance of the Series 1999 D Bonds.

J. The Council has approved the Project.

Section 1.04. Resolution Constitutes Contract. In consideration of the acceptance of the Series 1999 D Bonds by those who shall be the Registered Owners of the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF 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 not to exceed $330,000. The proceeds of the Series 1999 D Bonds shall be applied as provided in Article VI hereof.

The Issuer has entered into an agreement for the acquisition and construction of the Project, which are in an amount and otherwise compatible with the plan of financing submitted to the Authority.

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 1999 D Bonds, funding a reserve account for the Series 1999 D Bonds, paying the Costs of the Project, and paying certain costs of issuance and related costs, or any of such purposes, as shall be specified in the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 1999 D Bonds of the Issuer. The Series 1999 D Bonds shall be issued as a single bond, designated "Water Revenue Bonds (Enaloc Project - West Virginia Water Development Authority), Series 1999 D," in the aggregate principal amount of not more than $330,000, and shall have such terms as are set forth hereinafter or in the Supplemental Resolution. The proceeds of the Series 1999 D Bonds remaining after funding of the Series 1999 D Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in the Series 1999 D 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. The Series 1999 D Bonds shall be issued in such principal amounts; shall bear interest at such rate or rates, not exceeding the then legal maximum rate, payable semiannually 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 Loan Agreement. The Series 1999 D 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 1999 D Bonds shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 1999 D Bonds shall be issued in the form of one bond, fully registered to the Authority, with a debt service schedule attached, representing the aggregate principal amount of the Series 1999 D Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 1999 D Bonds shall be exchangeable at the option and expense of the Holder for another fully registered Bond in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution. Such Bonds shall be dated and shall have such terms as set forth in the Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 1999 D 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 any of the Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 1999 D Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.09 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 Resolution. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 1999 D Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, and each successive Registered Owner in accepting any of said Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, and each successive Registered Owner shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

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

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

In all cases in which the privilege of exchanging the Bonds or transferring the Bonds is exercised, Bonds shall be delivered in accordance with the provisions of this Resolution. All Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obligated to make any such exchange or transfer of Bonds during the period commencing on the fifteenth day of the month preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 1999 D Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing proof of its ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be canceled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 1999 D Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No Holder or Holders of any of the Series 1999 D Bonds shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay the Series 1999 D Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to the Prior Bonds. The payment of the debt service on the Series 1999 D Bonds shall be secured by a first lien on the Net Revenues, on parity with the lien on the Net Revenues in favor of the holders of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 1999 D Bonds and the Prior

Bonds and to make payments into all funds and accounts hereinafter established and established in the Prior Resolutions, are hereby irrevocably pledged to such payments as the same become due.

Section 3.9. Form of Bonds. The text of the Series 1999 D Bonds shall be in substantially the following forms, 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 Bonds)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
LOGAN COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND (ENALOC PROJECT -
WEST VIRGINIA WATER DEVELOPMENT AUTHORITY),
SERIES 1999 D

No. DR-1 $_____

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, Mingo, Lincoln 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 ($_____), in annual installments on October 1 of each year, commencing October 1, _____, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A. The interest on this Bond shall be payable semiannually on April 1 and October 1 of each year, commencing _____1, _____, as set forth on Exhibit A attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority dated _____, _____.

This Bond is issued (i) to pay the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks system of the Issuer, the Project and any further improvements and extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 1of the Code of West Virginia, 1931, as amended (collectively, the "Act"), and a Resolution duly adopted by the Issuer on _____, 1999, and a Supplemental Resolution duly adopted by the Issuer on _____, 1999 (collectively, the "Resolution"), and is subject to all the terms and conditions thereof. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Resolution.

THIS BOND IS ISSUED ON A PARITY AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT WITH THE ISSUER'S (1) WATER REVENUE BONDS (COW CREEK PROJECT), SERIES 1996 B, DATED JULY 31, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,780,000; (2) WATER REVENUE BONDS (WHITMAN CREEK PROJECT), SERIES 1997 A, DATED FEBRUARY 12, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,000,000; (3) WATER REVENUE BONDS (HARTS CREEK PROJECT), SERIES 1997 B, DATED MARCH 25, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,075,000; (4) WATER REVENUE BONDS (ELK CREEK/SPICE CREEK/VERNER PROJECT - WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL), SERIES 1998 A, DATED JUNE 10, 1998, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $815,000; (5) WATER REVENUE BONDS (MILL CREEK PROJECT - WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL), SERIES 1999 A, DATED APRIL 21, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $5,050,000; (6) WATER REFUNDING REVENUE BONDS, SERIES 1999 B, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,353,854; AND (7) WATER REVENUE BONDS (CRAWLEY CREEK/CHIEF LOGAN PROJECT - WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL), SERIES 1999 C, DATED JUNE 17, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,205,000 (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Resolution) to be derived from the operation of the System, on a parity with the lien of the Prior Bonds, moneys in the Series 1999 D Bonds Reserve Account created under the Resolution for the Bonds and unexpended proceeds of the Bonds. Such Net Revenues shall

be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside in a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 1999 D Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Resolution, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount of principal of and interest on the Bonds payable in any year, and all other obligations on a parity with the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 1999 D Bonds Reserve Account, an amount equal to the maximum amount of principal and interest which will become due on the Bonds in any year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds, an amount equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owners of the Bonds for the terms of which reference is made to the Resolution. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof.

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

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

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 Resolution, shall be applied solely to payment of the Costs of the Project and the costs of issuance hereof described in the Resolution, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the Registered Owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and upon the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the 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 Resolution, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

[The remainder of this page intentionally left blank.]

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 _____, _____.

[SEAL]

_____
Chairperson

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1999 D Bonds described in the within-mentioned Resolution and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below.

Date: _____, _____.

_____, as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.10. Sale of Bonds; Authorization and Execution of Loan Agreement with Authority. The Series 1999 D Bonds shall be sold to the Authority pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairperson is specifically authorized and directed to execute the Loan Agreement and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, ratified and approved.

Section 3.11. "Amended Schedule A". Upon completion of acquisition and construction of the Project, the Issuer will file with the Authority a schedule in substantially the form of the "Amended Schedule A" in the application to the Authority, setting forth the actual Costs of the Project and sources of funds therefor.

ARTICLE IV

(Reserved)

ARTICLE V

SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created with (or continued if previously established by the Prior Resolutions) and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and from each other:

(1) Revenue Fund (established by Prior Resolutions);

(2) Renewal and Replacement Fund (established by Prior Resolutions);

(3) Series 1999 D Bonds Construction Trust Fund; and

(4) Rebate Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby established with and shall be held by the Commission:

(1) Series 1999 D Bonds Sinking Fund; and

(2) Series 1999 D 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 Resolution and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided.

(1) The Issuer shall first, each month, pay from the Revenue Fund the current Operating Expenses of the System.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission and the paying agent for the Series 1999 B Bonds (i) for deposit in the Series 1996 B Bonds Sinking Fund, the Series 1997 A Bonds Sinking Fund, the Series 1997 B Bonds Sinking Fund, the Series 1998 A Bonds Sinking Fund, the Series 1999 A Bonds Sinking Fund, the Series 1999 B Bonds Sinking Fund and the Series 1999 C Bonds Sinking Fund, the respective amounts required by the Prior Resolutions to pay interest, if any, on the Prior Bonds; and (ii) commencing 7 months prior to the first date of payment of interest on the Series 1999 D Bonds for which interest has not been capitalized, for deposit in the Series 1999 D Bonds Sinking Fund, an amount equal to 1/6th of the amount of interest which will become due on the Series 1999 D Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between

the date of such initial deposit in the Series 1999 D Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next semiannual interest payment date, the required amount of interest coming due on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission and the paying agent for the Series 1999 B Bonds (i) for deposit in the Series 1996 B Bonds Sinking Fund, the Series 1997 A Bonds Sinking Fund, the Series 1997 B Bonds Sinking Fund, the Series 1998 A Bonds Sinking Fund, the Series 1999 A Bonds Sinking Fund, the Series 1999 B Bonds Sinking Fund and the Series 1999 C Bonds Sinking Fund, the respective amounts required by the Prior Resolutions to pay principal of the Prior Bonds; and (ii) commencing 13 months prior to the first date of payment of principal of the Series 1999 D Bonds, for deposit in the Series 1999 D Bonds Sinking Fund, an amount equal to 1/12th of the amount of principal which will mature and become due on the Series 1999 D Bonds on the next ensuing annual principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1999 D Bonds Sinking Fund and the next annual principal payment date is less than 13 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission and the paying agent for the Series 1999 B Bonds (i) for deposit in the Series 1996 B Bonds Reserve Account, the Series 1997 A Bonds Reserve Account, the Series 1997 B Bonds Reserve Account, the Series 1998 A Bonds Reserve Account, the Series 1999 A Bonds Reserve Account, the Series 1999 B Bonds Reserve Account and the Series 1999 C Bonds Reserve Account, the respective amounts required by the Prior Resolutions; and (ii) commencing 13 months prior to the first date of payment of principal of the Series 1999 D Bonds, if not fully funded upon issuance of the Series 1999 D Bonds, for deposit in the Series 1999 D Bonds Reserve Account, an amount equal to 1/120th of the Series 1999 D Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 1999 D 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 1999 D Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month (as previously set forth in the Prior Resolutions and not in addition thereto), exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for

replacements, emergency repairs, improvements or extensions to the System; provided that, any deficiencies in any Reserve Account, except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof, shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the Series 1999 D Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 1999 D Bonds as the same shall become due. Moneys in the Series 1999 D Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 1999 D Bonds, as the same shall come due, when other moneys in the Series 1999 D Bonds Sinking Fund are insufficient therefor, and for no other purpose, except for transfers to the Rebate Fund permitted hereunder.

Except to the extent transferred to the Rebate Fund at the request of the Issuer, all investment earnings on moneys in the Series 1999 D Bonds Reserve Account (if equal to the Series 1999 D Bonds Reserve Requirement) shall be transferred, not less than once each year, to the Series 1999 D Bonds Construction Trust Fund prior to completion of the Project and thereafter to the Series 1999 D Bonds Sinking Fund.

Except with respect to transfers to the Rebate Fund permitted hereunder, any withdrawals from the Series 1999 D Bonds Reserve Account which result in a reduction in the balance of such account to below the Series 1999 D Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay any interest on such Parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in an amount equal to the maximum amount of principal and interest which will become due in any year for account of the Bonds of such series, including such Parity Bonds.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 1999 D Bonds and the Prior Bonds, in accordance with the respective principal amounts then outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 1999 D Bonds Sinking Fund and the Series 1999 D 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, the Issuer shall make the necessary arrangements whereby required payments into the Series

1999 D Bonds Sinking Fund and the Series 1999 D Bonds Reserve Account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates hereunder.

The payments into the Series 1999 D Bonds Sinking Fund and the Series 1999 D Bonds Reserve Account shall be made on the first day of each month (if such day is not a business day, then the next succeeding business day), and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Resolution.

Moneys in the Series 1999 D Bonds Sinking Fund and Series 1999 D Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

Except with respect to transfers to the Rebate Fund permitted hereunder, the Series 1999 D Bonds Sinking Fund and the Series 1999 D Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 1999 D Bonds Outstanding under the conditions and restrictions set forth herein.

B. 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.

C. 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 the charges and the fees then due. If required by the Authority, the Issuer shall make the necessary arrangements whereby payments to the Commission under this paragraph shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

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

E. 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 along with a copy of its payment check to the Authority by the 5th day of each calendar month.

F. If, on any monthly payment date, the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would

otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, that all deposits, including on account of deficiencies, shall be made in the order of priority set forth in Section 5.03A hereof, and no payment of lower priority shall be made if there exists a deficiency in a fund or account of higher priority. No such deficiency shall exist solely because the required payments into the Reserve Accounts have not, as of such date, funded such account to the requirement therefor.

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

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

I. All Tap Fees shall be deposited by the Issuer, as received, in the Series 1999 D Bonds Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and used for any lawful purpose 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 form the sale of the Series 1999 D Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1999 D Bonds, there shall first be deposited with the Commission in the Series 1999 D 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 1999 D Bonds for the period commencing on the date of issuance of the Series 1999 D Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 1999 D Bonds, there shall be deposited with the Commission in the Series 1999 D Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 1999 D Bonds Reserve Account.

C. Next, from the proceeds of the Series 1999 D Bonds, there shall first be credited to the Series 1999 D Bonds Construction Trust Fund and then paid, any and all other borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project and any borrowings by the Issuer from the Authority, including interest accrued thereon to the date of such payment, not otherwise paid from funds of the Issuer.

D. The remaining moneys derived from the sale of the Series 1999 D Bonds shall be deposited with the Depository Bank in the Series 1999 D Bonds Construction Trust Fund and applied solely to payment of the Costs of the Project in the manner set forth in Section 6.02 hereof.

E. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Series 1999 D Bonds Construction Trust Fund and shall comply with all requirements with respect to the disposition of such fund set forth in this Resolution. Except with respect to any transfers to the Rebate Fund permitted hereunder, moneys in the Series 1999 D Bonds Construction Trust Fund shall be used solely to pay the Costs of the Project and until so transferred or expended, are hereby pledged as additional security for the Series 1999 D Bonds.

F. After completion of acquisition and construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 1999 D Bonds shall be used as directed by the Authority.

Section 6.02. Disbursements from Bond Construction Trust Fund. Payments for the Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 1999 D Bonds Construction Trust Fund (except for the costs of issuance of the Series 1999 D

Bonds which shall be made upon request of the Issuer), shall be made only after submission to the Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

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

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

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

The Depository Bank shall not be required to monitor the application of disbursements from the Series 1999 D Bonds Construction Trust Fund.

Pending such application, moneys in the Series1999 D Bonds Construction Trust Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Resolution shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 1999 D Bonds. In addition to the other covenants, agreements and provisions of this Resolution, the Issuer hereby covenants and agrees with the Holders of the Series 1999 D 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 1999 D Bonds, or the interest thereon, is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 1999 D Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Resolution. No Holder or Holders of any Bonds, shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay said Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 1999 D Bonds shall be secured by a first lien on the Net Revenues on a parity with the lien on the Net Revenues in favor of the holders of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 1999 D Bonds and to make the payments into all funds and accounts and all other payments provided for in this Resolution and the Prior Resolutions are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Prior Bonds and the Series 1999 D Bonds as the same become due, and for the other purposes provided in this Resolution and the Prior Resolutions.

Section 7.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved in the PSC Order and such rates are hereby adopted.

In the event the schedule of rates and charges initially established for the System in connection with the Series 1999 D Bonds shall prove to be insufficient to produce the amounts required by this Resolution 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 and charges so as to provide funds sufficient to produce the amounts required by this Resolution and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are Outstanding, the System may not be sold, transferred, mortgaged, leased or otherwise disposed of, except in accordance with the terms of the Prior Resolutions. So long as the Series 1999 D Bonds are Outstanding and except as otherwise required by law or with the written consent of the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of, except as

a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay or redeem at or prior to maturity all the Bonds Outstanding, or to effectively defease this Resolution in accordance with Section 10.01 hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall be immediately remitted to the Commission for deposit in the Sinking Funds, and the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest on the Bonds. Any balance remaining after the redemption or payment of all the Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, in writing, determine upon consultation with the 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 upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall, upon receipt of approval of the Registered Owners, if needed, be remitted by the Issuer to the Commission for deposit in the appropriate Sinking Funds and shall be applied only to the purchase or redemption of Bonds of the last maturities then Outstanding at prices not greater than the applicable redemption price, or, if not redeemable at par then to the Renewal and Replacement Fund. The payment of such proceeds into the Sinking Funds or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Resolution. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay or redeem prior to maturity all Bonds then Outstanding without the prior approval and consent in writing of the 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. So long as the Series 1999 D Bonds are Outstanding, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security

for payment from such revenues with the Series 1999 D Bonds; provided, however, that Parity Bonds may be issued as provided for in Section 7.07 hereof and in the Prior Resolutions (so long as the Prior Bonds are Outstanding). All obligations hereafter issued by the Issuer payable from the revenues of the System, except such Parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 1999 D Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein and in the Prior Resolutions have been made and are current at the time of issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the liens of the Series 1999 D Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 1999 D Bonds and the interest thereon in this Resolution, or upon the System or any part thereof.

The Issuer shall give the Authority 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 for the System or any other obligations related to the Project or the System.

Section 7.07. Parity Bonds. So long as the Prior Bonds are Outstanding, no Parity Bonds shall be issued except in accordance with the terms of the Prior Resolutions. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of any Bonds pursuant to this Resolution, except under the conditions and in the manner provided herein and with the prior written consent of the Authority.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1999 D Bonds.

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

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, based upon the necessary investigation and certification by the Managing Engineer, 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 three succeeding years after the completion of the improvements to be financed by such Parity Bonds, 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 on the following:

(1) The Bonds then Outstanding, including, without limitation, the Prior Bonds;

(2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Resolution then Outstanding; and

(3) The Parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the three 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 the improvements to be financed by such Parity Bonds and 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 delivery of such Parity Bonds, including the revenues from new customers to be served, and shall not exceed the amount to be stated in a certificate of the Managing Engineer, 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 Managing Engineer and the Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Managing Engineer and Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer and approved by the PSC, the period for appeal of which has expired prior to issuance of such Parity Bonds.

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Outstanding Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 1999 D Bonds.

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

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority and its duly authorized agents and representatives to inspect all books, documents, papers and records relating to the Project and the System at any and all reasonable times for the purpose of audit and examination, and the Issuer shall submit to the Authority such documents and information as it may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any State and federal grants or other sources of financing for the Project.

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

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

The accounting system for the System shall follow current generally accepted accounting principles in accordance with the rules and regulations of the PSC and the Act. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner 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 Authority and shall mail in each year to any Holder or Holders of Bonds requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular, or any successor thereof, and the Single Audit Act, or any successor thereof, to the extent legally required, and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of Bonds and shall submit said report to the Authority, or any other original purchaser of the Bonds. Such audit report submitted to the Authority shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Resolution and that the Issuer's revenues are adequate to meet the Operating Expenses and debt service and reserve requirements.

Subject to the terms, conditions and provisions of the Loan Agreement and the Act, the Issuer has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared by the Consulting Engineers. All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

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

Section 7.09. Rates. Prior to issuance of the Series 1999 D Bonds, approvals of equitable rates or charges for the use of and service rendered by the System have been obtained 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 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 Series 1999 D Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 1999 D Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the Reserve Requirement are on deposit respectively in the Series 1999 D Bonds Reserve Account and the Reserve Accounts for obligations on a parity with the Series 1999 D Bonds, including the

Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Series 1999 D Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 1999 D Bonds.

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 Authority within thirty days of the adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the 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 Authority and to any Holder of any Bonds who shall file his address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for two years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement, and forward a copy of such report to the Authority by the 10th day of each month.

Section 7.11. 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 7.12. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the PSC and other laws of the State.

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 to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

Section 7.13. 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. Such charges shall be paid as they accrue and the Issuer shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.14. Insurance and Construction Bonds. The Issuer will carry such insurance and in such amounts as is customarily carried with respect to works and properties similar to the System, with a reputable insurance carrier or carriers, against loss or damage by fire, explosion, hurricane, earthquake, cyclone, occupancy or other hazards and risks. The Issuer will require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority. Until the Project facilities are completed and accepted by Issuer, the Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) on a 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 prime contractor and all subcontractors, as their interests may appear, in accordance with the Loan Agreement. The Issuer shall require that each contractor 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. In time of war, the Issuer shall also carry in said amount such insurance as may be available against loss or damage by the risks and hazards of war. The proceeds of all such insurance policies shall be disposed of as provided in this Resolution and otherwise shall be placed in the Renewal and Replacement Fund and used only for the repair and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund. The Issuer will also carry liability insurance for damage or injury to persons or property in amounts adequate for such purposes and customarily carried with respect to works and properties similar to the System. The Issuer shall carry such other insurance as is required by the Authority, including but not limited to flood insurance in accordance with the Loan Agreement, to the extent available at reasonable cost to the Issuer. Prior to commencing operation of the Project, the Issuer must also obtain,

and maintain so long as any of the Local Bonds is outstanding, business interruption insurance if available at a reasonable cost.

Section 7.15. Certificate of Consulting Engineers; Engineering Services. The Issuer shall obtain a certificate of the Consulting Engineer in the form attached to the Loan Agreement, certifying that the Project has been designed as provided in the application to the Authority and will be constructed in accordance with the approved plans, specifications and designs, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

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

The Issuer shall employ qualified operating personnel properly certified by the State to operate the System during the entire term of the Loan Agreement.

Section 7.16. Completion of Project; Permits and Orders. The Issuer hereby covenants and agrees to 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 applicable laws, rules and regulations issued by the Authority or other State, federal or local bodies in regard to the construction of the Project and operation, maintenance and use of the System.

The Issuer will obtain all permits and approvals required by State and federal laws for the acquisition and construction of the Project and all orders and approvals from the PSC necessary for the acquisition and construction of the Project and the operation of the System with the appeal periods having expired without successful appeal.

Section 7.17. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 1999 D Bonds are used for Private Business Use if , in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 1999 D Bonds during the term thereof is, under the terms of the Series 1999 D Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net

Proceeds of the Series 1999 D Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 1999 D Bonds during the term thereof is, under the terms of the Series 1999 D Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 1999 D Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 1999 D Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of the portion of the Project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Series 1999 D Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 1999 D Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will timely file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 1999 D Bonds and the interest thereon including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 1999 D Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.18. Statutory Mortgage Lien. For the further protection of the Holders of the Series 1999 D Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, and shall take effect immediately upon delivery of the Series 1999 D Bonds; provided however, that the statutory mortgage lien of the Series 1999 D Bonds shall be on a parity with the statutory mortgage lien of the Prior Bonds.

Section 7.19. Compliance with Loan Agreement and Law. The Issuer hereby covenants and agrees to comply with all terms and conditions of the Loan Agreement and the Act and to comply with all applicable laws, rules and regulations issued by the Authority 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 7.20. PSC Order. The Issuer shall comply with the conditions of the PSC Order and any supplement or amendment thereto.

Section 7.21. Contracts; Public Releases. The Issuer shall, simultaneously with the delivery of the Series 1999 D Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

The Issuer shall list the funding provided by the Authority 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.

Section 7.22. Securities Law Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

ARTICLE VIII

INVESTMENT OF FUNDS; NON-ARBITRAGE

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this Resolution, other than the Revenue Fund, shall be invested and reinvested by the Commission, the Depository Bank or such other bank or national banking association holding such fund or account, as the case may be, at the direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Resolution, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 8.01.

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once a year, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records relating thereto so long as the Series 1999 D Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest on the Series 1999 D Bonds from gross income for federal income tax purposes.

Section 8.02. Arbitrage and Tax Exemption. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 1999 D Bonds which would cause the Series 1999 D Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take any and all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 1999 D Bonds) so that the interest on the Series 1999 D Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Tax Certificate and Rebate. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax

matters as a condition to issuance of the Series 1999 D Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 1999 D Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and the Regulations, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and shall be used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and the Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to by used for any lawful purpose of the System. the Issuer shall remit payments to the United States at the time and at the address prescribed by the Regulations as the same may be from time to time in effect with such reports and statements as may be prescribed by the Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. In addition, the Issuer shall cooperate with the Authority in preparing rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer. The Issuer may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer may deem appropriate in order to assure compliance with this Section 8.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 8.03 in accordance with the requirements of Section 148(f) of the Code and the Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay the required rebate amount and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Series 1999 D Bonds from gross income for federal income tax purposes.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation and certificate with respect thereto or, if the Issuer qualifies for the small governmental issue exception to rebate, or any other exception thereto, then the Issuer shall submit to the Authority a certificate stating that it is exempt from such rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Series 1999 D Bonds subject to rebate. The Issuer shall also furnish to the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority including information with respect to earnings on all funds constituting "gross proceeds" of the Series 1999 D Bonds (as such term "gross proceeds" is defined in the Code).

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 1999 D Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on the Series 1999 D 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 1999 D Bonds set forth in this Resolution, any Supplemental Resolution or in the Series 1999 D Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Bond Registrar, any Paying Agent or a Holder of a Bond; or

(3) If a default occurs under the Prior Resolutions or the Prior Bonds; or

(4) 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 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, the Loan Agreement and this Resolution relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action at law or bill in equity enjoin any acts in violation of the Resolution with respect to the Bonds, or the rights of such Registered Owners, provided however, that all rights and remedies of the Registered Owners of the Series 1999 D Bonds shall be on a parity with those of the Registered Owners of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under this Resolution and the Act, including, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to the 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, or both, on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Resolution and the Act.

The receiver so appointed shall forthwith, directly or by his agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold, operate and maintain, manage and control such facilities, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to said facilities as the Issuer itself might do.

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

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

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

ARTICLE X

DEFEASANCE OF BONDS

Section 10.01. Defeasance of Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of the Series 1999 D Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, then the pledge of Net Revenues and other moneys and securities pledged under this Resolution and all covenants, agreements and other obligations of the Issuer to the Registered Owners of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 1999 D Bonds from gross income for federal income tax purposes.

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

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Resolution. No material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 1999 D Bonds shall be made without the consent in writing of the Registered Owners of the Series 1999 D Bonds then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the Net Revenues 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 the Series 1999 D Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Resolution may be amended without the consent of any Registered Owner as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest on the Series 1999 D Bonds from gross income of the Registered Owners thereof.

Section 11.02. Resolution Constitutes Contract. The provisions of this Resolution shall constitute a contract between the Issuer and the Registered Owners of the Series 1999 D Bonds and no change, variation or alteration of any kind of the provisions of this Resolution shall be made in any manner, except as in this Resolution provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution and the Series 1999 D Bonds.

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

Section 11.05. Conflicting Provisions Repealed; Prior Resolutions. Except for the Prior Resolutions, all orders or resolutions and parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed; provided that, in the event of any conflict between this Resolution and the Prior Resolutions, the Prior Resolutions shall control (unless less restrictive), so long as the Prior Bonds are Outstanding.

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

any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

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

Adopted this 14th day of December, 1999.

LOGAN COUNTY PUBLIC SERVICE DISTRICT

Chairperson

Member

Member

CERTIFICATION

Certified as a true copy of a Resolution duly adopted by the Public Service Board of Logan County Public Service District on the 14th day of December, 1999.

Dated this14th day of December, 1999.

[SEAL]

Mike Stone
Secretary

12/03/99
001210/00321

EXHIBIT A

PROJECT DESCRIPTION

The Project consists of the acquisition of the distribution system of Enaloc Water Corporation and the connections thereof.

LOGAN COUNTY PUBLIC SERVICE DISTRICT WATER REVENUE BONDS (ENALOC PROJECT - WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), SERIES 1999 D

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 WATER REVENUE BONDS (ENALOC PROJECT - WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), SERIES 1999 D; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; APPROVING THE LOAN AGREEMENT WITH RESPECT TO THE BONDS; APPROVING THE AGREEMENT OF SALE BETWEEN THE DISTRICT AND ENALOC WATER CORPORATION 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 14, 1999 (the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATER 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 $330,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS (ENALOC PROJECT - WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), SERIES 1999 D; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Resolution when used herein;

WHEREAS, the Resolution provides for the issuance of the Water Revenue Bonds (Enaloc Project - West Virginia Water Development Authority), Series 1999 D, of the Issuer, in an aggregate principal amount not to exceed $330,000 (the "Bonds"), and has authorized the execution and delivery of a loan agreement relating to the Bonds, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), all in accordance with Chapter 16, Article 13A and Chapter 22C, Article 1 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 herein provided for;

WHEREAS, the Loan Agreement has been presented to the Issuer at this meeting;

WHEREAS, the Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement;

WHEREAS, the Governing Body deems it essential and desirable that this resolution (the "Supplemental Resolution") be adopted, that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds be fixed hereby in the manner stated herein; that the Loan Agreement and the Agreement of Sale (hereinafter defined) be approved; and that other matters relating to the Bonds be herein provided for; and

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 Bonds, of the Issuer, originally represented by a single bond, numbered DR-1, in the original aggregate principal amount of $330,000. The Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2019, and shall bear interest at a rate of 5.8% per annum, payable semiannually on April 1 and October 1 of each year, beginning April 1, 2000. The principal of the Bonds shall be payable annually on October 1 of each year, commencing October 1, 2001, and ending October 1, 2019, in the amounts set forth in "Schedule X" attached to the Loan Agreement and incorporated in and made a part of the Bonds. The Bonds shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and

redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the Registered Owner of the Bonds.

Section 2. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the form provided in the Resolution.

Section 3. The Issuer hereby ratifies, approves and accepts the Loan Agreement, including all schedules and exhibits attached thereto, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Chairperson and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the Application to the Authority. The price of the Bonds shall be 100 % of par value, there being no interest accrued thereon.

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 Bonds 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, approved and directed.

Section 5. The Issuer hereby appoints and designates the West Virginia Municipal Bond Commission (the "Commission"), Charleston, West Virginia, to serve as Paying Agent for the 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 1999 D Bonds Construction Trust Fund, the Renewal and Replacement Fund and the Rebate Fund.

Section 8. Proceeds of the Bonds in the amount of $-0- shall be deposited in the Series 1999 D Bonds Sinking Fund, as capitalized interest.

Section 9. Proceeds of the Bonds in the amount of $-0- shall be deposited in the Series 1999 D Bonds Reserve Account.

Section 10. The balance of the proceeds of the Bonds shall be deposited in the Series 1999 D Bonds Construction Trust Fund for payment of the costs of the Project and the costs of issuance of the Bonds and related costs.

Adopted this 14th day of December, 1999.

LOGAN COUNTY PUBLIC SERVICE DISTRICT

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 14th day of December, 1999.

Dated this 14th day of December, 1999.

[SEAL]

Mike Stone
Secretary

12/09/99
001210/00321

LOGAN COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS (ENALOC PROJECT - WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), SERIES 1999 D

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 14th day of December, 1999, in Logan, West Virginia, at the hour of 10:00 a.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 CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATER 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 $330,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS (ENALOC PROJECT - WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), SERIES 1999 D; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, 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 WATER REVENUE BONDS (ENALOC PROJECT - WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), SERIES 1999 D; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; APPROVING THE LOAN AGREEMENT WITH RESPECT TO THE BONDS; APPROVING THE AGREEMENT OF SALE BETWEEN THE DISTRICT AND ENALOC WATER CORPORATION AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, 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

Mike Stone
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 14th day of December, 1999.

Mike Stone
Secretary

12/03/99
001210/00321

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 dates:

November 3, 1999

Given under my hand this 5th day of November, 1999

Rhonda Maynard
CLASSIFIED MANAGER

State of West Virginia
County of Logan, to-wit:

Subscribed and sworn before me this 5th day of November, 1999

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
BARBARA J. SMITH
P. O. BOX 142
MAN, WV 25635
My Commission Expires January 7, 2007

Barbara J. Smith
NOTARY PUBLIC

Cost of Publication: $91.99

COPY OF PUBLICATION

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA
CHARLESTON
CASE NO. 99-0969-PWD-PC

LOGAN COUNTY PUBLIC SERVICE DISTRICT, a public utility, and ENALOC WATER CORPORATION, a utility.

Petition for consent and approval of the purchase of Enaloc Water Corporation by Logan County Public Service District.

NOTICE OF ACQUISITION OF ENALOC WATER CORPORATION

On July 9, 1999, the Logan county Public Service District (District) and the Enaloc Water Corporation (Enaloc) filed a petition with the Commission seeking the Commission's consent and approval for the District to purchase the distribution system assets and customers of the Enaloc Water Corporation, pursuant to West Virginia Code §24-2-12. The purchase price for the acquisition is $300,000, plus an amount equal to the accounts receivable. The District intends to finance the project through a West Virginia Water Development Authority loan in the amount of $330,000, for a period not to exceed twenty (20) years at interest rate not to exceed 5.6%. The present customers of the Enaloc Water Corporation will be charged the District's water rates after the acquisition.

Enaloc customers who use an average of 4,500 gallons per month will see a decrease in the monthly bill of approximately $3.33. Customers who use in excess of approximately 11,000 gallons per month will see a rate increase.

LOGAN COUNTY PUBLIC SERVICE DISTRICT RATES

RATES

First 2,000 gallons used per month $6.43 per 1,000 gallons

Next 58,000 gallons used per month $6.18 per 1,000 gallons

Next 240,000 gallons used per month $4.52 per 1,000 gallons

Over 300,000 gallons used per month $2.33 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than the following amounts according to the size of the meter installed, to-wit:

5/8 inch meter
$12.86 per month
3/4 inch meter
$19.29 per month
1 inch meter
$32.16 per month
1-1/4 inch meter
$46.95 per month
1-1/2 inch meter
$64.32 per month
2 inch meter
$102.90 per month
3 inch meter
$192.95 per month
4 inch meter
$321.58 per month
6 inch meter
$643.16 per month
8 inch meter
$1,029.05 per month

SERVICE CONNECTION CHARGE (TAP FEE)

$150.00. It shall be the responsibility of the customer to provide connection of their private service line to the meter setting.

RETURNED CHECKS FOR INSUFFICIENT FUNDS

If a check received is returned by the bank for any reason, the bank's charge to the Logan County PSD shall be the the District's charge to the customer for such a bad check, but such charge to the customer shall not exceed $15.00.

INCREMENTAL COST OF WATER PURCHASED AND PRODUCED

$1.64 M Gal. To be used to bill water for customer leaks beyond historical average usage.

ENALOC WATER CORPORATION RATES

RATES

First 2,000 gallons used per month $8.12 per 1,000 gallons

Next 3,000 gallons used per month $8.12 per 1,000 gallons

Next 5,000 gallons used per month $5.78 per 1,000 gallons

Next 40,000 gallons used per month $4.15 per 1,000 gallons

Over 50,000 gallons used per month $3.79 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than the following amounts according to the size of the meter installed, to-wit:

5/8 inch meter
$16.24 per month
3/4 inch meter
$24.36 per month
1 inch meter
$40.60 per month
1-1/4 inch meter
$59.26 per month
1-12 inch meter
$81.21 per month
2 inch meter
$129.93 per month
3 inch meter
$243.62 per month
4 inch meter
$406.04 per month
6 inch meter
$812.08 per month

INCREMENTAL COST OF WATER PRODUCED

$0.78 M Gal. 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 customer's historical average usage.

Any person affected by this acquisition has the right to protest or to be heard as to why the acquisition should not be allowed. Anyone desiring to protest the acquisition must do so, in writing, within ten (10) days after the publication of this notice. All protests should be addressed to the Executive Secretary's Office, Public Service Commission of West Virginia, P. O. Box 812, Charleston, West Virginia 25323.

Anyone desiring a hearing in this matter must demand a hearing in the letter of protest. If no significant protest is filed, the Commission may approve the acquisition without a hearing.

LOGAN PUBLIC SERVICE DISTRICT and ENALOC WATER CORPORATION

NUMBER
DR-1

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
LOGAN COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND (ENALOC PROJECT -
WEST VIRGINIA WATER DEVELOPMENT AUTHORITY),
SERIES 1999 D

"SPECIMEN"

No. DR-1 $330,000

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, Mingo, Lincoln 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 THREE HUNDRED THIRTY THOUSAND DOLLARS ($330,000), in annual installments on October 1 of each year, commencing October 1, 2001, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A. The interest on this Bond shall be payable semiannually on April 1 and October 1 of each year, commencing April 1, 2000, as set forth on Exhibit A attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority dated December 14, 1999.

This Bond is issued (i) to pay the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks system of the Issuer, the Project and any further improvements and extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 1of the Code of West Virginia, 1931, as amended (collectively, the "Act"), and a Resolution duly adopted by the Issuer on December 14, 1999, and a Supplemental Resolution duly adopted by the Issuer on December 14, 1999 (collectively, the "Resolution"), and is subject to all the terms and conditions thereof. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Resolution.

SPECIMEN

THIS BOND IS ISSUED ON A PARITY AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT WITH THE ISSUER'S (1) WATER REVENUE BONDS (COW CREEK PROJECT), SERIES 1996 B, DATED JULY 31, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,780,000; (2) WATER REVENUE BONDS (WHITMAN CREEK PROJECT), SERIES 1997 A, DATED FEBRUARY 12, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,000,000; (3) WATER REVENUE BONDS (HARTS CREEK PROJECT), SERIES 1997 B, DATED MARCH 25, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,075,000; (4) WATER REVENUE BONDS (ELK CREEK/SPICE CREEK/VERNER PROJECT - WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL), SERIES 1998 A, DATED JUNE 10, 1998, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $815,000; (5) WATER REVENUE BONDS (MILL CREEK PROJECT - WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL), SERIES 1999 A, DATED APRIL 21, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $5,050,000; (6) WATER REFUNDING REVENUE BONDS, SERIES 1999 B, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,353,854; AND (7) WATER REVENUE BONDS (CRAWLEY CREEK/CHIEF LOGAN PROJECT - WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL), SERIES 1999 C, DATED JUNE 17, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,205,000 (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Resolution) to be derived from the operation of the System, on a parity with the lien of the Prior Bonds, moneys in the Series 1999 D Bonds Reserve Account created under the Resolution for the Bonds and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside in a special fund hereby pledged for such purpose. This

Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 1999 D Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Resolution, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount of principal of and interest on the Bonds payable in any year, and all other obligations on a parity with the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 1999 D Bonds Reserve Account, an amount equal to the maximum amount of principal and interest which will become due on the Bonds in any year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds, an amount equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owners of the Bonds for the terms of which reference is made to the Resolution. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof.

SPECIMEN

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and upon the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the 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 Resolution, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

[The remainder of this page intentionally left blank.]

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 14, 1999.

[SEAL]

SPECIMEN

Chairperson

ATTEST:

Mike Stone

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1999 D Bonds described in the within-mentioned Resolution and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below.

Date: December 14, 1999.

BANK ONE, WEST VIRGINIA,
NATIONAL ASSOCIATION, as Registrar

SPECIMEN

By _____
Its Authorized Officer

NUMBER
DR-1
EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

Logan County Public Service District (West Virginia)

WDA Supplemental Fund Loan of $330,000
20 Years, 5.80% Interest Rate
Closing Date: December 14, 1999

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
4/01/2000	-	-	5,688.83	5,688.83
10/01/2000	-	-	9,570.00	9,570.00
4/01/2001	-	-	9,570.00	9,570.00
10/01/2001	9,974.00	5.800%	9,570.00	19,544.00
4/01/2002	-	-	9,280.75	9,280.75
10/01/2002	10,553.00	5.800%	9,280.75	19,833.75
4/01/2003	-	-	8,974.72	8,974.72
10/01/2003	11,165.00	5.800%	8,974.72	20,139.72
4/01/2004	-	-	8,650.93	8,650.93
10/01/2004	11,812.00	5.800%	8,650.93	20,462.93
4/01/2005	-		8,308.38	8,308.38
10/01/2005	12,497.00	5.800%	8,308.38	20,805.38
4/01/2006	-	-	7,945.97	7,945.97
10/01/2006	13,222.00	5.800%	7,945.97	21,167.97
4/01/2007	-	-	7,562.53	7,562.53
10/01/2007	13,989.00	5.800%	7,562.53	21,551.53
4/01/2008	-	-	7,156.85	7,156.85
10/01/2008	14,801.00	5.800%	7,156.85	21,957.85
4/01/2009	-	-	6,727.62	6,727.62
10/01/2009	15,659.00	5.800%	6,727.62	22,386.62
4/01/2010	-	-	6,273.51	6,273.51
10/01/2010	16,567.00	5.800%	6,273.51	22,840.51
4/01/2011	-	-	5,793.07	5,793.07
10/01/2011	17,528.00	5.800%	5,793.07	23,321.07
4/01/2012	-	-	5,284.76	5,284.76
10/01/2012	18,545.00	5.800%	5,284.76	23,829.76
4/01/2013	-	-	4,746.95	4,746.95
10/01/2013	19,620.00	5.800%	4,746.95	24,366.95
4/01/2014	-	-	4,177.97	4,177.97
10/01/2014	20,758.00	5.800%	4,177.97	24,935.97
4/01/2015	-	-	3,575.99	3,575.99
10/01/2015	21,962.00	5.800%	3,575.99	25,537.99
4/01/2016	-	-	2,939.09	2,939.09
10/01/2016	23,236.00	5.800%	2,939.09	26,175.09
4/01/2017	-	-	2,265.25	2,265.25
10/01/2017	24,584.00	5.800%	2,265.25	26,849.25
4/01/2018	-	-	1,552.31	1,552.31
10/01/2018	26,010.00	5.800%	1,552.31	27,562.31
4/01/2019	-	-	798.02	798.02
10/01/2019	27,518.00	5.800%	798.02	28,316.02
Total	**330,000.00**	-	**238,428.17**	**568,428.17**

SPECIMEN

ASSIGNMENT

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

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

Dated: _____, _____.

SPECIMEN

_____

In the presence of:

_____

State of West Virginia
WATER DEVELOPMENT AUTHORITY

180 Association Drive
Charleston WV 25311-1571

Telephone (304) 558-3612
Telecopier (304) 558-0299

LOGAN COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS (ENALOC PROJECT -
WEST VIRGINIA WATER DEVELOPMENT AUTHORITY),
SERIES 1999 D

CONSENT TO ISSUANCE OF PARITY BONDS

The undersigned duly authorized representative of the West Virginia Water Development Authority, the registered owner of the entire outstanding aggregate principal amount of the Prior Bonds, hereinafter defined and described, hereby consents to the issuance of the Water Revenue Bonds (Enaloc Project - West Virginia Water Development Authority), Series 1999 D (the "Bonds"), in the original aggregate principal amount of $330,000, by Logan County Public Service District (the "Issuer"), under the terms of the resolution authorizing the Bonds, on a parity as to liens, pledge and source of and security for payment with the Issuer's Water Revenue Bonds (Cow Creek Project), Series 1996 B, Water Revenue Bonds (Whitman Creek Project), Series 1997 A, Water Revenue Bonds (Harts Creek Project), Series 1997 B, Water Revenue Bonds (Elk Creek/Spice Creek/Verner Project - West Virginia Infrastructure and Jobs Development Council), Series 1998 A, Water Revenue Bonds (Mill Creek Project - West Virginia Infrastructure and Jobs Development Council), Series 1999 A, and Water Revenue Bonds (Crawley Creek/Chief Logan Project - West Virginia Infrastructure and Jobs Development Council), Series 1999 C (collectively, the "Prior Bonds").

WITNESS my signature on this 14th day of December, 1999.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

Authorized Representative

12/03/99
001210/00321

15

M0308747.1

LOGAN COUNTY PUBLIC SERVICE DISTRICT WATER REVENUE BONDS (ENALOC PROJECT - WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), SERIES 1999 D

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; RATES
7. INCUMBENCY AND OFFICIAL NAME
8. LAND AND RIGHTS-OF-WAY
9. MEETINGS
10. INSURANCE
11. LOAN AGREEMENT
12. SPECIMEN BOND
13. BOND PROCEEDS
14. CONFLICTS OF INTEREST
15. VERIFICATION OF SCHEDULE A
16. YEAR 2000 COMPLIANCE
17. 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 Water Revenue Bonds (Enaloc Project - West Virginia Water Development Authority), Series 1999 D, numbered DR-1, dated the date hereof, in the principal amount of $330,000 (the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning set forth in the Bond Resolution duly adopted by the Issuer on December 14, 1999, the Supplemental Resolution duly adopted by the Issuer on December 14, 1999 (collectively, the "Resolution"), and the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), dated December 14, 1999 (the "Loan Agreement").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any manner the 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 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 and certificates required by law for the acquisition and construction of the Project, the operation of the System and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect, and competitive bids for construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the West Virginia Code of 1931, as amended, which bids remain in full force and effect.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval, execution and delivery by the Issuer of the Loan Agreement. The Issuer has met all conditions set forth in the Loan Agreement and will provide the financial, institutional, legal and managerial capabilities necessary to complete and operate the Project.

The Series 1999 D Bonds shall be issued on a parity with the Prior Bonds as to liens, pledge and source of and security for payment and in all other respects. The Issuer has met the parity and coverage requirements of the Prior Bonds and the Prior Resolutions and has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature. The Issuer has obtained (i) a certificate of an Independent Certified Public Accountant stating that the parity tests of the Prior Bonds are met and (ii) the written consent of the Holders of the Series 1996 B Bonds, Series 1997 A Bonds, Series 1997 B Bonds, Series 1998 A Bonds, Series 1999 A Bonds and Series 1999 C Bonds to the issuance of the Series 1999 D Bonds on a parity with the lien of the Series 1996 B Bonds, Series 1997 A Bonds, Series 1997 B Bonds, Series 1998 A Bonds, Series 1999 A Bonds and Series 1999 C Bonds. The Issuer is not required to obtain the parity consent of the Holders of the Series 1999 B Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

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, dated the date hereof, by his or her manual signature; the undersigned Secretary did officially cause the seal of the Issuer to be affixed upon the Bonds and to be attested by his or her manual signature; and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement.

6. PUBLIC SERVICE COMMISSION ORDER; RATES: The undersigned Attorney hereby certifies that he has filed any information with the Public Service Commission of West Virginia (the "PSC") and taken any other actions required to maintain in full force and effect the Recommended Decision entered on December 1, 1999, which became a Final Order on December 13, 1999, in Case No. 99-0969-PWD-PC, approving the acquisition of the Project and the financing therefor. The time for appeal of such Order has not expired prior to the date hereof. However, the Issuer hereby certifies, and the other 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 the original petition.

The Issuer has duly published a notice of the acquisition and construction of the Project, the issuance of the Bonds and related matters, as required by the Act and the rules and regulations of the PSC, and has duly complied with the provisions thereof.

The Issuer's current rates, as approved by the PSC in a Recommended Decision entered on March 29, 1996, which became a Final Order on April 18, 1996, in Case No. 95-0919-PWD-42T, are in effect and sufficient to meet the requirements of the Resolution and the Loan Agreement.

7. 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 County of said State. The governing body of the Issuer is its Public Service Board, consisting of three (3) members, whose names and dates of commencement and termination of their current terms of office are as follows:

Name	Date of Commencement of Office	Date of Termination of Office
James R. Jeffrey	01/08/96	01/08/02
Mike Stone	07/07/97	10/01/01
Ben F. Lowe, Jr.	01/08/96	01/08/02

The duly elected or appointed officers of the Board for 1999 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.

8. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the construction of the Project and the operation and maintenance of the System have been acquired or can and will be acquired by purchase or, if necessary, by condemnation by the 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.

9. 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.

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

11. 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.

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

13. BOND PROCEEDS: On the date hereof, the Issuer received $330,000 from the Authority, being the entire principal amount of the Bonds and applied $ 325,580.65 from the proceeds of the Bonds to pay for the acquisition of the Project.

14. 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.

15. VERIFICATION OF SCHEDULE A: The final amended Schedule A attached to the Certificate of Managing Engineer, with the signature of the Chairperson and the Managing 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.

16. YEAR 2000 COMPLIANCE: The Issuer represents that it has undertaken or will undertake an investigation to determine whether the operations of the System, including but not limited to any billing, collection and inventory computer programs of the System and

any electronic or mechanical components of the System's facilities, are Year 2000 Compliant. The Issuer further represents that if it determines as a result of this investigation that any Mission-Critical Component of the System is not Year 2000 Compliant, the Issuer (i) will take timely and affirmative action to repair or replace any such component, and (ii) will perform adequate testing to ensure the sound operation and Year 2000 Compliant status of the repaired or replaced component. For purpose of this paragraph, "Year 2000 Compliant" means, with respect to the information technology the Issuer uses or will use in the operation of the System (including any date-sensitive microprocessors embedded in electronic or mechanical components of the System), the information technology is designed to be used prior to, during and after calendar Year 2000 A.D., and the information technology used during each such time period will accurately receive, provide and process data-time data (including, but not limited to, calculating, comparing and sequencing) from, into and between the twentieth and twenty-first centuries, including the years 1999 and 2000, and leap-year calculations, and will not malfunction, cease to function, or provide invalid or incorrect results as a result of date-time data. For purposes of this paragraph, "Mission-Critical Component" means any component of the System that would be critical to (a) the System's continued operation after January 1, 2000; (b) the Issuer's ability to continue to bill its customers and collect amounts billed from those customers after January 1, 2000; or (c) the Issuer's ability to make all payments for the Bonds contemplated by the Resolution as and when they become due.

17. COUNTERPARTS: This Certificate may be executed in counterparts and all counterparts shall be deemed to be the Certificate.

[The remainder of this page intentionally left blank.]

WITNESS our signatures and the official corporate seal of Logan County Public Service District on the 14th day of December, 1999.

[SEAL]

Signature	Official Title
	Chairperson
	Secretary
	Attorney

12/03/99
001210/00321

LOGAN COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS (ENALOC PROJECT - WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), SERIES 1999 D

CERTIFICATE AS TO ARBITRAGE

The undersigned Chairperson of the Public Service Board of Logan County Public Service District, in Logan, Mingo, Lincoln and Wyoming Counties, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of $330,000 aggregate principal amount of Water Revenue Bonds (Enaloc Project - West Virginia Water Development Authority), Series 1999 D, of the Issuer, dated December 14, 1999 (the "Bonds"), hereby certifies as follows:

1. This certificate is being executed and delivered pursuant to Section 148 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"). 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 meaning as set forth in the Bond Resolution duly adopted by the Issuer on December 14, 1999 (the "Bond Resolution"), authorizing the Bonds.

2. This certificate may be relied upon as the certificate of the Issuer.

3. The Issuer has not been notified by the Internal Revenue Service of any listing or proposed listing of it as an issuer the certification of which may not be relied upon by holders of obligations of the Issuer or that there is any disqualification of the Issuer by the Internal Revenue Service because a certification made by the Issuer contains a material misrepresentation.

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on December 14, 1999, the date on which the Bonds are to be physically delivered in exchange for the purchase price of the Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

5. In the Bond Resolution pursuant to which the Bonds are issued, the Issuer has covenanted that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Bonds which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Bonds) so that the interest on the Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion. The Issuer has, therefore, covenanted to not intentionally use any portion of the proceeds of the Bonds to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except as otherwise allowed under Sections 103 and 148 of the Code.

6. The Bonds were sold on December 14, 1999, to the West Virginia Water Development Authority (the "Authority"), pursuant to a loan agreement dated December 14, 1999, by and between the Issuer and the Authority, for an aggregate purchase price of $330,000 (100% of par value). No accrued interest has been or will be paid on the Bonds.

7. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying the costs of acquisition and construction of certain extensions and improvements to the existing public waterworks system of the Issuer (the "Project"); and (ii) paying certain costs of issuance of the Bonds and related costs.

8. The Issuer shall, on the date hereof or immediately hereafter, enter into agreements which require the Issuer to expend in excess of $100,000 for the acquisition and construction of the Project, constituting a substantial binding commitment, or has already done so. The acquisition and construction of the Project shall commence immediately and proceed with due diligence to completion and, with the exception of proceeds constituting capitalized interest, if any, and proceeds deposited in the reserve account 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 acquisition and construction of the Project on or before January, 2000, except as otherwise required for rebate to the United States under Section 148(f) of the Code. The acquisition and construction of the Project is expected to be completed by January, 2000.

9. The total cost of acquisition and construction of the Project (including all costs of issuance of the Bonds) is estimated at $330,000. Sources and uses of funds for the Project are as follows:

SOURCES

Gross Proceeds of the Bonds	$330,000.00
Total Sources	$330,000.00

USES

Construction of Project	$325,580.65
Capitalized Interest	-0-
Funded Reserve Account	-0-
Costs of Issuance	4,419.35
Total Uses	$330,000.00

The amount of the costs of acquisition and construction of the Project is estimated to be at least equal to the gross proceeds of the Bonds. Except for the proceeds of the Bonds stated above, no other funds of the Issuer will be available to meet costs of the Project, which would constitute "replacement proceeds" withing the meaning of Treas. Reg. § 1.148-1 (c), inasmuch as (i) the Issuer does not reasonably expect that the term of the Bonds is longer than is reasonably necessary for the governmental purposes of the Issuer, (ii) the weighted average maturity of the Bonds does not exceed 120% of the average expected economic life of the Project, and (iii) there are no amounts that have a sufficiently direct nexus to the Bonds or to the governmental purpose of the Bonds to conclude that the amounts would have been used for that governmental purpose if the proceeds of the Bonds were not used or to be used for that governmental purpose.

10. Pursuant to Article V of the Bond Resolution, the following special funds or accounts have been created (or continued pursuant to the Prior Resolutions):

(1) Revenue Fund;

(2) Renewal and Replacement Fund;

(3) Series 1999 D Bonds Construction Trust Fund;

(4) Rebate Fund;

(5) Series 1999 D Bonds Sinking Fund; and

(6) Series 1999 D Bonds Reserve Account.

11. Pursuant to Article VI of the Bond Resolution, the proceeds of the Bonds will be deposited as follows:

(1) Bond proceeds in the amount of $-0- will be deposited in the Series 1999 D Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Bonds during acquisition and construction of the Project and for a period not to exceed six months following completion thereof.

(2) Bond proceeds in the amount of $-0- will be deposited in the Series 1999 D Bonds Reserve Account.

(3) The balance of the proceeds of the Bonds will be deposited in the Series 1999 D Bonds Construction Trust Fund and applied solely to payment of costs of acquisition and construction of the Project, including costs of issuance of the Bonds and related costs, and for no other purpose.

Amounts in the Series 1999 D Bonds Construction Trust Fund, if invested, will be invested without yield limitation for a period necessary to complete the Project, not to exceed 3 years. All of such moneys are necessary for such purpose.

Except for "preliminary expenditures" as defined in Treas. Reg. § 1.150-2(f)(2), none of the proceeds of the Bonds will be used to reimburse the Issuer for costs of acquisition and construction of the Project previously incurred and paid by the Issuer with its own funds.

12. Moneys held in the Series 1999 D Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to meet costs of acquisition and construction of the Project. Except to the extent transferred to the Rebate Fund at the request of the Issuer, all investment earnings on moneys in the Series 1999 D Bonds Reserve Account (if equal to the Series 1999 D Bonds Reserve Requirement) will be withdrawn therefrom, not less than once each year, and, during acquisition and construction of the Project, deposited into the Series 1999 D Bonds Construction Trust Fund, and following completion of acquisition and construction of the Project, will be deposited in the Series 1999 D Bonds Sinking Fund, and such amounts will be applied as set forth in the Bond Resolution.

13. Except for the Series 1999 D Bonds Sinking Fund and the Series 1999 D Bonds Reserve Account, there are no other funds or accounts established or held by the Issuer which are reasonably expected to be used to pay debt service on the Bonds, or which are pledged as collateral for the Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Bonds, if the Issuer encounters financial

difficulties. The Issuer does not expect that moneys in the Renewal and Replacement Fund will be used or needed for payments upon the Bonds, and because such amounts may be expended for other purposes, there is no reasonable assurance that such amounts would be available to meet debt service if the Issuer encounters financial difficulties; thus, such amounts may be invested without yield limitation. Except as provided herein, no funds which have been or will be used to acquire directly or indirectly securities, obligations, annuity contracts, investment-type property or 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 desegregation plan or other investment property producing a yield in excess of the yield on the Bonds, have been or will be pledged to payment of the Bonds. Less than 10% of the proceeds of the Bonds, if any, will be deposited in the Series 1999 D Bonds Reserve Account or any other reserve or replacement fund. The amounts deposited in the Series 1999 D Bonds Reserve Account from time to time by the Issuer will not exceed the maximum annual principal and interest on the Bonds and will not exceed 125% of average annual principal and interest on the Bonds. Amounts in the Series 1999 D Bonds Reserve Account, not to exceed 10% of the proceeds of the Bonds, if invested, will be invested without yield limitation. The establishment of the Series 1999 D Bonds Reserve Account is required by the Authority, is vital to its purchase of the Bonds and is reasonably required to assure payments of debt service on the Bonds.

14. Not later than simultaneously with the delivery of the Bonds, the Issuer shall enter into a contract for the acquisition and construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2½% of the estimated total Project cost financed with proceeds from the sale of the Bonds or $100,000.

15. 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 1 month of the date hereof.

16. The Issuer will comply with the provisions of the Code, for which the effective date precedes the date of delivery of the Bonds to the Authority.

17. With the exception of the amount deposited in the Series 1999 D Bonds Sinking Fund for payment of interest on the Bonds, if any, and amounts deposited in the Series 1999 D Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 1 month from the date of issuance thereof.

18. The Series 1999 D Bonds Sinking Fund (other than the Series 1999 D Bonds Reserve Account therein) is intended primarily to achieve a proper matching of payments of debt service on the Bonds each year. The Series 1999 D Bonds Sinking Fund (other than the Series 1999 D Bonds Reserve Account therein) will be depleted at least once

a year, except for a reasonable carryover amount not in excess of the greater of 1/12th of annual debt service on the Bonds or 1 year's interest earnings on the Series 1999 D Bonds Sinking Fund (other than the Series 1999 D Bonds Reserve Account therein). Except as otherwise allowed, any money deposited in the Series 1999 D Bonds Sinking Fund for payment of the principal of or interest on the Bonds (other than the Series 1999 D Bonds Reserve Account therein) will be spent within a 13-month period beginning on the date of receipt and will be invested without yield limitation, and any moneys received from the investment of amounts held in the Series 1999 D Bonds Sinking Fund (other than in the Series 1999 D Bonds Reserve Account therein) will be spent within a 1-year period beginning on the date of receipt.

19. The amount designated as cost of issuance of the Bonds consists only of costs which are directly related to and necessary for the issuance of the Bonds.

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

21. No more than 10% of the proceeds of the Bonds will be used (directly or indirectly) in any trade or business carried on by, and less than 5% of the proceeds of the Bonds or $5,000,000 have been or will be used to make or finance loans to, any person who is not a governmental unit.

22. The original proceeds of the Bonds will not exceed the amount necessary for the purposes of the issue, except to the extent any such proceeds are required for rebate to the United States.

23. The Issuer shall use the proceeds of the Bonds solely for the costs of acquisition and construction of the Project, and the Project will be operated solely for a public purpose as a local governmental activity of the Issuer.

24. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from treatment afforded by Section 103(a) of the Code by reason of classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and the Regulations promulgated or to be promulgated thereunder in order to assure that the interest on the Bonds is excluded from gross income for federal income tax purposes.

25. The Bonds are not, and will not be, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

26. The Issuer will rebate to the United States the amount, if any, required by the Code and take all steps necessary to make such rebates. In the event the Issuer fails to make such rebates as required, the Issuer shall pay the required rebate amount and any and all penalties and other amounts from lawfully available sources, and obtain a waiver from the Internal Revenue Service in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

27. The Issuer has retained the right to amend the Bond Resolution authorizing the issuance of the Bonds if such amendment is necessary to assure compliance with Section 148(f) of the Code or as may otherwise be necessary to assure the exclusion of interest on the Bonds from gross income for federal income tax purposes.

28. The Issuer shall comply with the yield restriction on the proceeds of the Bonds as set forth in the Code.

29. The Issuer has either (a) funded the Series 1999 D Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 1999 D Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until the Series 1999 D Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year. Moneys in the Series 1999 D Bonds Reserve Account and the Series 1999 D Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

30. The Issuer shall submit to the Authority within 15 days following the end of each bond year a certified copy of its rebate calculation and a certificate with respect thereto or, if the Issuer qualifies for the small governmental issuer exception to rebate, or any other exception thereto, then the Issuer shall submit to the Authority a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the bond year which would make the Bonds subject to rebate.

31. The Issuer expects that no part of the Project financed by the Bonds will be sold or otherwise disposed of prior to the last maturity date of the Bonds.

32. The Issuer covenants and agrees to comply with the rebate requirements of the Code if not exempted therefrom, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Bonds and the interest thereon. In addition, the Issuer has covenanted to comply with all Regulations from time to time in effect and applicable to the Bonds as may be necessary in order to fully comply with Section

148(f) of the Code and has covenanted to take such actions, or refrain from taking such actions, as may be necessary to fully comply with Section 148(f) of the Code and the Regulations, regardless of whether such actions may be contrary to any of the provisions of the Resolution authorizing issuance of the Bonds.

The Issuer has further covenanted to calculate, annually, the rebatable arbitrage, determined in accordance with Section 148 (f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which shall be paid from investment earnings on the underlying fund or account established in the Resolution and on which such rebatable arbitrage was earned or from other lawfully available sources. The Issuer has further covenanted to pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148 (f) of the Code and the Regulations. The Issuer shall remit payments to the United States at the time and at the address prescribed by the Regulations as the same may be from time to time in effect with such reports and statements as may be prescribed by the Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor.

33. The Bonds are a fixed yield issue. No interest or other amount payable on the Bonds (other than in the event of an unanticipated contingency) is determined by reference to (or by reference to an index that reflects) market interest rates or stock or commodity prices after the date of issue.

34. None of the Bonds has a yield-to-maturity more than one-fourth of one percent higher than the yield on the Bonds determined by assuming the Bonds are retired on the date that when used in computing the yield on the Bonds produces the lowest yield.

35. No portion of the proceeds of the Bonds will be used, directly or indirectly, to replace funds which were used, directly or indirectly, to acquire higher yielding investments, all within the meaning of Section 148 of the Code.

36. 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 source of funds or will have substantially the same claim to be paid out of substantially the same source of funds as the Bonds.

37. Except for a reasonable temporary period until such proceeds are needed for the purpose for which such issue was issued or as otherwise allowed, no portion of the proceeds of the Bonds will be used, directly or indirectly, to acquire higher yielding investments, or to replace funds which were used, directly or indirectly, to acquire higher yielding investments, all within the meaning of Section 148 of the Code.

38. The transaction contemplated herein does not represent an exploitation of the difference between taxable and tax-exempt interest rates and the execution and delivery of the Bonds is not occurring sooner than otherwise necessary, nor are the Bonds in principal amounts greater than otherwise necessary or to be outstanding longer than otherwise necessary.

39. All proceeds of the Bonds will be used for payment of the costs of the Project within 3 years of June 15, 1999.

40. On the basis of the foregoing, it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

41. The Issuer shall file IRS Form 8038-G in a timely fashion with the Internal Revenue Service.

42. 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.

43. Jackson & Kelly PLLC is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinions regarding the tax-exempt status of interest on the Bonds.

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

WITNESS my signature on this 14th day of December, 1999.

LOGAN COUNTY PUBLIC SERVICE DISTRICT

Chairperson

12/03/99
001210/00321

LOGAN COUNTY PUBLIC SERVICE DISTRICT WATER REVENUE BONDS (ENALOC PROJECT - WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), SERIES 1999 D

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 $330,000 Logan County Public Service District Water Revenue Bonds (Enaloc Project - West Virginia Water Development Authority), Series 1999 D (the "Bonds") 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 Members of the Board.

3. Oaths of Office of Board Members.

4. Rules of Procedure.

5. Minutes of the Current Year Organizational Meeting.

6. Loan Agreement.

7. West Virginia Infrastructure and Jobs Development Council Approval Letter.

8. Public Service Commission Orders.

9. Bond Resolution.

10. Supplemental Resolution.

11. Minutes of the Board Meeting regarding Adoption of Bond Resolution and Supplemental Resolution.

12. Affidavit of Publication regarding Notice of Borrowing.

13. Water Development Authority's Consent to Issuance of Parity Bonds.

14. Agreement of Sale between the Issuer and Enaloc Water Corporation.

15. Receipt from Enaloc Water Corporation.

WITNESS my signature and the official seal of the Issuer on this 14th day of December, 1999.

[SEAL]

Mike Stone
Secretary

12/08/99
001210/00321

M0308750.1

LOGAN COUNTY PUBLIC SERVICE DISTRICT WATER REVENUE BONDS (ENALOC PROJECT - WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), SERIES 1999 D

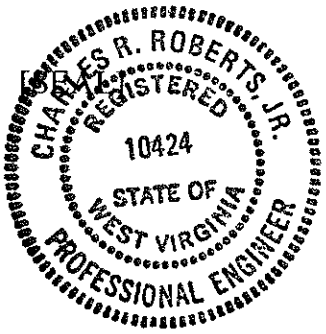
CERTIFICATE OF MANAGING ENGINEER

I, Charles R. Roberts, Jr., Registered Professional Engineer, West Virginia License No. 10424, Managing Engineer of Logan County Public Service District (the "Issuer"), hereby make the following certifications in connection with the acquisition of the distribution system of Enaloc Water Corporation and the connections thereof (the "Project") to the existing public waterworks system (the "System") of the Issuer, in Logan County, West Virginia, which acquisition is being permanently financed by the above-captioned bonds (the "Bonds") of the Issuer. All capitalized words used herein and not defined herein shall have the same meaning set forth in the Bond Resolution and the Supplemental Resolution adopted by the Issuer on December 14, 1999, and the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), dated December 14, 1999:

1. The Bonds are being issued for the purposes of (i) paying the costs of acquisition of the Project and (ii) paying certain costs of issuance and related costs.

2. To the best of my knowledge, information and belief, (i) the Project will be acquired as provided in the application to the Authority; (ii) the System is adequate for its intended purpose and has a useful life of at least 20 years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has entered into an agreement for the acquisition of the Project which is in an amount and otherwise compatible with the plan of financing set forth in the Schedule A attached hereto as Exhibit A, which acquisition has been approved by the Public Service Commission of West Virginia; (iv) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition of the Project and the operation of the System; (v) 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; (vi) 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 of the Project; and (vii) 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 14th day of December, 1999.



Charles R. Roberts, Jr., P.E.
West Virginia License No. 10424

12/03/99
001210/00321

DATE: 12/14/99

SCHEDULE A

NAME OF GOVERNMENTAL AGENCY: Logan County Public Service District

ESTIMATED TOTAL COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

A. Cost of Project

1.	~~Construction~~ Purchase Cost	$300,000.00	
2.	~~Technical Services~~ Accts. Receivable	$ 25,580.65	
3.	Legal and Fiscal	$ 0	
4.	Administrative	$ 0	
5.	Site and Other Lands	$ 0	
6.	Step I and/or Step II (Design) or Other Loan Repayment (Specify Type: _____)	$ 0	
7.	Interim Financing Costs	$ 0	
8.	Contingency	$ 0	
9.	Total of Lines 1 through 8		$ 325,580.65

B. Sources of Funds

10.	Federal Grants:[1] (Specify Source)	_____	$ _____
11.	State Grants: (Specify Source)	_____	$ _____
12.	Other Grants: (Specify Source)	_____	$ _____
13.	Any Other Source[2] (Specify)	_____	$ _____
14.	Total of Lines 10 through 13		$ _____
15.	Net Proceeds Required from Bond Issue (Line 9 less Line 14)		$ 0
			$ 325,580.65

[1] Attach supporting documentation not previously submitted. If not yet available, state such and expectations as to availability.

[2] For example, interest earnings during construction, if applicable. Include the proceeds of any parity or subordinate bond issue to be used for such purpose and attach supporting documentation if available (if not yet available, state such and expectations as to availability).

C. Cost of Financing

16.	Capitalized Interest (Construction period plus six months)	$ 0	
17.	Funded Reserve Account[3]	$ 0	
18.	Other Costs[4]	$ 4,419.35	
19.	Total Cost of Financing (Lines 16 through 18)		$ 4,419.35
20.	Size of Bond Issue (Line 15 plus Line 19)		$ 330,000.00

Additional or explanatory material may be provided on additional sheets attached to Schedule A.

SIGNATURE OF AUTHORIZED OFFICER OF APPLICANT

SIGNATURE OF ENGINEER

[3] Consult with bond counsel and the Authority before assuming a funded reserve.

[4] For example, fees of bond counsel for the Governmental Agency.

C. JEFFREY VALLET, CPA
OWNER

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
WV ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS

Vallet & Associates, AC
210 DINGESS STREET
LOGAN, WEST VIRGINIA 25601
(304) 752-1272

December 14, 1999

Logan County Public Service District
Suite 507, White & Browning Building
Logan, West Virginia 25601

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

Ladies and Gentlemen:

I have reviewed the water service rates of Logan County Public Service District (the "Issuer") and the projected operating expenses and anticipated customer usage provided by Charles R. Roberts, Jr., P.E>, Managing Engineer of the Issuer. It is my opinion that such rates are adequate

(i) to provide for all operating expenses of the waterworks system of the Issuer (the "System"),

(ii) and to leave a balance each year equal to at least 115% of the maximum amount required in any year for the payment of principal of and interest on the Issuer's Water Revenue Bonds (Cow Creek Project), Series 1996 B, Water Revenue Bonds (Whitman Creek Project), Series 1997 A, Water Revenue Bonds (Harts Creek Project), Series 1997 B, Water Revenue Bonds (Elk Creek/Spice Creek/Verner Project – West Virginia Infrastructure and Jobs Development Council), Series 1998 A, Water Revenue Bonds (Mill Creek Project – West Virginia Infrastructure and Jobs Development Council), Series 1999 A, Water Refunding Revenue Bonds, Series 1999 B, Water Revenue Bonds (Crawley Creek/Chief Logan Project – West Virginia Infrastructure and Jobs Development Council), Series 1999 C (collectively, the "Prior Bonds"), and Water Revenue Bonds (Enaloc Project – West Virginia Water Development Authority), Series 1999 D (the "Series 1999 D Bonds").

It is further my opinion that the Net Revenues actually derived from the System during any 12 consecutive months within the 18 months immediately preceding the date of the issuance of the Series 1999 D Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Series 1999 D Bonds, 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 on the Prior Bonds and the Series 1999 D Bonds.

Very truly yours,

Vallet & Associates, AC

LOGAN COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS (ENALOC PROJECT -
WEST VIRGINIA WATER DEVELOPMENT AUTHORITY),
SERIES 1999 D

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 14th day of December, 1999, in Logan, West Virginia, the Authority received the entire original issue of $330,000 in aggregate principal amount of the Water Revenue Bonds (Enaloc Project - West Virginia Water Development Authority), Series 1999 D (the "Bonds"), of Logan County Public Service District (the "Issuer"), dated December 14, 1999, issued in the form of one bond, fully registered to the Authority, and numbered DR-1.

2. At the time of receipt of the Bonds, they had been executed by the Chairperson of the Issuer and attested by the Secretary of the Issuer, by their respective manual signatures and the official seal of the Issuer had been impressed upon the Bonds.

WITNESS my signature on this 14th day of December, 1999.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

Barbara B Meadows
Authorized Representative

12/03/99
001210/00321

M0308700.1

LOGAN COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS (ENALOC PROJECT -
WEST VIRGINIA WATER DEVELOPMENT AUTHORITY),
SERIES 1999 D

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:

The Issuer has received and hereby acknowledges receipt from the West Virginia Water Development Authority (the "Authority"), as original purchaser of the $330,000 Logan County Public Service District Water Revenue Bonds (Enaloc Project - West Virginia Water Development Authority), Series 1999 D (the "Bonds"), of $330,000, being the entire principal amount of the Bonds (100% of par value), there being no interest accrued thereon.

WITNESS my signature on this 14th day of December, 1999.

LOGAN COUNTY PUBLIC SERVICE
DISTRICT

James R. Jeffrey
Chairperson

12/03/99
001210/00321

M0308687.1

LOGAN COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS (ENALOC PROJECT -
WEST VIRGINIA WATER DEVELOPMENT AUTHORITY),
SERIES 1999 D

REQUEST AND AUTHORIZATION TO AUTHENTICATE
AND DELIVER THE BONDS

December 14, 1999

Bank One, West Virginia, National Association
755 East Stratton Street
P.O. Box 420
Logan, West Virginia 25601

Ladies and Gentlemen:

We herewith hand to you, duly executed the $330,000 Water Revenue Bonds (Enaloc Project - West Virginia Water Development Authority), Series 1999 D, in the form of one bond, numbered DR-1 (the "Bonds"), of Logan County Public Service District (the "Issuer"), authorized to be issued under and pursuant to a Bond Resolution duly adopted by the Issuer on December 14, 1999, and a Supplemental Resolution duly adopted by the Issuer on December 14, 1999.

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

James R. Jeffrey
Chairperson

(SEAL)

Attest:

Mike Stone
Secretary

12/03/99
001210/00321

23

M0308691.1

LOGAN COUNTY PUBLIC SERVICE DISTRICT WATER REVENUE BONDS (ENALOC PROJECT - WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), SERIES 1999 D

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 14th day of December, 1999, 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 $330,000 Water Revenue Bonds (Enaloc Project - West Virginia Water Development Authority), Series 1999 D (the "Bonds"), in the form of one bond, numbered DR-1, in fully registered form, pursuant to a Bond Resolution and a Supplemental Resolution adopted by the Issuer on December 14, 1999 (collectively the "Resolution");

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

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

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

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

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Resolution, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exclusion of interest on the Bonds from gross income for federal income tax purposes, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

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

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

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar, the compensation for services rendered as provided in the annexed schedule.

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

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

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

ISSUER:

Logan County Public Service District
Suite 507 White & Browning Building
Logan, West Virginia 25601
Attention: Chairperson

REGISTRAR:

Bank One, West Virginia, National Association
755 East Stratton Street
Logan, West Virginia 25601
Attention: 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, as Registrar

Authorized Officer

11/30/99
001210/00321

EXHIBIT A

See Bond Resolution (Tab No. 10)

See Supplemental Resolution (Tab No. 11)

LOGAN COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS (ENALOC PROJECT -
WEST VIRGINIA WATER DEVELOPMENT AUTHORITY),
SERIES 1999 D

CERTIFICATE OF REGISTRATION OF 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 Logan County Public Service District Water Revenue Bonds (Enaloc Project - West Virginia Water Development Authority), Series 1999 D, of Logan County Public Service District (the "Issuer"), dated December 14, 1999, in the principal amount of $330,000 and numbered DR-1, was registered as to principal and interest in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of the Registrar.

WITNESS my signature on this 14th day of December, 1999.

BANK ONE, WEST VIRGINIA, NATIONAL ASSOCIATION, as Registrar

Authorized Officer

12/03/99
001210/00321

M0308735.1

LOGAN COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS (ENALOC PROJECT -
WEST VIRGINIA WATER DEVELOPMENT AUTHORITY),
SERIES 1999 D

ACCEPTANCE OF APPOINTMENT OF DEPOSITORY BANK
WITH RESPECT TO BOND CONSTRUCTION TRUST FUND,
RENEWAL AND REPLACEMENT FUND AND REBATE FUND

Bank One, West Virginia, National Association, Logan, West Virginia, hereby accepts appointment as Depository Bank in connection with the Series 1999 D Bonds Construction Trust Fund, the Renewal and Replacement Fund and the Rebate Fund (collectively, the "Funds") set forth in a Bond Resolution adopted by Logan County Public Service District (the "Issuer") on December 14, 1999, and a Supplemental Resolution adopted by the Issuer on December 14, 1999 (collectively, the "Resolution"), authorizing issuance of the Issuer's Water Revenue Bonds (Enaloc Project - West Virginia Water Development Authority), Series 1999 D, dated December 14, 1999, in the aggregate principal amount of $330,000 and agrees to serve as Depository Bank for the Funds, all as set forth in the Resolution.

WITNESS my signature on this 14th day of December, 1999.

BANK ONE, WEST VIRGINIA, NATIONAL ASSOCIATION

Authorized Representative

12/08/99
001210/00321

M0308736.1

LOGAN COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS (ENALOC PROJECT -
WEST VIRGINIA WATER DEVELOPMENT AUTHORITY),
SERIES 1999 D

ACCEPTANCE OF APPOINTMENT OF DEPOSITORY BANK
WITH RESPECT TO REVENUE FUND

Logan Bank & Trust Company, Logan, West Virginia, hereby accepts appointment as Depository Bank in connection with the Revenue Fund set forth in a Bond Resolution adopted by Logan County Public Service District (the "Issuer") on December 14, 1999, and a Supplemental Resolution adopted by the Issuer on December 14, 1999 (collectively, the "Resolution"), authorizing issuance of the Issuer's Water Revenue Bonds (Enaloc Project - West Virginia Water Development Authority), Series 1999 D, dated December 14, 1999, in the aggregate principal amount of $330,000 and agrees to serve as Depository Bank for the Revenue Fund, all as set forth in the Resolution.

WITNESS my signature on this 14th day of December, 1999.

LOGAN BANK & TRUST COMPANY

Mark A. Mareshe
Authorized Representative

12/08/99
001210/00321

M0308739.1

WV MUNICIPAL BOND COMMISSION
Suite 300 - L & S Building
12 Quarrier Street, Charleston, WV 25301
(304) 348-3971

NEW ISSUE REPORT FOR
Date of Report: December 14, 199

ISSUE: Logan County Public Service District Water Revenue Bonds (Enaloc Project - West Virginia Water Development Authority) Series 1999 D
ADDRESS: Suite 507, White & Browning Building, Logan, WV 25601 COUNTY: Logan
PURPOSE OF ISSUE: New Money X
Refunding _____ Refunds issue(s) dated: _____

ISSUE DATE: December, 14, 1999 CLOSING DATE: December 14, 1999
ISSUE AMOUNT: $330,000 RATE: 5.8%
1st DEBT SERVICE DUE: 4/1/2000 1st PRINCIPAL DUE: 10/1/2001
1st DEBT SERVICE AMOUNT: $5,688.83 PAYING AGENT: WV Municipal Bond Commission

BOND COUNSEL: Jackson & Kelly PLLC
Contact Person: Samme L. Gee, Esquire
Phone: (304) 340-1318

UNDERWRITERS
COUNSEL: N/A
Contact Person: _____
Phone: _____

CLOSING BANK: Bank One, WV, NA
Contact Person: Rory Perry, President
Phone: (304) 752-1023

ESCROW TRUSTEE: N/A
Contact Person : _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT:
Contact Person: Rick Roberts
Position: Managing Engineer
Phone: (304) 752-1139

OTHER: West Virginia Water Development Authority
Contact Person: Daniel B. Yonkosky
Function: Director
Phone: (304) 558-3612

DEPOSITS TO MBC AT CLOSE:
By _____ Wire
_____ Check(s)

_____ 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: _____

308741

28

JACKSON & KELLY PLLC
ATTORNEYS AT LAW
6000 HAMPTON CENTER
P. O. BOX 619
MORGANTOWN, WEST VIRGINIA 26507

TELEPHONE 304-599-3000 TELECOPIER 304-285-2040

http://www.jacksonkelly.com

(304) 285-2012

1600 LAIDLEY TOWER
CHARLESTON, WEST VIRGINIA 25322
TELEPHONE 304-340-1000

300 FOXCROFT AVENUE
MARTINSBURG, WEST VIRGINIA 25402
TELEPHONE 304-263-8800

256 RUSSELL AVENUE
NEW MARTINSVILLE, WEST VIRGINIA 26155
TELEPHONE 304-455-1751

412 MARKET STREET
PARKERSBURG, WEST VIRGINIA 26101
TELEPHONE 304-424-3490

1144 MARKET STREET
WHEELING, WEST VIRGINIA 26003
TELEPHONE 304-233-4000

1000 TECHNOLOGY DRIVE
FAIRMONT, WEST VIRGINIA 26554
TELEPHONE 304-368-2000

1660 LINCOLN STREET
DENVER, COLORADO 80264
TELEPHONE 303-390-0003

175 EAST MAIN STREET
LEXINGTON, KENTUCKY 40595
TELEPHONE 606-255-9500

2401 PENNSYLVANIA AVENUE N.W.
WASHINGTON, D.C. 20037
TELEPHONE 202-973-0200

MEMBER OF LEX MUNDI,
THE WORLD'S LEADING ASSOCIATION
OF INDEPENDENT LAW FIRMS.

December 15, 1999

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Internal Revenue Service
Internal Revenue Service Center
Philadelphia, Pennsylvania 19255

Re: Logan County Public Service District Water Revenue Bonds (Enaloc Project - West Virginia Water Development Authority), Series 1999 D
J&K Reference No. 1210/321

Ladies and Gentlemen:

Enclosed herewith is a completed and executed Internal Revenue Service Form 8038-G and a file copy thereof with regard to the above-captioned issue. Please file the original form in the appropriate Internal Revenue Service records and return the copy marked in red as the "File Copy" to me (after acknowledging receipt of the same) in the enclosed self-addressed, stamped envelope.

Thank you for your attention to this matter.

Very truly yours,

Francesca Tan

Francesca Tan

FT/wmf
Enclosure

cc: Charles R. Roberts, Jr., P.E. (w/ enc.)

11/29/99
001210/00321

M0308744.1

FILE CO

Form **8038-G** (Rev. May 1999) Department of the Treasury Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ Under Internal Revenue Code section 149(e)

▶ See separate Instructions.

Caution: *Use Form 8038-GC if the issue price is under $100,000.*

OMB No. 1545-072

Part I Reporting Authority — If Amended Return, check here ▶

1 Issuer's name: Logan County Public Service District

2 Issuer's employer identification numb: 55 : 0586048

3 Number and street (or P.O. box if mail is not delivered to street address): Suite 507, White & Browning Building — Room/suite:

4 Report number: G99 - 2

5 City, town, or post office, state, and ZIP code: Logan, West Virginia 25601

6 Date of issue: 12/14/99

7 Name of issue: Water Revenue Bonds (Enaloc Project - West Virgina Water Development Authority) Series 1999 D

8 CUSIP number: None

9 Name and title of officer or legal representative whom the IRS may call for more information: Samme L. Gee, Esquire

10 Telephone number of officer or legal representati: (304)340-1318

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedul

11	☐ Education	11	
12	☐ Health and hospital	12	
13	☐ Transportation	13	
14	☐ Public safety	14	
15	☒ Environment (including sewage bonds)	15	$330,000
16	☐ Housing	16	
17	☐ Utilities	17	
18	☐ Other. Describe ▶	18	

19 If obligations are TANs or RANs, check box ▶ ☐ If obligations are BANs, check box ▶ ☐

20 If obligations are in the form of a lease or installment sale, check box ▶ ☐

Part III Description of Obligations. (Complete for the entire issue for which this form is being filed.)

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	10/1/2019	$330,000	$330,000	12.457 years	5.8012 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest		22	0
23	Issue price of entire issue (enter amount from line 21, column (b))		23	$330,000
24	Proceeds used for bond issuance costs (including underwriters' discount)	24 $4,419.35		
25	Proceeds used for credit enhancement	25 0		
26	Proceeds allocated to reasonably required reserve or replacement fund	26 0		
27	Proceeds used to currently refund prior issues	27 0		
28	Proceeds used to advance refund prior issues	28 0		
29	Total (add lines 24 through 28)		29	$4,419.35
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)		30	$325,580.6

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.) N/A

31 Enter the remaining weighted average maturity of the bonds to be currently refunded ▶ _____ years

32 Enter the remaining weighted average maturity of the bonds to be advance refunded ▶ _____ years

33 Enter the last date on which the refunded bonds will be called ▶ _____

34 Enter the date(s) the refunded bonds were issued ▶

Part VI Miscellaneous

35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5) — 35

36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions) — 36a

b Enter the final maturity date of the guaranteed investment contract ▶

37 Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units — 37a

b If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☒ and enter the name of the issuer ▶ West Virginia Water Development Authority and the date of the issue ▶ 6/15/99

38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ ☐

39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐

40 If the issuer has identified a hedge, check box ▶ ☐

Please Sign Here

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

Signature of issuer's authorized representative — Date: 12/14/99 — Type or print name and title: James R. Jeffrey, Chairpers

For Paperwork Reduction Act Notice, see page 2 of the Instructions.

Cat. No. 63773S Form **8038-G** (Rev. 5-99)

AGREEMENT OF SALE

THIS AGREEMENT OF SALE, made and entered into on this the 8TH day of NOVEMBER, 1999, by and between **ENALOC WATER CORPORATION**, a West Virginia corporation, with a mailing address of P.O. Box 610, Omar, Logan County, West Virginia 25638, party of the first part, Seller, sometimes hereinafter referred to as "ENALOC" and the **LOGAN COUNTY PUBLIC SERVICE DISTRICT**, a political subdivision of the State of West Virginia, with offices at Room 507, White & Browning Building, Logan, West Virginia 25601, party of the second part, Buyer, sometimes hereinafter referred to as "LCPSD".

WHEREAS, Enaloc is the owner and operator of certain water distribution systems in and around the Rossmore, Chauncey and Stirrat areas of Logan County, West Virginia, ("the Water Distribution Systems"); and,

WHEREAS, Enaloc is also the owner of certain inventory and pieces of equipment used in conjunction with the operation and maintenance of the Water Distribution Systems; and,

WHEREAS, LCPSD is desirous of buying and Enaloc is desirous of selling certain assets utilized by it in connection with the Water Distribution Systems, all as more particularly set forth herein, subject to the following terms and conditions.

W I T N E S S E T H:

That for and in consideration of the mutual covenants, agreements, representations, warranties and other good and valuable considerations, the receipt and sufficiency of all of which are hereby acknowledged, the parties do hereby **AGREE** as follows:

1. Enaloc **AGREES** to grant, bargain, sell, transfer, convey, assign and deliver to LCPSD, and LCPSD **AGREES** to purchase from Enaloc, the following assets, sometimes hereinafter collectively referred to as "the Assets":

a. all water mains, service and distribution lines, meters, valves, fittings and equipment owned by Enaloc and used in connection with the Water Distribution Systems and described and listed on Exhibit "A", a copy of which is attached hereto and incorporated by reference herein, ("the Tangible Personal Property").

b. all customer accounts receivable of Enaloc as of the closing that are less than sixty (60) days old as of three (3) days prior to the closing date set below and all customer accounts receivable of Enaloc as of the closing that are over sixty (60) days old for which Enaloc has properly executed current paying customer repayment agreements, ("the Accounts Receivable").

c. all pipes, valves, meters, meter yokes, meter boxes and lids and miscellaneous fittings in Enaloc's inventory as of the closing, ("the Inventory").

d. copies of all current customer records, meter books, and maintenance and testing records of Enaloc, ("the Business Records").

e. All of the right, title and interest of whatever nature of Enaloc in and to all easements, rights-of-way, deeds of easement, licenses and such other rights of ingress and egress relating to the Water Distribution Systems, a list which is attached hereto and incorporated by reference herein as Exhibit "B".

2. In consideration of all of the aforesaid Assets to be conveyed and transferred to LCPSD by Enaloc, pursuant to Paragraph 1 herein, LCPSD agrees to pay to Enaloc in cash at closing, and Enaloc agrees to accept from LCPSD, for all items mentioned in Paragraph No. 1, the sum of Three Hundred Thousand Dollars ($300,000.00) plus an amount equal to the Accounts Receivable. If there exists any indebtedness of Enaloc on any of the Assets to be conveyed to LCPSD, Enaloc agrees to disclose documentation of all such indebtedness and keep current all debt principal and interest payments through the date of closing.

3. Enaloc will provide appropriate documentation of interim water collections to LCPSD, and, additionally, Enaloc agrees to

make all accounts receivable records and customer repayment agreements available for inspection by LCPSD during normal business hours.

4. Enaloc agrees to transfer and deliver to LCPSD all sums of money owed by Enaloc to customers as of closing for customer security deposits, including all appropriate customer deposit records and receipts on the date of closing, set forth below.

5. Enaloc agrees that it will not purchase any vehicles or equipment or execute any contracts for the Water Distribution Systems without the express written consent of LCPSD after the date of this agreement, which consent shall not be unreasonably withheld, except as may be required in the ordinary course of business up to the date of closing or expiration of this agreement, whichever comes first.

6. Enaloc warrants and represents unto LCPSD that all of the Assets to be sold and delivered to LCPSD pursuant to the provisions of Paragraph No. 1 herein are located in Logan County, West Virginia. Enaloc agrees that it will not remove or dispose of any of such property from such locations without the express written consent of LCPSD, except as may be required in the ordinary course of business up to the date of delivery of possession of the Assets to LCPSD. Enaloc, to the extent it has the right to do so, shall grant, transfer, convey and assign to LCPSD all warranties, express or implied, relating to the Tangible Personal Property and Inventory to be transferred to LCPSD, hereunder, and will provide to LCPSD all written documentation of said warranties and guarantees.

7. Enaloc warrants and represents to LCPSD as follows:

a. Enaloc is a duly organized corporation, validly existing and in good standing under the laws of the State of West Virginia.

b. Phillip G. Montague is the duly elected and current President of Enaloc and has the full right, power and authority from said corporation to enter into this Agreement of Sale on behalf of Enaloc, to sell the Assets on behalf of Enaloc, and to

execute on behalf of Enaloc any and all other documents as may be necessary to consummate this transaction.

c. Enaloc has or will have good and marketable title, by the date of closing, to all of the Tangible Personal Property, Inventory and Accounts Receivable to be transferred hereunder, subject to no liens, restrictions, encumbrances or security interests except as may be specifically set forth herein.

8. LCPSD represents and warrants to Enaloc as follows:

a. LSPSD is a political subdivision of the State of West Virginia.

b. James R. Jeffrey is the duly elected and current Chairperson of LCPSD and has the full right, power and authority from LCPSD to enter into this agreement on behalf of LCPSD, to purchase the Assets on behalf of LCPSD and to execute on behalf of LCPSD any and all other documents as may be necessary to consummate this transaction.

c. The purchase of the Assets of Enaloc by LCPSD hereunder will not conflict with or result in a breach of the terms of any agreement of other instrument to which LCPSD is party or by which it is, or may be, bound or which would constitute a default thereunder; and

d. The members of the board of LCPSD have duly adopted resolutions authorizing and approving the execution, delivery and performance of this Agreement by LCPSD and certified copies of such resolutions will be delivered by LCPSD to Enaloc at closing.

9. Enaloc warrants that the sale of the Assets of Enaloc hereunder will not conflict with or result in breach of the terms of any agreement or other instrument to which Enaloc is a party of by which it is, or may be, bound or which would constitute a default thereunder, or result in the creation or imposition of lien, charge or encumbrance on, or to give to any third party any interest or right of any of the aforesaid Assets of Enaloc.

10. The board of directors and stockholders of Enaloc have duly adopted resolutions authorizing and approving the execution, delivery and performance of this agreement by Enaloc and certified

copies of such resolutions will be delivered by Enaloc to LCPSD at closing.

11. Enaloc warrants that there are no present or anticipated filings of any mechanic's liens or materialman's liens against any of the Assets of Enaloc to be transferred hereunder, and that Enaloc agrees to indemnify and hold harmless LCPSD as a result of any expenses, or costs, including reasonable attorney fees, as may be necessary in order to remove any such liens imposed upon the Assets transferred herein, by reason of any matter occurring prior to closing.

12. The parties agree that Enaloc will retain the same risk number for purposes of worker's compensation coverage, benefits and obligations for all of its past and present employees, up to the date of closing. Any claim made for worker's compensation coverage or benefits by such employees in respect to matters occurring prior to closing, whether for temporary total disability, permanent total disability, death, reopenings or otherwise shall be the sole and exclusive responsibility of Enaloc, and Enaloc agrees to hold harmless and indemnify LCPSD as a result of any such claims by past or present employees of Enaloc.

13. The parties agree that Enaloc will be solely responsible for all retirement and/or pension related funds maintained by it for its employees, past and present, and LCPSD will have no obligation or responsibility in any manner with regard to the maintenance, investment, distribution or payment of any such pension or employee retirement funds.

14. Enaloc warrants that there are no present actions, suits, claims or other proceedings, litigation or investigations pending or threatened against Enaloc, its properties and assets, by any person, firm, corporation or governmental entity which would have a material adverse effect upon the business of Enaloc or the consummation of the transaction contemplated herein.

15. Enaloc warrants that it possesses all of the permits and licenses necessary for the operation of the Water Distribution Systems, and that all of said permits and licenses are in full force and effect, without any material violations thereof.

16. Enaloc warrants that the assets, liabilities and financial condition of its operations are, to the best of its knowledge, accurately reflected upon that certain Annual Report submitted by Enaloc to the Public Service Commission of West Virginia ("PSC") for its tax year ended December 31, 1998, a copy of which is attached hereto as Exhibit "C", in respect to the period covered by such Report, and there has not been a material adverse change in the financial condition of Enaloc since December 31, 1998.

17. The parties specifically agree that all warranties and representations contained herein shall survive the closing of this transaction for a period of six (6) months.

18. The parties specifically agree that LCPSD will assume only those obligations, debts or liabilities of Enaloc as expressly set forth herein. All other obligations, debts and liabilities of Enaloc that are not set forth herein shall remain the sole obligation of Enaloc and shall not be binding in any manner or enforceable against LCPSD.

19. Enaloc agrees to indemnify and hold harmless LCPSD and its directors, agents and employees from any and all claims, demands, damages, costs and expenses arising out of any act or omission relating to the use, condition or operation of any Tangible Personal Property or Inventory to be transferred pursuant to this Agreement of Sale and which occurs prior to the closing, for a period of thirty (30) days from and after the date of closing of this transaction. It is agreed that all Tangible Personal Property and Inventory to be sold hereunder will be transferred "as is" and "where is" without any express or implied warranties of any kind, including without limitation, warranties of merchantability or fitness for any particular purpose by Enaloc.

20. Enaloc and LCPSD each represent to the other that neither has dealt with any broker in such a manner as to incur any liability for any commission, fee or compensation whatsoever in connection with this transaction, and each agrees to indemnify the other against any loss, cost or expense resulting from any such claim as may result from dealing with a broker.

21. Enaloc and LCPSD agree that there are no covenants, conditions or restrictions with would impair or interfere in any way with the sale contemplated herein by Enaloc and the purchase contemplated herein by LCPSD.

22. All Assets to be sold hereunder by Enaloc are sold as part of the consideration for the total price hereinabove stated, and are to be sold without encumbrances of any type or kind whatsoever. Enaloc shall provide a full and complete statement of all Uniform Commercial Code (UCC) indexing statements on any of the subject personal property upon execution of this Agreement of Sale, if any. In the event that there are encumbrances of any type or kind on any of said personal property to be transferred herein, Enaloc shall remove the same prior to closing of the transaction, or LCPSD may remove the same at the expense of Enaloc.

23. Enaloc warrants and represents to LCPSD that, to the best of its knowledge, there are no eminent domain or condemnation proceedings pending, proposed or known to Enaloc, in which any portion of the Assets hereunder shall or may be taken.

24. Enaloc agrees that the LCPSD and the PSC shall have the right to inspect the business records at the office of Enaloc during normal business hours prior to consummation of this transaction and will further represent that, to the best of its knowledge, the same are true, accurate and correct.

25. The parties agree that Enaloc will be solely responsible for any taxes that may be imposed upon it as a result of the sale of the Assets, and any other taxes including, but not limited to, state, federal and municipal taxes, withholding taxes, employment taxes, social security taxes (FICA), licenses and fees lawfully imposed upon it and attributable to any period through closing. All personal property taxes imposed or assessed upon the Assets shall be prorated as of closing on a calendar year basis.

26. All notices and other communications hereunder shall be in writing and shall be deemed to be duly given if mailed by first class, registered or certified mail, return receipt requested, addressed to the parties at the respective addresses as set forth in the first page of this Agreement of Sale, or at such other

address as any party may from time to time designate for such purpose by written notice.

27. This Agreement of Sale, and the terms and conditions hereof, shall inure to the benefit of and be binding upon the respective successors and assigns of each of the respective parties hereto.

28. This Agreement of Sale contains the entire agreement between the parties. No promise, representation, warranty or covenant not included in this Agreement of Sale has been or is being relied upon by either party. Each party has relied upon its own examination of the full Agreement of Sale and the provisions hereof, and the counsel of its own advisors, and the warranties, representations and covenants expressly contained in the Agreement of Sale itself. No modification or amendment of this Agreement of Sale shall be of any force or effect unless in writing duly executed by both parties.

29. Each party fully and completely acknowledges, understands and agrees that this Agreement of Sale and the transfer of the Assets as contemplated herein is expressly subject to approval of the PSC. Any condition, modification or restriction of any part of this transaction, imposed or requested by the PSC as a condition of its approval of the sale, must be agreed to in writing by both parties before it becomes binding on either party. Failure by either party to agree to any such condition, modification or restriction shall not be considered a default under, or breach of, this Agreement of Sale and either party may, upon notice to either other party, terminate this Agreement if such party should not agree with such condition, modification or restriction. Enaloc further acknowledges and understands that the transfer as contemplated herein will also be subject to the ability of LCPSD to obtain reasonable and adequate financing in order to properly fund the purchase of the Assets. LCPSD agrees with Enaloc that it will use its best efforts to secure such financing.

30. In the event that this transaction fails to close due to a refusal or default on the part of Enaloc, then and in such event, at the option of LCPSD, LCPSD may pursue its rights against Enaloc,

by virtue of the refusal and default of Enaloc, either at law or in equity, including, but not limited to, the right of specific performance.

31. In the event that this transaction fails to close due to a refusal or default on the part of LCPSD, then and in such event, at the option of Enaloc, Enaloc may pursue its rights against LCPSD, by virtue of the refusal and default of LCPSD, either at law or in equity, including, but not limited to, the right of specific performance.

32. Both parties specifically acknowledge, understand and agree that it shall not be considered an act of default by LCPSD or Enaloc if the PSC does not authorize and approve the sale as contemplated herein, nor shall it be considered a default by LCPSD if after using its best efforts to secure the necessary financing that such financing does not develop.

33. It is the intent of both parties herein for Enaloc to sell, and LCPSD to buy, the Assets, and, in that regard, both parties agree to cooperate fully and completely with each other to achieve this desired result.

34. The parties specifically agree that the sale of the Assets of Enaloc is specifically not a sale or purchase of any shares of stock of Enaloc.

35. The date of closing of this transaction shall be on a date to be set by mutual agreement, but not more than Ninety (90) days from the date an Order of the PSC approving this transfer becomes final.

36. Either party may, upon notice to the other party, terminate this Agreement in the event the PSC should not approve this Agreement and the transaction contemplated herein on or before December 31, 1999. Further, Enaloc may, upon notice to LCPSD, terminate this Agreement in the event LCPSD shall not have secured the financing described in paragraph 29 hereof prior to December 31, 1999.

WITNESS the following signatures and seals.

ENALOC WATER CORPORATION, a West Virginia corporation,

BY: Phillip G. Montague

ITS: PRESIDENT

CORPORATE SEAL

LOGAN COUNTY PUBLIC SERVICE DISTRICT

BY: James R. Jeffrey

ITS: Chair

CORPORATE SEAL

STATE OF WEST VIRGINIA,

COUNTY OF LOGAN, TO-WIT:

I, Jane Cox, a Notary Public in and for the County and State aforesaid, do hereby certify that Phillip G. Montague, President of ENALOC WATER CORPORATION, whose name is signed to the foregoing Agreement of Sale, dated the 8th day of November, 1999, has this day acknowledged the same before me in my said county on behalf of said corporation.

Given under my hand this 8th day of November, 1999.

My commission expires: April 26, 2002.

Jane Cox
NOTARY PUBLIC

NOTARY SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
JANE COX
Suite 1400, Coal Exchange Building
401 Eleventh Street
Huntington, West Virginia 25701
My Commission Expires APRIL 26, 2002

STATE OF WEST VIRGINIA,

COUNTY OF LOGAN, TO-WIT:

I, Barbara B. Meadows, a Notary Public in and for the County and State aforesaid, do hereby certify that James R. Jeffrey, Chair of the **LOGAN COUNTY PUBLIC SERVICE DISTRICT**, whose name is signed to the foregoing Agreement of Sale, dated the 8th day of November, 1999, has this day acknowledged the same before me in my said county on behalf of said district.

Given under my hand this 14th day of December, 1999.

My commission expires: January 17, 2004.

Barbara B Meadows
NOTARY PUBLIC

NOTARY SEAL

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
BARBARA B. MEADOWS
WV WATER DEVELOPMENT AUTHORITY
180 ASSOCIATION DRIVE
CHARLESTON, WV 25311
My Commission Expires Jan. 17, 2004

THIS INSTRUMENT PREPARED BY:

JAMES A. WALKER
ATTORNEY AT LAW
Suite 201-White & Browning Building
P.O. Box 358
Logan, West Virginia 25601

Exhibit "A"
Assets
Enaloc Water Corporation

Rossmore Water System

1. 4,000' 3" PVC Water Mains
2. 2,400' 2" PVC Water Mains
3. Miscellaneous 3/4" Service Lines
4. 97 Meter Sets
5. Miscellaneous valves

Chauncey Water System

1. 6,200' 6" PVC water mains
2. 7,200' 4" PVC water mains
3. 800' 3" PVC water mains
4. 3,000' 2" galvanized water distribution
5. 4,800' 2" PVC water distribution
6. Miscellaneous 3/4" service lines
7. 403 meter sets
8. Miscellaneous valves

Stirrat Water System

1. 12,000' 4" PVC water mains
2. 5,600' 2" PVC distribution lines
3. 500' 1 ½" galvanized distribution lines
4. Miscellaneous 3/4" service lines
5. 160 meter sets

Equipment

1. 3" Allied "Hole Hog" with 4" expander (Purchased 1998)
2. 14" Husquavarna Cutoff Saw
3. Assorted hand tools
4. Assorted repair parts

Exhibit B

To

Agreement of Sale

Parties	Date	Type of Agreement	Contract No.
Colane Corporation, Omar Mining Company, and The Chesapeake Railway Company	March 8, 1955	Pipeline Crossing	COL25883
Enaloc Water Corporation and The Chesapeake and Ohio Railway Corporation	April 17, 1974	Pipeline Crossing	COL36423
Enaloc Water Corporation and The Chesapeake and Ohio Railway Company	June 15, 1972	Pipeline Crossing	COL35716
R.O. Klausmeyer, Luther E. Woods, and Sidney J. Kubesch, Trustees, Colane Corporation and Enaloc Water Corporation	November 8, 1999	Right of Way	not applicable

UNANIMOUS CONSENT

BOARD OF DIRECTORS
OF
ENALOC WATER CORPORATION

The undersigned, being all of the members of the Board of Directors of ENALOC WATER CORPORATION, a West Virginia corporation (the "Corporation"), acting pursuant to §31-1-73(b) of the West Virginia Corporation Act, after due consideration, hereby unanimously take the following action:

RESOLVED, that the Board of Directors of the Corporation deems it to be in the best interests of the Corporation and its stockholder to sell to the Logan County Public Service District ("Buyer") for not less than $300,000 those certain assets of the Corporation comprising the Chauncey, Stirrat, and Rossmore water distribution systems, hereby approves the sale of all of such assets to Buyer, and recommends that the sale thereof be submitted to a vote of the stockholder of the Corporation; and,

FURTHER RESOLVED, that that certain Agreement of Sale bearing draft date of August 2, 1999, a copy of which is attached hereto and made a part hereof as Exhibit A (the "Agreement") be, and hereby is, in all respects approved; and,

FURTHER RESOLVED, that the President and any Vice President of the Corporation (collectively, the "Authorized Officers", and individually an "Authorized Officer") be, and each of them hereby is, authorized to execute and deliver in the name and on behalf of the Corporation, and under its corporate seal or otherwise, any such number of counterparts of the Agreement as the Authorized Officer executing the same shall deem proper, with such changes, additions, deletions, or modifications thereto as the Authorized Officer executing the Agreement shall approve, his execution thereof to be deemed conclusive evidence of such approval, together with any documents, instruments, agreements, or certificates as may be contemplated thereby; and,

FURTHER RESOLVED, that the Authorized Officers be, and each of them hereby is, authorized in the name and on behalf of the Corporation and under its corporate seal or otherwise, to

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take all such further action and to execute, acknowledge, verify, certify, file, publish, record, deliver, or accept all such other agreements, certificates, documents and instruments, as in their judgment shall be necessary, proper, or advisable with the consummation of the transactions contemplated by the foregoing resolutions or any thereof, or to carry out the intent and accomplish the purposes of any thereof.

IN WITNESS WHEREOF, all of the Directors of the Corporation have hereunto signed this Unanimous Consent or a counterpart thereof as of the 1st day of October, 1999.

R. O. Klausmeyer

Sidney J. Kubesch

Luther E. Woods

William D. Stark

C. F. Bagley, Jr.

T. Stephen Phillips

Phillip G. Montague

Joseph O. Kubesch

SOLE STOCKHOLDER ACTION

COLANE CORPORATION

The undersigned, COLANE CORPORATION, a West Virginia corporation, (the "Stockholder"), being the owner of all of the issued and outstanding stock of Enaloc Water Corporation, (the "Corporation"), acting pursuant to §31-1-73(a) of the West Virginia Corporation Act, after due consideration, hereby takes the following action:

> **RESOLVED**, that the Stockholder deems it to be in its best interests for the Corporation to sell to the Logan County Public Service District ("Buyer") for not less than $300,000 those certain assets of the Corporation comprising the Chauncey, Stirrat, and Rossmore water distribution systems and the Stockholder hereby approves the sale of all of such assets by the Corporation to Buyer; and
>
> **FURTHER RESOLVED**, that that certain Agreement of Sale bearing draft date of August 2, 1999, a copy of which is attached hereto and made a part hereof as Exhibit A (the "Agreement") be, and hereby is, in all respects approved; and,
>
> **FURTHER RESOLVED**, that the Corporation be, and hereby is, authorized to execute the Agreement and deliver it to Buyer, with such changes, additions, deletions, or modifications thereto as the corporate officer executing the Agreement on behalf of the Corporation shall approve, his execution thereof to be deemed conclusive evidence of such approval, together with any documents, instruments, agreements, or certificates as may be contemplated thereby; and,
>
> **FURTHER RESOLVED**, that the Corporation be, and hereby is, authorized to take all such further action and to execute, acknowledge, verify, certify, file, publish, record, deliver, or accept all such other agreements, certificates, documents and instruments, as shall be necessary, proper, or advisable in

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connection with the consummation of the transactions contemplated by the foregoing resolutions or any thereof, or to carry out the intent and accomplish the purposes of any thereof.

IN WITNESS WHEREOF, this instrument has been signed by a duly authorized officer of Stockholder as of the 1st day of October, 1999.

Colane Corporation

By Phillip D. Montague
President

GENERAL CONVEYANCE, BILL OF SALE AND ASSIGNMENT

This **General Conveyance, Bill of Sale and Assignment**, made and entered into this 13th day of December, 1999, by and between **ENALOC WATER CORPORATION**, a West Virginia corporation, with a mailing address of 940 Fourth Avenue, Suite 215, Huntington, West Virginia, 25701-1429 (hereinafter called "Transferor") and the **LOGAN COUNTY PUBLIC SERVICE DISTRICT**, a political subdivision of the State of West Virginia, with an office address of Room 507, White & Browning Building, Logan, West Virginia, 25601 (hereinafter called the "Transferee").

WITNESSETH:

WHEREAS, Transferor and Transferee have entered into an Agreement of Sale dated the 8th day of November, 1999 (the "Agreement of Sale") pursuant to which Transferor agreed to sell and deliver to Transferee, and Transferee agreed to purchase and pay for certain assets of Transferor comprising water distribution systems located in and around the Rossmore, Chauncey, and Stirrat areas of Logan County, West Virginia (the "Water Distribution Systems"); and,

WHEREAS, Transferor and Transferee agree to execute and deliver this General Conveyance, Bill of Sale and Assignment to evidence the conveyance, transfer, assignment, sale and delivery of the Assets (as such term is defined in the Agreement of Sale).

NOW THEREFORE, for and in consideration of the mutual benefit to be derived therefrom, and in or to carry out the transfer of the Assets pursuant to the terms of the

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Agreement of Sale, Transferor does hereby convey, grant, transfer, set over, assign and deliver, in accordance with the terms and provisions of the Agreement of Sale and subject to the terms thereof the following assets (the "Assets"):

(a) All water mains, service and distribution lines, meters, valves, fittings, and equipment owned by Transferor and used in connection with the Water Distribution Systems and described and listed on Exhibit A, attached hereto and made a part hereof and incorporated herein by reference.

(b) All customer accounts receivable of Transferor as of the date hereof that are less than sixty (60) days old as of three (3) days prior to the date hereof and all customer accounts receivable of Transferor as of the date hereof that are over sixty (60) days old for which Transferor has properly executed current paying customer repayment agreements.

(c) All pipes, valves, meters, meter yokes, meter boxes, and lids and miscellaneous fittings in Transferor's inventory as of the date hereof.

(d) All current customer records, meter books and maintenance and testing records of Transferor.

(e) All of Transferor's right, title and interest of whatever nature in and to those certain agreements listed on Exhibit B, attached hereto and made a part hereof and incorporated herein by reference.

Transferor makes no representations or warranties of any kind with respect to the Assets other than set forth in the Agreement of Sale. By its execution hereof, Transferee hereby agrees to, and does hereby, assume all of the obligations of Transferor required to be performed pursuant to those certain agreements listed on Exhibit B arising from and after the date hereof. Further, Transferee hereby acknowledges that the consent of other parties to the assignment of such agreements may be required and as of the date of this instrument, such consents have not been obtained. Transferor makes no representations or warranties that such other parties will give their consent to

the assignment of such agreements to Transferee. Transferor agrees to request that consents for such assignment.

Transferor and Transferee agree that they each will acknowledge and deliver all such other and further documents as may be reasonably necessary in order to complete the conveyance and transfer to Transferee of all of the Assets.

This instrument may be executed in several counterparts, each of which shall be deemed to be an original and all taken together shall be one and the same instrument. In addition, this instrument shall be governed by and construed in accordance with the laws of the State of West Virginia.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed by their respective duly authorized representatives, all as of the date and year first above written.

TRANSFEROR:

ENALOC WATER CORPORATION

By: Phillip G. Montague
Its: PRESIDENT

TRANSFEREE:

LOGAN COUNTY PUBLIC SERVICE DISTRICT

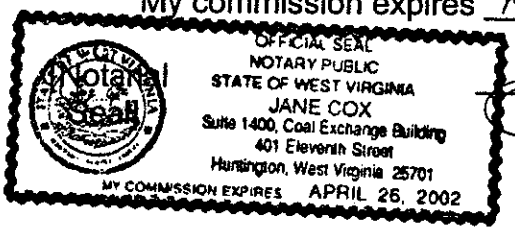
By: James R. Jeffries
Its: Chair

STATE OF WEST VIRGINIA,

COUNTY OF CABELL, TO WIT:

The foregoing instrument was acknowledged before me this 13th day of December, 1999, by Phillip G. Montague, President of Enaloc Water Corporation, a West Virginia corporation, on behalf of said corporation.

My commission expires April 26, 2002.



Jane Cox

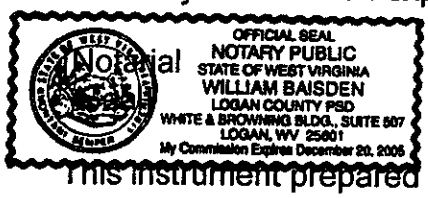
Notary Public

STATE OF WEST VIRGINIA,

COUNTY OF LOGAN, TO WIT:

The foregoing instrument was acknowledged before me this 14th day of December, 1999, by James R. Jeffrey, Chair of LOGAN COUNTY PUBLIC SERVICE DISTRICT, a political subdivision, on behalf of said political subdivision.

My commission expires December 20, 2005.



William Baisden

Notary Public

This instrument prepared by:

Roy F. Layman, Esquire
Campbell, Woods, Bagley, Emerson, McNeer & Herndon, P.L.L.C
P. O. Box 1835
Huntington, West Virginia 25719
and
James A. Walker, Esq.
Counselor and Attorney at Law
Suite 201 White & Browning Bldg.
Logan, West Virginia 25601

Exhibit A

To

General Conveyance, Bill of Sale and Assignment

Rossmore Water System

1. 4,000' 3" PVC Water Mains
2. 2,400' 2" PVC Water Mains
3. Miscellaneous 3/4" Service Lines
4. 97 Meter Sets
5. Miscellaneous Valves

Chauncey Water System

1. 6,200' 6" PVC Water Mains
2. 7,200' 4" Water Mains
3. 800' 3" PVC Water Mains
4. 3,000' 2" Galvanized Water Distribution
5. 4,800' 2" PVC Water Distribution
6. Miscellaneous 3/4" Service Lines
7. 403 Meter Sets
8. Miscellaneous Valves

Stirrat Water System

1. 12,000' 4" Water Mains
2. 5,600' 2" PVC Distribution Lines
3. 500' 1 ½" Galvanized Distribution Lines
4. Miscellaneous 3/4" Service Lines
5. 160 Meter Sets

Equipment

1. 3" Allied "Hole Hog" with 4" Expander (Purchased 1998)
2. 14" Husquavarna Cutoff Saw
3. Assorted Hand Tools
4. Assorted Repair Parts

Exhibit B

To

General Conveyance, Bill of Sale and Assignment

Parties	Date	Type of Agreement	Contract No.
Enaloc Water Corporation and The Chesapeake and Ohio Railway Corporation	April 17, 1974	Pipeline Crossing	COL36423
Enaloc Water Corporation and The Chesapeake and Ohio Railway Company	June 15, 1972	Pipeline Crossing	COL35716
R.O. Klausmeyer, Luther E. Woods, and Sidney J. Kubesch, Trustees, Colane Corporation and Enaloc Water Corporation	November 8, 1999	Right of Way	not applicable

ASSIGNMENT AND ASSUMPTION AGREEMENT

This **Assignment and Assumption Agreement**, made and entered into this 13 day of December,1999, by and between **COLANE CORPORATION**, a Delaware corporation, with a mailing address of 940 Fourth Avenue, Suite 215, Huntington, West Virginia, 25701-1429 (hereinafter referred to as "Assignor") and the **LOGAN COUNTY PUBLIC SERVICE DISTRICT**, a political subdivision of the State of West Virginia, with offices at Room 507, White & Browning Building, Logan, West Virginia, 25601 (hereinafter referred to as "Assignee").

WITNESSETH:

WHEREAS, pursuant to an Agreement of Sale dated November 8, 1999, by and between Enaloc Water Corporation ("Enaloc"), a West Virginia corporation, and a wholly-owned subsidiary of Assignor, Enaloc has agreed to sell substantially all of its assets to Assignee; and,

WHEREAS, Assignor is a party to an Agreement (the "Agreement") with the Chesapeake and Ohio Railway Company (the "Railway") and Omar Mining Company dated March 8, 1955 pursuant to which the Railway granted to Assignor a license and permit to lay, maintain, and operate a six inch wrought iron pipeline under and across certain land and the tracks of the Railway as therein described; and,

WHEREAS, Enaloc has been utilizing the rights granted to its parent company, Assignor, by the Railway pursuant to the Agreement and desires that Assignor assign to

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Assignee all of Assignor's right, title and interest in and to the Agreement and Assignor desires to do so; and,

WHEREAS, as a condition to such assignment, Assignee has agreed to assume, from and after the date hereof, the performance of all of Assignor's obligations under the Agreement.

NOW THEREFORE, for and in consideration of the mutual benefit to be derived therefrom, and in connection with the consummation the transaction contemplated by the Agreement of Sale, the adequacy and sufficiency of which is hereby acknowledged, Assignor does hereby assign, transfer, set over and deliver unto Assignee all of Assignor's right, title, and interest in and to the Agreement.

This Assignment is made by Assignor, and Assignee so agrees, without any representations or warranties of any kind, either express or implied, except that Assignor represents and warrants that it has paid all monies required to have been paid pursuant to the Agreement to the date hereof and that it has not received any notice from the Railway of any breach or default by Assignor under the Agreement.

As a condition to this Assignment, Assignee agrees to, and hereby does, assume all of the obligations required to be performed by Assignor under the Agreement from and after the date hereof and to the same extent as if originally named a party thereto.

By its execution hereof, Assignee acknowledges that the consent of the Railway is required for the assignment of the Agreement by Assignor to Assignee, and as of the date of this Assignment, Assignor has not obtained such consent. Assignor makes no

representations or warranties that the Railway will give its consent to the assignment of the Agreement to Assignee. Assignor agrees to request consent from the Railway for such assignment.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Assumption to be executed by its duly authorized representatives, as of the date and year first above written.

ASSIGNOR:

COLANE CORPORATION

By: Phillip S. Montague
Its: PRESIDENT

ASSIGNEE:

LOGAN COUNTY PUBLIC SERVICE DISTRICT

By: James R. Jeffrey
Its: Chair

LOGAN COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS (ENALOC PROJECT -
WEST VIRGINIA WATER DEVELOPMENT AUTHORITY),
SERIES 1999 D

RECEIPT FROM ENALOC WATER CORPORATION

The undersigned President of Enaloc Water Corporation (the "Corporation"), for and on behalf of the Corporation, hereby certifies that he received from Logan County Public Service District (the "District") the sum of THREE HUNDRED TWENTY FIVE THOUSAND FIVE HUNDRED EIGHTY DOLLARS AND SIXTY FIVE CENTS ($325,580.65) in full payment of the purchase price of the water distribution system of the Corporation and the accounts receivable of the Corporation pursuant to the Agreement of Sale dated November 8, 1999, by and between the Corporation and the District.

Witness my signature on this 14th day of December, 1999.

ENALOC WATER CORPORATION

Phillis S. Montague
President

12/10/99
001210/00321

M0309106.1

THE FACE OF THIS DOCUMENT HAS A BLUE GRADUATING TINT (BLUE-WHITE-BLUE) BACKGROUND ON WHITE PAPER

BANK ONE
BANK ONE, WEST VIRGINIA, NA

OFFICIAL CHECK

105259306

10-86
220

Purchaser Logan County PSD 1999D Construction Trust 1999

Pay To The Order Of Enaloc Water Corporation $ 325,580.65

PAY EXACTLY 325,580 65

Dollars

Issued by Integrated Payment Systems Inc., Englewood, Colorado
To Citibank (New York State): Buffalo, N.Y.

Drawer: BANK ONE, WEST VIRGINIA, NA

Authorized Signature

THE BACK OF THIS DOCUMENT CONTAINS A REFLECTIVE SECURITY MARK - HOLD AT AN ANGLE TO VIEW

⑆022000868⑆68⑈500380 105259306

JACKSON & KELLY PLLC
ATTORNEYS AT LAW
6000 HAMPTON CENTER
P. O. BOX 619
MORGANTOWN, WEST VIRGINIA 26507
TELEPHONE 304-599-3000 TELECOPIER 304-285-2040
http://www.jacksonkelly.com

1600 LAIDLEY TOWER
CHARLESTON, WEST VIRGINIA 25322
TELEPHONE 304-340-1000

300 FOXCROFT AVENUE
MARTINSBURG, WEST VIRGINIA 25402
TELEPHONE 304-263-8800

256 RUSSELL AVENUE
NEW MARTINSVILLE, WEST VIRGINIA 26155
TELEPHONE 304-455-1751

412 MARKET STREET
PARKERSBURG, WEST VIRGINIA 26101
TELEPHONE 304-424-3490

1144 MARKET STREET
WHEELING, WEST VIRGINIA 26003
TELEPHONE 304-233-4000

1000 TECHNOLOGY DRIVE
FAIRMONT, WEST VIRGINIA 26554
TELEPHONE 304-368-2000

1660 LINCOLN STREET
DENVER, COLORADO 80264
TELEPHONE 303-390-0003

175 EAST MAIN STREET
LEXINGTON, KENTUCKY 40595
TELEPHONE 606-255-9500

2401 PENNSYLVANIA AVENUE N.W.
WASHINGTON, D.C. 20037
TELEPHONE 202-973-0200

MEMBER OF LEX MUNDI, THE WORLD'S LEADING ASSOCIATION OF INDEPENDENT LAW FIRMS.

December 14, 1999

Logan County Public Service District
Suite 507, White & Browning Building
Logan, West Virginia 25601

West Virginia Water Development Authority
180 Association Drive
Charleston, WV 25311-1571

Re: Logan County Public Service District Water Revenue Bonds (Enaloc Project - West Virginia Water Development Authority), Series 1999 D

Ladies and Gentlemen:

We have served as bond counsel to Logan County Public Service District (the "Issuer"), in connection with the issuance of its Water Revenue Bonds (Enaloc Project - West Virginia Water Development Authority), Series 1999 D, 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 14, 1999, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), and (ii) the Bonds to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are issued in the principal amount of $330,000, in the form of one bond, registered as to principal and interest to the Authority, with interest payable semiannually on April 1 and October 1 of each year, commencing April 1, 2000, at the rate of 5.8% per annum, and with principal payable annually on October 1 of each year, commencing October 1, 2001, all as set forth in the "Schedule X" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system for 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 14, 1999, as supplemented by a Supplemental Resolution duly adopted by the Issuer on December 14, 1999 (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.

In connection with the issuance of the Bonds, the Issuer has executed a Certificate as to Arbitrage, dated as of the date hereof (the "Certificate as to Arbitrage"), which, among other things, sets forth restrictions on the investment and expenditure of the Bond proceeds and earnings thereon, to ensure that the arbitrage requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (collectively, the "Code"), necessary to establish and maintain the excludablility of interest on the Bonds from gross income for federal income tax purposes, are and will continue to be met.

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

1. The Issuer is a duly created and validly existing public service district and is a public corporation and a political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

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

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

4. The Resolution and all other necessary orders and resolutions have been duly and effectively adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms. The Resolution contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity as to liens, pledge and source of and security for payment with the Issuer's Water Revenue Bonds (Cow Creek Project), Series 1996 B, Water Revenue Bonds (Whitman Creek Project), Series 1997 A, Water Revenue Bonds (Harts Creek Project), Series 1997 B, Water Revenue Bonds (Elk Creek/Spice Creek/Verner Project - West Virginia Infrastructure and Jobs Development Council), Series 1998 A, Water Revenue Bonds (Mill Creek Project - West Virginia Infrastructure and Jobs Development Council), Series 1999 A, Water Refunding Revenue Bonds, Series 1999 B, and Water Revenue Bonds (Crawley Creek/Chief Logan Project - West Virginia Infrastructure and Jobs Development Council), Series 1999 C, all in accordance with the terms of the Bonds and the Resolution.

6. Under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Bonds (a) is excludable from gross income of the owners thereof for federal income tax purposes pursuant to the Code and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations under the Code. It should be noted, however, that interest on the Bonds is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax that may be imposed with respect to corporations. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Code that must be satisfied subsequent to issuance of the Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludablility from gross income of the interest on the Bonds set forth in the Bond Legislation and the Certificate as to Arbitrage, and other

certificates delivered in connection with the issuance of the Bonds. Failure to comply with certain of such Code provisions or such certifications, covenants and representations could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

7. 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.

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 DR-1 and in our opinion, the form of said Bond and its execution and authentication are regular and proper.

Very truly yours,

Jackson & Kelly

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December 14, 1999

Logan County Public Service District
Suite 507, White & Browning Building
Logan, West Virginia 25601

West Virginia Water Development Authority
180 Association Drive
Charleston, West Virginia 25311-1571

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

RE: Logan County Public Service District Water Revenue Bonds (Enaloc Project), West Virginia Water Development Authority Series 1999 D

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 Jackson & Kelly PLLC, as bond counsel, relating to the above-captioned Bonds of the Issuer (the "Bonds"), a loan agreement for the Bonds, dated December 14, 1999, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), a Bond Resolution duly adopted by the Issuer on December 14, 1999, as supplemented by a Supplemental Resolution duly adopted by the Issuer on December 14, 1999, (collectively, the "Resolution"), orders of the County Commission of Logan County relating to the Issuer and the appointment of members of the Public Service Board of the Issuer, and other documents relating to the Bonds. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Loan Agreement and the Resolution when used herein.

I am of the opinion that:

1. The Issuer is duly and legally created and validly existing as a public service district, public corporation and political subdivision of the State of West Virginia, and 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.

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

3. The Resolution has been duly adopted by the Board and is in full force and effect.

4. 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.

5. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges, including, without limitation, all requisite orders, consents, certificates and approvals from the County Commission of Logan County, the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia, 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 Recommended Decision of the Public Service Commission of West Virginia (the "PSC") entered on December 1, 1999, which

became a Final Order on December 13, 1999, approving the acquisition of the Project and the financing therefor. The time for appeal of such Order 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 the original petition.

6. The Issuer's rates as approved by the PSC are in full force and effect.

7. The Issuer has duly published a notice of the acquisition and construction of the Project, the issuance of the Bonds and related matters, as required by the Act and the rules and regulations of the PSC, 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 or the collection or pledge of the Net Revenues therefor.

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

Very Truly Yours,

James A. Walker
Attorney for
Logan County Public Service District

JAW:mjh

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December 14, 1999

Mr. Daniel B. Yonkosky, Director
West Virginia Water Development Authority
180 Association Drive
Charleston, West Virginia 25311

RE: Logan County Public Service District
Enaloc Project - West Virginia Water
Development Authority
Water Revenue Bonds, Series 1999D

Dear Mr. Yonkosky:

I represent the Logan County Public Service District, a political subdivision of the State of West Virginia, ("Issuer") with regard to the proposed acquisition of certain assets of Enaloc Water Corporation, a West Virginia corporation, that comprises a water distribution system located in and around the Rossmore, Chauncey and Stirrat areas of Logan County, West Virginia, (Enaloc project) and provide this final title opinion on behalf of Logan County Public Service District. Please be advised of the following:

1. That I am of the opinion that the Logan County Public Service District is a duly created and 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 and has the full power and authority to operate and maintain the Enaloc Project as approved by the Bureau for Public Health.

2. (A). That with the exception of the permit as noted in Paragraph 2 (B). herein, the Logan County Public Service District has obtained approval for the necessary permits and approvals for the acquisition and operation of the Enaloc Project and the imposition of rates and charges, including the Public Service Commission of West Virginia, and the Logan County Public Service District 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 Logan County Public Service District has received the Recommended Decision of the Public Service Commission of West Virginia (the

"PSC") entered on December 1, 1999, which became a Final Order on December 11, 1999, approving the acquisition and financing of the Project. The time for appeal of such Order has expired. Such Order is not subject to any further appeal, hearing, reopening or rehearing.

(B). A license and permit dated March 8, 1955, between Colane Corporation (a Delaware corporation - parent corporation of Enaloc), Chesapeake and Ohio Railway Company (now CSX Transportation, Inc.) and Omar Mining Company. Colane Corporation has assigned those rights (the right to maintain and operate a six inch wrought iron pipeline under and across certain land and the tracks of CSX) by an Assignment and Assumption Agreement which is to be executed and delivered to the Logan County Public Service District at the closing of this matter scheduled for December 14, 1999. This assignment also requires the consent of CSX, which consent has not yet been obtained but has been requested by Colane Corporation.

3. I have reviewed:

a. the Agreement of Sale dated November 8, 1999, by and between Enaloc Water Corporation and the Logan County Public Service District;

b. the General Conveyance, Bill of Sale and Assignment dated December 14, 1999, by and between Enaloc Water Corporation and the Logan County Public Service District;

c. the Assignment and Assumption Agreement dated December 14, 1999, by and between Enaloc Water Corporation and the Logan County Public Service District;

d. the deed records of Logan County, West Virginia, the county in which the Project is located;

and, in my opinion, the Issuer has legal and valid fee simple title or such other estate or interest in the necessary sites for the Project, including deeds, easements and/or rights of way, sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance of the Project. All deeds, easements and/or rights of way for the Project are duly recorded in the Office of the Clerk of the County Commission of Logan County, West Virginia.

Very Truly Yours,

James A. Walker
Attorney for Logan
County Public Service District

JAW:mjh

cc: Samme L. Gee, Esq.
Charles R. Roberts, Jr., P.E.