MASON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2000 A
(WEST VIRGINIA DWTRF PROGRAM)

Closing Date: June 28, 2000

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TRANSCRIPT OF PROCEEDINGS

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The closing of the sale of the Mason County Public Service District Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program), will take place at the West Virginia Water Development Authority's office in Charleston, West Virginia, at 10:30 a.m., prevailing time on June 28, 2000. No transaction shall be deemed to have been completed and no documents shall be deemed to have been delivered unless or until all transactions are complete and all documents delivered.

05/31/00
100424/00305

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
June 6, 2000

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.
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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

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

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

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).

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

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

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 13C OF THE WEST VIRGINIA CODE, AND CHAPTER 16, ARTICLE 13C OF THE 1999 CUMULATIVE SUPPLEMENT TO THE WEST VIRGINIA CODE, AS INDICATED BY THE RECORDS OF THIS OFFICE.

Given under my hand and the Great Seal of the State of West Virginia on
June 6, 2000

Ken Hechler

Secretary of State

1B

therefor in the manner hereinabove provided from the date of the original assessment, with interest therefrom, and proper assessment certificate may be issued, recordation had, and the payment thereof and the lien thereof may be enforced in the same manner and upon the same terms as would have been proper at the time of the completion of the said improvements had the assessments therefor been then properly laid and levied. (1992, c. 150.)

§ 16-13B-20. How additional territory may be added to assessment district.

(a) A governing body may, with respect to any assessment district created by it, modify, expand or extend the boundaries of the assessment district to develop, construct, improve or extend any project, or to enable persons residing or engaged in business on property located outside the assessment district to obtain the services provided by a wastewater or water facility, (1) by satisfying the same requirements provided in this article for the creation of the assessment district, or (2) upon the unanimous written agreement of persons owning all of the property to be added to the assessment district that such property be added to the district and assessed in accordance with subsection (b) of this section: Provided, That no property may be added to an assessment district for connection to a wastewater or water project unless it abuts the assessment district.

(b) Any property added to an assessment district shall be assessed for and bear a proportionate share of the cost of the project then remaining unpaid, consistent with the concepts and principles set forth in sections eleven and twelve [§§ 16-13B-11 and 16-13B-12] of this article and the assessment so laid shall be a lien upon the property in the same manner hereinabove provided from the date such assessment is laid. Contemporaneously with the resolution laying the assessment against such property, all other property located in the assessment district shall be reassessed to reflect the addition of such property to the assessment district. In all such cases, the assessment district shall be the holder of the assessment certificates issued to evidence the assessments laid upon the added property, and all assessment fees received by the sheriff from such assessment certificates shall be applied, pro rata, to reduce the final installment of principal and interest due from the owners of all other property located in the assessment district as it existed prior to the addition of property to the district.

(c) If any property is connected to a wastewater or water project after the cost of the project has been paid in full and the transfer of the project to a utility or governmental agency pursuant to section twenty-one [§ 16-13B-21] of this article, the owner of such property shall pay to the utility or governmental agency the same rates and charges paid by other customers of the utility or governmental agency for the services provided by the wastewater or water facility operated and maintained by it. (1992, c. 150.)

§ 16-13B-21. Operation and maintenance of wastewater and water projects; rates and charges therefor.

(a) Prior to the construction of a wastewater or water project, the assessment district in which the project shall be located shall enter into one or more agreements with a utility or governmental agency operating a wastewater or water facility within the service area covered by the assessment district for the operation and maintenance of the project and for the provision of wastewater or water services, as the case may be, and such utility or governmental agency shall thereupon be authorized and empowered to charge and collect from each person connected to the project such rates and charges customarily paid by customers of such utility or governmental agency for similar wastewater or water services. All such agreements shall have terms of duration equal to or greater than the period necessary for the cost of the project to be paid in full, and may otherwise contain such terms and conditions as may be mutually agreed to by the parties, and shall be presented as part of the application to the public service commission required by section ten (c) [§ 16-13B-10(c)] hereof.

(b) Immediately upon the final payment of all assessment fees due under all assessment certificates issued in connection with a wastewater or water project constructed within an assessment district, the assessment district shall transfer and convey all of its right, title and interest in and to such project to the utility or governmental agency providing wastewater or water services, as the case may be. (1992, c. 150.)

§ 16-13B-22. Liberal construction.

This article being necessary for the public health, safety and welfare, it shall be liberally construed to effectuate the purpose hereof. (1992, c. 150.)

ARTICLE 13C.

DRINKING WATER TREATMENT REVOLVING FUND ACT.

Sec.
16-13C-1. Definitions.
16-13C-2. Designation of division of health as state instrumentality; rules; small systems; disadvantaged communities.
16-13C-3. Drinking water treatment revolving fund; duties of division of health and water development authority; set-aside accounts.
16-13C-4. Management of funds.
16-13C-5. Remedies to enforce payment.
16-13C-6. Construction of article.

§ 16-13C-1. Definitions.

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

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

(2) "Capacity development" means the technical, managerial and financial capability of a public water system.

(3) "Cost" means the cost of all labor, materials, machinery, equipment, lands, property, rights and easements, plans and specifications and all other expenses necessary or incident to the acquisition, construction, improvement, expansion, extension, repair or rehabilitation of all or part of a project.

(4) "Disadvantaged community" means the service area of a public water system that meets affordability criteria established after public review and comment by the state.

(5) "Federal safe drinking water act" means the federal statute commonly known as the "Safe Drinking Water Act", 42 U.S.C. 300f et seq., as enacted, amended, and as may be subsequently amended.

(6) "Fund" means the West Virginia drinking water treatment revolving fund created in this article.

(7) "Instrumentality" means the division of health which shall have the primary responsibility for administering the fund and this article pursuant to requirements of the federal safe drinking water act.

(8) "Local Entity" means any municipality, public utility, or person, including any individual, firm, partnership, association, not-for-profit corporation or other corporation organized and existing under the laws of the state which is empowered to construct and operate an eligible project.

(9) "Public water system" means that term as defined in section nine-a [§ 16-1-9a], article one, chapter sixteen of the code.

(10) "Project" means a project for improving a drinking water system for the purpose of achieving or maintaining compliance with applicable state and federal drinking water regulations.

(11) "Set-aside accounts" means those accounts that may be set up for activities required by the federal safe drinking water act and the moneys for these accounts may be taken from the federal capitalization grant for these nonproject activities before the capitalization grant is deposited into the fund.

(12) "Small system" means a public water system serving 10,000 or fewer persons. (1997, c. 225.)

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

(a) The division of health shall act as the instrumentality that is hereby empowered to enter into capitalization agreements with the United States Environmental Protection Agency, to accept capitalization grant awards made under the federal safe drinking water act, and to direct the administration and management of the drinking water treatment revolving fund created in this article in accordance with the requirements of federal law.

(b) The division of health shall propose rules for legislative approval in accordance with provisions of article three [§ 29A-3-1 et seq.], chapter twenty-nine-a of the code for the purpose of effecting the administration of the provisions of this article. The rules shall include, but are not limited to, establishing requirements for: (1) Capacity development; (2) environmental review; (3) disadvantaged community designation; (4) receipt and disbursement of fund moneys; and (5) establishment of a drinking water treatment revolving fund program to direct the financial management of the fund to water systems and establish the interest rates and repayment terms of the loans.

(c) Two percent of the annual federal capitalization grants made to this state shall be utilized to provide technical assistance services for small systems to assist those systems in maintaining compliance with the federal safe drinking water act. The division of health shall enter into contracts to provide technical assistance services for small systems with such nonprofit organizations that: (1) Have a membership that represent at least twenty-five percent of the small systems of this state; and (2) have at least five years experience in providing on-site technical assistance to small systems.

(d) The division of health shall, in accordance with the provisions of the federal safe drinking water act, establish a program for loan subsidies to disadvantaged communities. Thirty percent of the annual federal capitalization grants made to this state shall be dedicated to the funding of projects for disadvantaged communities. (1997, c. 225.)

§ 16-13C-3. Drinking water treatment revolving fund; duties of division of health and water development authority; set-aside accounts.

(a) There is hereby created in the office of the state treasurer a special fund to be known as the "West Virginia drinking water treatment revolving fund". The fund shall be administered and managed in accordance with the provisions of the federal safe drinking water act.

(b) The fund shall be administered and managed by the water development authority under the direction of the division of health. The fund shall be comprised of moneys appropriated to the fund by the Legislature, moneys allocated to the state by the federal government expressly for the purpose of establishing and maintaining a drinking water treatment revolving fund, all receipts from loans made from the fund, all income from the investment of moneys held in the fund, and all other sums designated for deposits to the fund from any source, public or private. Moneys in the fund shall be used solely to make loans or provide other allowable financial assistance to eligible projects for public water systems, as described in the federal safe drinking water act.

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

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

(e) All moneys belonging to the fund shall be kept in appropriate depositories and secured in conformance with the provisions of this code. Disburse-

ments from the fund shall be authorized for payment by the director of the authority or the director's designee. Any depository or officer of the depository to which moneys of the fund are paid shall act as trustee of the moneys and shall hold and apply them solely for the purposes for which the moneys are provided under this article. Moneys in the fund shall not be commingled with other money of the authority. Notwithstanding any provision of this code to the contrary, amounts in the fund shall be deposited by the authority in one or more banking institutions: Provided, That any moneys so deposited shall be deposited in a banking institution located in this state. The banking institution shall be selected by the authority by competitive bid. If not needed for immediate use or disbursement, moneys in the fund may be invested or reinvested by the authority in obligations or securities which are considered lawful investments for public funds under this code.

(f) Pursuant to the provisions of the federal safe drinking water act, set-aside accounts may be set up in accounts separate from the drinking water treatment revolving fund. These set-aside accounts shall include, but not be limited to, administration costs, source water protection, operator training and certification, technical assistance to systems, local assistance, and other state activities permitted by the federal safe drinking water act. The division of health shall direct the authority to establish and administer the set-aside accounts as permitted by the federal safe drinking water act. An application fee may be charged and deposited into the administrative account to defray the cost of administering the program. (1997, c. 225.)

§ 16-13C-4. Management of funds.

The authority shall manage the funds received pursuant to the provisions of this article for accounting purposes. The authority shall cause an audit of its books and accounts to be made at least once each fiscal year and the cost thereof may be defrayed as administrative expense under provisions of this article. The audit shall be conducted by a certified public accountant and provide an auditor's opinion on the fund financial statements, a report on the internal controls and a report prepared in compliance with the provisions of the drinking water treatment revolving fund. (1997, c. 225.)

§ 16-13C-5. Remedies to enforce payment.

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

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

(2) The authority may exercise, in its own name or in the name of and as the agent for a particular local entity, all of the rights, powers and remedies of the

local entity with respect to the project or which may be conferred upon the local entity by statute, rule, regulation or judicial decision, including all rights and remedies with respect to users of the project funded by the loan distributed to that local entity pursuant to this article.

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

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

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

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

(b) The rights and remedies enumerated in this article are in addition to rights and remedies conferred upon the authority by law or pursuant to the loan agreement. (1997, c. 225.)

§ 16-13C-6. Construction of article.

The provisions of this article shall be liberally construed to the end that its beneficial purposes may be effected. Insofar as the provisions of this article are inconsistent with the provisions of any other general, special or local law, the provisions of this article are controlling. (1997, c. 225.)

ARTICLE 14.

BARBERS AND COSMETOLOGISTS.

Sec.
16-14-1. Jurisdiction over barbers and cosmetologists: powers and duties of director of health.
16-14-2. Barbering, beauty culture and manicuring defined.
16-14-3. Regulations to be promulgated by board of health: enforcement.
16-14-4 to 16-14-17. [Repealed.]

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.

Michie's Jurisprudence. — For a general treatment of barbering and beauty culture, see 3A M.J., Barbers and Cosmetologists.

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§ 16-14-1. Jurisdiction over barbers and cosmetologists; powers and duties of director of health.

(a) There is hereby vested in the state department of health jurisdiction over barbers and cosmetologists, except as otherwise specifically provided in this code.

MICHIE'S WEST VIRGINIA CODE ANNOTATED

VOLUME 5A

1998 Replacement Volume

1999 SUPPLEMENT

Including Acts passed during the 1999 Regular and First and Second Extraordinary Sessions

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caused by the public health and financial consequences of cigarette smoking. On the twenty-third day of November, one thousand nine hundred ninety-eight, leading United States tobacco product manufacturers entered into a settlement agreement, entitled "master settlement agreement", with the state. The master settlement agreement obligates these manufacturers to pay substantial sums to the state in exchange for a release of past, present and future claims against them.

(b) The tobacco growers of the state are not a party or a beneficiary of the master settlement agreement.

(c) In view of the master settlement agreement, similar agreements between other states and tobacco product manufacturers, and the heightened public awareness and scrutiny of the dangers associated with cigarette smoking, the state has a significant interest in protecting tobacco growers from negative economic and financial consequences arising from changes in the cigarette industry, such as decreased consumption, demand and prices.

(d) On the twenty-first day of January, one thousand nine hundred ninety-nine, leading United States tobacco product manufacturers agreed to establish a national tobacco community trust, for the sole benefit of tobacco growers, payable over a twelve-year period, beginning in the year one thousand nine hundred ninety-nine. The tobacco growers in this state (and thirteen other states) are eligible to participate in the national tobacco community trust upon the creation of a state tobacco grower board, which will consummate a tobacco grower settlement with the tobacco product manufacturers. (1999, c. 283.)

§ 16-9C-2. Definitions.

(a) "Cigarette" means any product that contains nicotine, is intended to be burned or heated under ordinary conditions of use, and consists of or contains: (1) Any roll of tobacco wrapped in paper or in any substance not containing tobacco; or (2) tobacco, in any form, that is functional in the product, which, because of its appearance, the type of tobacco used in the filler, or its packaging and labeling, is likely to be offered to, or purchased by, consumers as a cigarette; or (3) any roll of tobacco wrapped in any substance containing tobacco which, because of its appearance, the type of tobacco used in the filler, or its packaging and labeling, is likely to be offered to, or purchased by, consumers as a cigarette as that term is described in this subsection. The term "cigarette" includes "roll-your-own" which means any tobacco which, because of its appearance, type, packaging, or labeling is suitable for use and likely to be offered to, or purchased by, consumers as tobacco for making cigarettes. For purposes of this definition of cigarette, 0.09 ounces of "roll-your-own" tobacco shall constitute one individual cigarette.

(b) "Master settlement agreement" means the settlement agreement (and related documents) entered into on the twenty-third day of November, one thousand nine hundred ninety-eight, by the state and leading United States tobacco product manufacturers.

(c) "National tobacco community trust" means the trust fund agreed to by leading United States tobacco product manufacturers, to be established and funded by them for the sole benefit of state tobacco growers.

(d) "Tobacco grower" means a person who has a direct financial interest in planting, cultivating and harvesting tobacco for sale. Tobacco grower includes a person who possesses a quota to market tobacco as administered by the United States Department of Agriculture.

(e) "Trust" means the national tobacco community trust as defined in subsection (c) of this section. (1999, c. 283.)

§ 16-9C-3. Creation of board.

There is hereby created a board to be known as the "state tobacco growers' settlement board" consisting of three members: the governor, the attorney general and the commissioner of agriculture, or their designees. The governor or his or her designee shall serve as the chair, the commissioner of agriculture or his or her designee shall serve as the vice chair, and the attorney general or his or her designee shall serve as the secretary. (1999, c. 283.)

§ 16-9C-4. Duties and responsibilities of the state tobacco grower board.

The duties and responsibilities of the board shall include, but are not limited to:

(a) The consummation of a settlement with leading United States tobacco product manufacturers for the exclusive benefit of state tobacco growers;

(b) The execution of all necessary written agreements relative to the national tobacco community trust to ensure state tobacco growers' receipt of funds directly from the trust;

(c) Consultation with tobacco growers within the state in order to determine how funds allocated by the national tobacco community trust shall be distributed among state tobacco growers to compensate them for the adverse effects of decreased consumption, demand and price for cigarettes;

(d) The submission of a plan to the national tobacco community trust identifying state tobacco growers and the distribution of trust funds to state tobacco growers; and

(e) The certification of instructions annually to the national tobacco community trust regarding distribution of funds from the trust directly to the state tobacco growers during the twelve year payment period, beginning in the year one thousand nine hundred ninety-nine. (1999, c. 283.)

ARTICLE 13C.

DRINKING WATER TREATMENT REVOLVING FUND ACT.

Sec.

16-13C-1. Definitions.
16-13C-3. Drinking water treatment revolving fund; duties of division of health and water development authority; set-aside accounts.

§ 16-13C-1. Definitions.

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

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

(2) "Capacity development" means the technical, managerial and financial capability of a public water system.

(3) "Cost" means the cost of all labor, materials, machinery, equipment, lands, property, rights and easements, plans and specifications and all other expenses necessary or incident to the acquisition, construction, improvement, expansion, extension, repair or rehabilitation of all or part of a project.

(4) "Disadvantaged community" means the service area of a public water system that meets affordability criteria established after public review and comment by the state.

(5) "Federal safe drinking water act" means the federal statute commonly known as the "Safe Drinking Water Act", 42 U.S.C. 300f et seq., as enacted, amended, and as may be subsequently amended.

(6) "Fund" means the West Virginia drinking water treatment revolving fund created in this article.

(7) "Instrumentality" means the division of health which has the primary responsibility for administering the fund and this article pursuant to requirements of the federal safe drinking water act.

(8) "Local entity" means any municipality, public utility, or person, including any individual, firm, partnership, association, not-for-profit corporation or other corporation organized and existing under the laws of the state which may construct and operate an eligible project.

(9) "Public water system" means that term as defined in section nine-a [§ 16-1-9a], article one, chapter sixteen of the code.

(10) "Project" means a project for improving a drinking water system for the purpose of achieving or maintaining compliance with applicable state and federal drinking water regulations.

(11) "Set-aside accounts" means those accounts that shall be set up for activities required by the federal Safe Drinking Water Act and the moneys for these accounts may be taken from the federal capitalization grant for these nonproject activities before the capitalization grant is deposited into the fund.

(12) "Small system" means a public water system serving ten thousand or fewer persons. (1997, c. 225; 1998, c. 170.)

Effect of amendment of 1998. — The amendment, effective June 10, 1998, in (7), substituted "has" for "shall have"; in (8), substituted "may construct" for "is empowered to construct"; in (11), substituted "shall be set up" for "may be set up"; and made stylistic changes.

§ 16-13C-3. Drinking water treatment revolving fund; duties of division of health and water development authority; set-aside accounts.

(a) There is continued in the office of the state treasurer a permanent and perpetual special fund to be known as the "West Virginia drinking water treatment revolving fund". The fund shall be administered and managed in accordance with the provisions of the federal Safe Drinking Water Act. The division of health may draw all or a portion of those moneys available under capitalization agreements and with the capitalization grant awards from the United States environmental protection agency under the federal Safe Drinking Water Act and to deposit such moneys into the fund and the set-aside accounts.

(b) The fund, less the set-aside account moneys, shall be administered and managed by the water development authority under the direction of the division of health. The fund shall be comprised of moneys appropriated to the fund by the Legislature, moneys allocated to the state by the federal government expressly for the purpose of establishing and maintaining a drinking water treatment revolving fund and set-aside accounts, all receipts from loans made from the fund, all income from the investment of moneys held in the fund, and all other sums designated for deposits to the fund from any source, public or private. Moneys in the fund shall be used solely to make loans or provide other allowable financial assistance to eligible projects for public water systems, as described in the federal Safe Drinking Water Act.

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

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

(e) Disbursements from the fund shall be authorized for payment by the director of the authority or the director's designee. Moneys in the fund shall not be commingled with other money of the authority. If not needed for immediate use or disbursement, moneys in the fund may be invested or reinvested by the authority in obligations or securities which are considered lawful investments for public funds under this code.

(f) Pursuant to the provisions of the federal Safe Drinking Water Act, set-aside accounts shall be set up in accounts separate from the drinking water treatment revolving fund. These set-aside accounts shall include, but not be limited to, administration costs, source water protection, operator training and certification, technical assistance to systems, local assistance, and other state activities permitted by the federal Safe Drinking Water Act. The division of

health shall establish and administer the set-aside accounts as permitted by the federal Safe Drinking Water Act. An application fee may be charged and deposited into the administrative account to defray the cost of administering the program. (1997, c. 225; 1998, c. 170.)

Effect of amendment of 1998. — The amendment, effective June 10, 1998, in (a), substituted "continued" for "hereby created," inserted "permanent and perpetual" preceding "special fund," and added the last sentence; in (b), in the first sentence, inserted "less the set-aside account moneys," and in the second sentence, inserted "and set-aside accounts"; in (c), inserted "and the division of health" following "authority"; in (d), substituted "legislative rules for promulgation" for "rules for legislative approval"; rewrote (e); in (f), substituted "shall be set up" for "may be set up," and in the next-to-last sentence deleted "direct the authority to" preceding "establish"; and made stylistic changes.

ARTICLE 13D.

REGIONAL WATER AND WASTEWATER AUTHORITY ACT.

Sec.
16-13D-1. Statement of purpose.
16-13D-2. Definitions.
16-13D-3. Joint exercise of powers by certain public agencies; agreements among agencies, contents; submission to public service commission; filing of agreement; prohibition against competition; retirement of bonds.
16-13D-4. Furnishing of funds, personnel or services by certain public agencies, agreements for purchase, sale, distribution, transmission, transportation and treatment of water or wastewater; terms and conditions.
16-13D-5. Declaration of authority organization, when quasi-governmental public corporation.
16-13D-6. Governing body; appointments; terms of members, voting rights.
16-13D-7. Meetings of governing body; annual audit.
16-13D-8. Powers of governing body.
16-13D-9. Revenue bonds.
16-13D-10. Items included in cost of properties.
16-13D-11. Bonds may be secured by trust indenture.
16-13D-12. Sinking fund for revenue bonds.
16-13D-13. 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.
16-13D-14. Statutory mortgage lien created; foreclosure thereof.
16-13D-15. Rates and charges.
16-13D-16. Refunding revenue bonds.
16-13D-17. Exemption of bonds from taxation.
16-13D-18. Bonds made legal investments.
16-13D-19. Invalidity of part.
16-13D-20. Article to be liberally construed.
16-13D-21. Citation of article.

Effective dates. — Acts 1998, c. 323, provided that the article take effect ninety days from passage (Mar. 14, 1998).

§ 16-13D-1. Statement of purpose.

It is the purpose of this article, to permit certain public agencies to make the most efficient use of their powers relating to public water supplies and the transportation and treatment of wastewater by enabling them to cooperate

with other public agencies on a basis of mutual advantage and thereby to provide services and facilities to participating public agencies and to provide for the establishment for such purpose of a quasi-governmental public corporation which shall be known as a regional water authority, or where appropriate, a regional wastewater authority, or regional water and wastewater authority. The function of the regional water authority shall be to secure a source of water on a scale larger than is feasible for individual public agencies acting alone, and to sell such water to public service districts, municipalities, publicly and privately owned water utilities, and others. The function of the regional wastewater authority shall be to enable public agencies to join together to provide the most economical method of transportation and treatment of wastewater and to provide such transportation and treatment services to public service districts, municipalities, publicly and privately owned wastewater utilities, and others. The function of the regional water and wastewater authority shall be to enable public agencies to join together to carry out the joint functions of both regional water authority and a regional wastewater authority.

In addition to the purposes for which it may have originally been created, any authority created pursuant to this article shall have the power to enter into agreements with public agencies, privately owned utilities, and other authorities, for the provision of related services including, but not limited to the following: administration, operation and maintenance, billing and collection. (1998, c. 323.)

§ 16-13D-2. Definitions.

For the purposes of this article:

(a) The term "authority" shall mean any regional water authority, regional wastewater authority, or regional water and wastewater authority organized pursuant to the provisions of this article; and

(b) The term "public agency" shall mean any municipality, county, public service district, or other political subdivision of this state. (1998, c. 323.)

§ 16-13D-3. Joint exercise of powers by certain public agencies; agreements among agencies, contents; submission to public service commission; filing of agreement; prohibition against competition; retirement of bonds.

(a) Any powers, privileges or authority of a public agency of this state relating to public water supplies, or the transportation or treatment of wastewater, may be exercised jointly with any other public agency of this state, or with any agency of the United States to the extent that the laws of the United States permit. Any agency of the state government when acting jointly with any public or private agency may exercise all of the powers, privileges and authority conferred by this act upon a public agency.

(b) Any public agency may enter into agreements with one or more other public agencies for the purpose of organizing a regional water authority,

ORDERS—Mason County Court, W. Va.

TERMS May 20 19 74

CASTO & HARRIS INC., SPENCER, W. VA. RE-ORDER NO 50915-C

REVENUE SHARING FUND

No. 56	Smeltzer Nursery & Stone Yart	707.54
No. 57	Carolina Lumber & Supply Co.	214.45
No. 58	Zide's Sprot Shop	8.01
No. 59	Mason Aggregates, Inc.	509.76
No. 60	Carolina Lumber & Supply Co.	941.04
No. 61	Billy Daniel	464.40

This being the day, date and hour set for a public hearing regarding the creation of a public service district in Mason County, the following persons, all interested citizen of the county, appeared: John A. Hussell, Emma Boswell, Mrs. John A. Hussell, Mrs. Robert Boles, Mrs. Jack Jeffers, Mr. Robert Boles, Mr. and Mrs. R. O. Blain, Mr. Michael Whalen, Mrs. Clayton R. Hesson, Mrs. Clarence Hesson and Mr. George Crump. Also appearing were Mr. Michael Shaw, attorney, and Mr. Griffin Boggess, Farmers Home Administration. Mr. Shaw explained the procedure for creating a public service district which was followed by a period of comments and questions.

Mr. Jack Burdett, Carl Cook, Lida Garland and Vicki Keefer appeared before the Court and reported progress in obtaining a one-room schoolhouse for display, in connection with the Bi-Centennial Celebration.

Mr. Ray Hayes appeared before the Court and stated that he had accepted a job at $500.00 per month with the Court at a previous meeting but had received no compensation as such and voiced his complaint regarding same.

It was moved by Mr. William Rardin, seconded by Mr. Adkins and passed by unanimous vote that two more basketball goals be purchased for recreational purposes.

The mowing of grass at the airport was discussed. It was moved by Mr. William Rardin that Straud McDermitt be hired to mow the airport grounds, seconded by Mr. Adkins, and passed by unanimous vote.

The statement of the account of Pantasote Plant Funds was presented before the Court, examined and ordered filed for the period ending April 30, 1974.

The proposal of H. D. Wallace to repair the iron fence at Mason County Memorial Park in the total amount of $307.00 was presented and approved.

No further business claiming the attention of this Court, it is ordered said Court shall stand adjourned until Tuesday, May 28th at 2:00 p.m.

Clarence Adkins, President Pro. Tem.

William H. Rardin, Jr., Commissioner

2A

ORDERS—Mason County Court, W. Va.

TERMS May 28 19 74

CASTO & HARRIS INC., SPENCER, W. VA. RE-ORDER NO 50015-C

No. 22699	Oxford Chemicals	249.35
No. 22700	Sixty-Two Auto Sales	34.95
No. 22701	Weintrob Bros.	86.00
No. 22702	Geo. D. Barnard Co.	22.03
No. 22703	Pt. Pleasant Hardware	1.58
No. 22704	So. States Pt. Pleasant Coop.	2.00
No. 22705	Cleaning Supplies Co.	25.25
No. 22706	Mason Co. Insurance Agency	455.00
No. 22707	H. D. Wallace	307.00
No. 22708	Morgan's Inc.	39.48
No. 22709	Smith Plumbing & Heating	2.15
No. 22710	Hutchison Sanitary Supply	289.74
No. 22711	Casto & Harris Inc.	1376.12

REVENUE SHARING FUND

No. 63	B & Q Machine & Repair Inc.	360.32
No. 64	The Pine Log Co.	100.00

The following estates, settlements, etc., were presented and approved:

Virginia L. Dotson Barrett - Executrix of the estate of William Amos Dotson, dec'd. Appointment.
Mervin Chapman - Administrator of the estate of Esther Marie Chapman, dec'd. Appointment.
Donna H. Lucas - Executrix of the estate of James E. Lucas, Sr., dec'd. Appointment.
Rev. Marvin Goodin - Minister to perform marriage ceremony in State of West Virginia.
Hobart Dewees - Administrator for the estate of Mary Emma Dewees, dec'd. Appointment.
Dollie Delva Sturgeon - Executrix of the estate of John W. Sturgeon, dec'd. Appointment.
Millard L. Downing - Minister to perform marriage ceremony in State of West Virginia.

The Clerk of the Court reported to the Court that receipts in the amount of $179.22 were turned in at the Sheriff's Office for the week ending May 28, 1974 and the amount of $62.00 for deposit to the Sheep and Dog Fund.

The following letter was received:

May 28, 1974

Mr. William Rardin, Jr.
%Mason County Court
Point Pleasant, W. Va. 25550

Dear Mr. Rardin:

Due to my Church activities I regret to say that I cannot stay on as a member of the Mason County Building Commission.

I appreciate being elected to the Commission, but find that I could not do my best with my other involvements in Church life, so please accept my resignation.

I shall always be concerned with the betterment of Point Pleasant and Mason County.

Sincerely,

/s/ Tally Hanna

Whereupon, it was duly moved by William Rardin, seconded by Clarence Adkins and passed by unanimous vote that Mr. Hanna's resignation be accepted and that David Eisel be named to fill the vacancy created by said resignation.

The applications of Judith Ann Derenberger and Louise W. Ferrell for notary public in the County of Mason were approved and ordered certified to the Governor of State of W. Va.

The Sheriff's monthly financial statement for the month ending April 30, 1974 was presented, examined and ordered filed.

2B

It was duly moved by Mr. William Rardin, seconded by Clarence Adkins and passed by

CASTO & HARRIS INC., SPENCER, W. VA. RE-ORDER NO 50015-C

unanimous vote that the following order be entered:

Pursuant to Notice duly served by publication and posting, there came on for hearing before the Court, on Monday, May 20, 1974, at 2 o'clock P.M., the subject of the creation of a public service district in Mason County, West Virginia.

After consideration of all the comments by interested citizens present, a review of the relevant law, and an awareness of the need for extended and improved public service properties, the court doth find and determine that the construction or acquisition by purchase or otherwise, and maintenance, operation, improvement and extension of public service properties by a public service district will be conducive to the preservation of public health, comfort and convenience of said area.

It is, therefore, ordered that there is hereby created a public service district; the name of said public service district shall be the Mason County Public Service District; the terrirtory of which is to be all of Mason County, West Virginia; provided, however, no city, incorporated town, other municipal corporation, or any geographic area presently served by a non-profit corporation, shall be included within the bounds of such district, except upon the adoption of a resolution of the governing body of such city, incorporated town, other municipal corporation, or other non-profit corporation consenting thereto.

It is further ordered that the following three persons, all of whom reside within such district, are appointed as members of the public service district board for terms as set out herein:

1. Richard Ord, for a term of 2 years
2. James Lewis, for a term of 4 years
3. Vitus Hartley, Jr., for a term of 6 years

It is further ordered that each member shall hold his office until a successor is duly appointed and qualified.

It is further ordered that said Board shall promptly organize and enter upon its duties pursuant to Chapter 16, Article 13A, Secion 3, and succeeding sections of the Code of West Virginia.

Dated this the 28 day of May, 1974

ENTER: /s/ B. T. Robertson
President

The following letter was received:

Dear Mr. Rardin:

In response to your request for financial aid we are pleased to inform you that the Secretary of Transportation has allocated the sum of $90,000.00, under the terms of the Airport and Airway Development Act of 1970, to install obstruction lighting on Kyger Creek power plant stacks for the Mason County Airport, Point Pleasant West Virginia.

It is essential that you proceed with due diligence toward meeting the requirements for project approval and a Grant Offer. Your representative will be contacted by our Beckley Airports Field Office in the near future to establish a mutually acceptable schedule in order that a Grant Agreement may be executed as expeditiously as possible.

Sincerely,

/s/ For ROBERT H. STANTON
Director

It was duly moved by William Rardin, seconded by Basil Robertson, and passed by unanimous vote ~~that advertisements be run~~ for the erection of a firehouse building, museum building ~~and the moving of a one-room~~ schoolhouse bids.

This day appeared Ray Hayes and presented a bill dated May 2, 1974 for time for last half of April in the amount of $250.00.

CASTO & HARRIS INC., SPENCER, W. VA. RE-ORDER NO. 94727-90

THE COUNTY COMMISSION OF MASON COUNTY met in Special Session in the Courthouse thereof on Monday, August 17, 1998 at 4:00 p.m. to appoint members to the Public Service District. Present were Phyllis A. Arthur, President; Rick J. Northup and Rick Handley, Commissioners and John D. Gerlach, County Administrator.

Before appointing new members to the PSD, President Arthur introduced and congratulated the 1998 Fair Queen, Aimee Stover, first runner up, Kristen Keefer and second runner up, Kara Walbrown.

Matthew Clark, Attorney, appeared on behalf of Vitus Hartley, PSD Board Member. Mr. Clark addressed the Commission concerning Mr. Hartley's residential status and his desire to continue serving on the board.

The Commission stated that based on the Prosecuting Attorney's interpretation of the law, they had no other choice but to appoint new Board Members to the PSD that lived in the same service district.

Upon motion by Northup and unanimous agreement, the following members and terms were approved:

Charles "Chuck" Lanier	2 year term
William "Bill" Hughes	4 year term
Dorsel Keefer	6 year term

The Commission also instructed Administrator Gerlach to write a letter of appreciation to each of the outgoing board members for their outstanding service to Mason County.

STATE OF WEST VIRGINIA, MASON COUNTY CLERK'S OFFICE
I, Diana N. Cromley, Clerk of the County Commission do hereby certify that this foregoing is a true and correct copy and transcript from the record of my office. Given under my hand and seal of the said county at Point Pleasant, West Virginia, This the 22nd day of July 1999
Diana N. Cromley, County Clerk of Mason County
By: Megan [illegible] Deputy

3

State of West Virginia, County of Mason, to-wit

I, DORSAL KEEFER, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia; and that I will faithfully discharge the duties of the office of A MEMBER OF THE MASON COUNTY PUBLIC SERVICE DISTRICT

in Mason County, West Virginia, for the term of said office commencing on 17TH day of AUGUST, 19 98, to the best of my skill and Judgment. So me God.

Dorsal Keefer

Subscribed and sworn to before the undersigned this 2ND day of SEPTEMBER, 19 98.

Diana N Cromley
Clerk of the County Commission

RECORDED
BOOK/PAGE 31 / 16
MASON COUNTY CLERK
DTE/TIME RECORDED:09/02/1998 08:34:31:38
INST #: 50574 TYPE: OATHS
CLERK OF THE COUNTY COMMISSION .00
TOTAL REC'D/DUE: .00

31/617

State of West Virginia, County of Mason, to-wit

I, WILLIAM "BILL" HUGHES, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia; and that I will faithfully discharge the duties of the office of A MEMBER OF THE MASON COUNTY PUBLIC SERVICE DISTRICT

in Mason County, West Virginia, for the term of said office commencing on 17TH day of AUGUST, 19 98, to the best of my skill and Judgment. So me God.

William Hughes

Subscribed and sworn to before the undersigned this 2ND day of SEPTEMBER, 19 98.

Diana N Cromley
Clerk of the County Commission

RECORDED
BOOK/PAGE 31 / 16
MASON COUNTY CLERK
DTE/TIME RECORDED:09/02/1998 08:35:25:
INST #: 50575 TYPE: OATHS
CLERK OF THE COUNTY COMMISSION .00
TOTAL REC'D/DUE: .00

STATE OF WEST VIRGINIA, MASON COUNTY CLERK'S OFFICE
I, Diana N. Cromley, Clerk of the County Commission do hereby certify that this foregoing is a true and correct copy and transcript from the record of my office. Given under my hand and seal of the said county at Point Pleasant, West Virginia, This the 22nd day of July, 1999
Diana N. Cromley, County Clerk of Mason County
By Megan H. Joubert Deputy

4

State of West Virginia, County of Mason, to-wit

I, CHARLES LANIER, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia; and that I will faithfully discharge the duties of the office of A MEMBER OF THE MASON COUNTY PUBLIC SERVICE DISTRICT

in Mason County, West Virginia, for the term of said office commencing on the 17TH day of AUGUST, 19 98, to the best of my skill and Judgment. So help me God.

Charles R. Lanier

Subscribed and sworn to before the undersigned this 2ND day of SEPTEMBER, 19 98.

Diana N. Cromley
Clerk of the County Commission

RECORDED
BOOK/PAGE - / - 16
MASON COUNTY CLERK
DTE/TIME RECORDED:09/02/1998 08:36:02:26
INST #: 50577 TYPE: OATHS
CLERK OF THE COUNTY COMMISSION
TOTAL REC0/DUE: .00 .00

31/618

State of West Virginia, County of Mason, to-wit

I, MARY L. SPENCER, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia; and that I will faithfully discharge the duties of the office of ADMINISTRATRIX BN FOR THE ESTATE OF WILLIAM I. HENRY, DECEASED

in Mason County, West Virginia, for the term of said office commencing on the 8TH day of SEPTEMBER, 19 98, to the best of my skill and Judgment. So help me God.

Mary L. Spencer

Subscribed and sworn to before the undersigned this 8TH day of SEPTEMBER, 19 98.

Diana N. Cromley
Clerk of the County Commission

RECORDED
BOOK/PAGE - / - 07
MASON COUNTY CLERK
DTE/TIME RECORDED:09/08/1998 09:34:06:36
INST #: 50578 TYPE: ADMINI
CLERK OF THE COUNTY COMMISSION
TOTAL REC0/DUE: 6.50 .00

STATE OF WEST VIRGINIA, MASON COUNTY CLERK'S OFFICE
I, Diana N. Cromley, Clerk of the County Commission do hereby certify that this foregoing is a true and correct copy and transcript from the record of my office. Given under my hand and seal of the said county at Point Pleasant, West Virginia, This the 22nd day of July 1999
Diana N. Cromley, County Clerk of Mason County
By Megan A. Jarbett Deputy

RULES OF PROCEDURE

MASON COUNTY PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

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

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

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

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

ARTICLE II

PURPOSE

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

ARTICLE III

MEMBERSHIP

Section 1. The members of the Public Service Board of the District (the "Board")

shall be those persons appointed by The County Commission of Mason County, West Virginia (the "County Commission"), or otherwise appointed pursuant to the Act, who shall serve for such terms as may be specified in the order of the County Commission or otherwise.

Section 2. Should any member of the Board resign or otherwise become legally disqualified to serve as a member of the Board, the District shall immediately notify the County Commission or other entity provided under the Act and request the appointment of a qualified person to fill such vacancy. Prior to the end of the term of any member of the Board, the District shall notify the County Commission or other entity provided under the Act of the pending termination and request the County Commission or other entity provided under the Act to enter an order of appointment or re-appointment to maintain a fully qualified membership of the Board.

Section 3. The District shall provide to the Public Service Commission of West Virginia, within 30 days of the appointment, the following information: the new board member's name, home address, home and office phone numbers, date of appointment, length of term, who the new member replaces and if the new appointee has previously served on the board, and such other information required under the Act.

Section 4. Each board member shall, within 6 months of taking office, successfully complete the training program established and administered by the Public Service Commission of West Virginia in conjunction with the West Virginia Division of Environmental Protection and the West Virginia Bureau for Public Health.

Section 5. Board members shall not be or become pecuniarily interested, directly or indirectly, in the proceeds of any contract or service, or in furnishing any supplies or materials to the District, nor shall a former board member be hired by the District in any capacity within a minimum of 12 months after such board member's term has expired or after such board member has resigned from the Board.

Section 6. Salaries of the board members shall be established as provided in Chapter 16, Article 13A, Section 4 of the Act. The District shall certify the number of customers served to the Public Service Commission of West Virginia on the first day of July each year. Board members may be reimbursed for all reasonable and necessary expenses actually incurred in the performance of their duties.

Section 7. The members of the Board are not personally liable or responsible for any obligations of the District or the Board but are answerable only for willful misconduct in the performance of their duties.

ARTICLE IV

MEETINGS OF THE BOARD

Section 1. The members of the Board shall hold regular monthly meetings on such days of each month and at such place and hour as the members shall determine from time to time. If the day stated shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the Board may be called at any time by the Chairperson or by a quorum of the Board.

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

Section 3. Unless otherwise waived, notice to members of regular meetings shall be by letter or telephone. Unless otherwise waived, notice to members of each special meeting shall be by letter or telephone not less than 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 shall be transacted at such special meeting.

Section 4. Pursuant to Chapter 6, Article 9A, Section 3 of the Code of West Virginia, 1931, as amended, notice of the date, time, place and agenda of all regularly scheduled meetings of the Board, and the date, time, place and purpose of all special meetings of the Board, shall be made available, in advance, to the public and news media as follows:

Rule No. 1. Notice of Regularly Scheduled Meetings. Immediately after adoption of these Rules of Procedure and in July of each year thereafter, the Board shall instruct the Secretary to, and the Secretary shall, post, and leave posted throughout the year to which it applies, at the regular meeting place of the Board and at the Mason 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
Point Pleasant Register	200 Main Street Point Pleasant, WV 25550

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.

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 Mason 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.

Rule No. 3. Emergency Meetings. The Board may hold a meeting without

providing the notice to the public and news media required by Rule No. 1 and Rule No. 2 hereof only in the event of an emergency requiring immediate official action. The existence for such an emergency requiring immediate official action shall be determined by the Board and shall be attested to in a certificate by the Secretary describing such emergency and setting forth the reason or reasons immediate official action is required, which certificate shall be attached to and made a part of the minutes of such emergency meeting.

Rule No. 4. Executive Sessions. The Board may hold an executive session during a regular, special or emergency meeting in accordance with Chapter 6, Article 9A, Section 4 of the Code of West Virginia, 1931, as amended. During the open portion of the meeting, prior to convening an executive session, the Chairperson shall identify the authorization under Chapter 6, Article 9A, Section 4 of the Code of West Virginia, 1931, as amended, for holding the executive session and present it to the Board and to the general public, but no decision may be made in the executive session. An executive session may be held only upon a majority affirmative vote of the Board members present. The Board may hold an executive session and exclude the public only when a closed session is required for any of the actions permitted under Chapter 6, Article 9A, Section 4 of the Code of West Virginia, 1931, as amended.

Rule No. 5. Minutes. The Board shall provide for the preparation of written minutes of all of its meetings. Subject to the exceptions set forth in Chapter 6, Article 9A, Section 4 of the Code of West Virginia, 1931, as amended, minutes of all meetings except minutes of executive sessions, if any are taken, shall be available to the public within a reasonable time after the meeting and shall include, at least, the following information:

(1) The date, time and place of the meeting;
(2) The name of each Board member present and absent;
(3) All motions, proposals, resolutions, orders, ordinances and measures proposed, the name of the person proposing the same and their disposition; and
(4) The results of all votes and, upon the request of a Board member, the vote of each Board member, by name.

Rule No. 6. No Actions by Reference. Except as otherwise expressly provided by law, the Board may not deliberate, vote, or otherwise take official action upon any matter by reference to a letter, number or other designation or other secret device or method, which may render it difficult for persons attending a meeting to understand what is being deliberated, voted or acted upon. However, this rule does not prohibit the Board from deliberating, voting or otherwise taking action by reference to an agenda, if copies of the agenda, sufficiently worded to enable the public to understand what is being deliberated, voted or acted upon, are available for public inspection at the meeting. The Board may not vote by secret or written ballot.

Rule No. 7. Broadcasting of Meetings. Except as otherwise provided in this rule, any radio or television station is entitled to broadcast all or any part of a Board meeting required to be open. The Board may regulate the placement and use of equipment necessary for broadcasting, photographing, filming or recording a meeting, so as to prevent undue interference with the meeting. The Board shall allow the equipment to be placed within the meeting room in such a way as to permit its intended use, and the ordinary use of the equipment may not be declared to constitute undue interference; provided, that if the Board, in good faith, determines that the size of the meeting room is such that all the members of the public present and the equipment and personnel necessary for broadcasting, photographing, filming and tape-recording the meeting cannot be accommodated in the meeting room without unduly interfering with the meeting and an adequate alternative meeting room is not readily available, then the Board, acting in good faith and consistent with the purposes of this rule, may require the pooling of the equipment and the personnel operating it.

Rule No. 8. Telephonic Meetings. Board meetings may be held by telephone conference or other electronic means. All Board members participating by telephone or other electronic means must be audible to all those personally present.

Section 5. All meetings of any committee of the Board shall be subject to the Rules of Procedure set forth in Section 4 above.

ARTICLE V

OFFICERS

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

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

ARTICLE VI

DUTIES OF OFFICERS

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

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

Section 3. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. Duplicate records shall be filed with the County Commission and shall include the minutes of all Board meetings. He/She shall, together with the Chairperson, sign the minutes of the meetings at which he/she is present. The Secretary shall have charge of the minute book, be the custodian of deeds and other documents and papers of the Board. He/She shall also perform such other duties as may be required of him/her by law or as may be conferred upon him/her from time to time by the members of the Board.

Section 4. The Treasurer shall be the lawful custodian of all funds of the District and shall pay same out on orders authorized or approved by the Board. The Treasurer shall keep or cause to be kept proper and accurate books of accounts and proper receipts and vouchers for all disbursements made by or through him/her and shall prepare and submit such reports and statements of the financial condition of the Board as the members may from time to time prescribe. The Treasurer shall keep and preserve all financial records of the District for 10 years and shall at all times have such records readily available for public inspection. At the end of his/her term of office, the Treasurer shall promptly deliver all financial records of the District to his successor in office. He/She shall also perform such other duties as may be required of him/her by law or as may be conferred upon him/her from time to time by the members of the Board. The Treasurer shall furnish bond in an amount to be fixed by the Board for the use and benefit of the District.

Section 5. No money may be paid out by the District except upon an order signed by the Chairperson and Secretary, or such other person or persons authorized by the Chairperson or the Secretary, as the case may be, to sign such orders on their behalf. Each

order for the payment of money shall specify the purposes for which the amount thereof is to be paid, with sufficient clearness to indicate the purpose for which the order is issued, and there shall be endorsed thereon the name of the particular fund out of which it is payable and it shall be payable from the fund constituted for such purpose, and no other. All such orders shall be reflected in the minutes of the next meeting of the Board.

Section 6. The members and officers of the Board shall make available to the County Commission, at all times, all of its books and records pertaining to the District's operation, finances and affairs, for inspection and audit.

ARTICLE VII

AMENDMENTS TO RULES OF PROCEDURE

Section 1. These Rules of Procedure may be altered, changed, amended or added to at any regular or special meeting of the Board when a quorum is present and a majority of those present vote for the alteration, change, amendment or addition; but no such alteration, change, amendment or addition shall be made at any special meeting unless notice of the intention to propose such alteration, change, amendment or addition and a clear statement of the substance thereof be included in the written notice calling such special meeting.

Adopted this 15th day of June, 2000.

Chairperson and Member

Member

Member

CERTIFICATION

Certified a true copy of the Rules of Procedure duly adopted by the Board of Mason County Public Service District on June 15, 2000.

Dated this 28th day of June, 2000.

[SEAL]

Mary L. Smith
Secretary

06/05/00
100424/00305

M I N U T E S

MASON COUNTY PUBLIC SERVICE DISTRICT

January 20, 2000

The January 20 Board of Directors meeting was called to order by Mr. Keefer. Attending were Dorsel Keefer, William Hughes, Charles Lanier, David H. Nibert and Mary Smith. Keith Biggs was also present.

Election of officers for the year 2000 was the first item on the Agenda. Mr. Hughes made a motion to retain the present officers. Mr. Lanier seconded. Officers for the current year are as follows:

Dorsel Keefer, Chairman
Charles Lanier, Treasurer
Mary L. Smith, Secretary

Minutes of October 28, November 11 & 23 and December 9, 1999 were presented for Board approval. The approving motion was made by Mr. Keefer and seconded by Mr. Lanier.

Expenditures for December, 1999 and January, 2000 were approved by a motion made by Mr. Keefer and seconded by Mr. Hughes.

Requisition No. 6, in the amount of $78,123.27 for the Robertsburg project, was discussed and approved. The motion was made and seconded by Mr. Lanier and Mr. Hughes.

Mr. Nibert informed the Board that the Camp Conley merger has been approved by RUS and the sewer loan assumed.

We were approached by CSX Corp. and offered a lump sum payment in lieu of the annual fees for pipeline railroad encroachment. After questioning the status of future encroachments, it was decided to make the payment and eliminate annual fees. The motion was made by Mr. Lanier and seconded by Mr. Hughes.

The Board made a motion to proceed with the advertisement for bids on the Lakin Nitrate Removal Plant.

Mr. Keefer recognized Mr. Biggs, who had questions about the proposed sewer system on Wadsworth Avenue.

Mr. Keefer adjourned the meeting as there was no further business.

Respectfully submitted,

Dorsel Keefer
Chairman

Mary L. Smith
Secretary

DWTRF
(4/7/00)

LOAN AGREEMENT

THIS DRINKING WATER TREATMENT REVOLVING FUND LOAN AGREEMENT (the "Loan Agreement"), made and entered into in several counterparts, by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), acting under the direction of the WEST VIRGINIA BUREAU FOR PUBLIC HEALTH, a division of the West Virginia Department of Health and Human Resources (the "BPH"), and the local entity designated below (the "Local Entity").

MASON COUNTY PUBLIC SERVICE DISTRICT
(Local Entity)

W I T N E S S E T H:

WHEREAS, the United States Congress under Section 1452 of the Safe Drinking Water Act, as amended (the "Safe Drinking Water Act"), has provided for capitalization grants to be awarded to states for the express purpose of establishing and maintaining drinking water treatment revolving funds for the construction, acquisition and improvement of drinking water systems;

WHEREAS, pursuant to the provisions of Chapter 16, Article 13C of the Code of West Virginia, 1931, as amended (the "Act"), the State of West Virginia (the "State") has established a drinking water treatment revolving fund program (the "Program") to direct the distribution of loans to eligible Local Entities pursuant to the Safe Drinking Water Act;

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

WHEREAS, the Act establishes a permanent perpetual fund known as the "West Virginia Drinking Water Treatment Revolving Fund" (hereinafter the "Fund"), which fund is to be administered and managed by the Authority under the direction of the BPH;

WHEREAS, pursuant to the Act, the Authority and BPH are empowered to make loans from the Fund to Local Entities for the acquisition or construction of drinking water projects by such Local Entities, all subject to such provisions and limitations as are contained in the Safe Drinking Water Act and the Act;

WHEREAS, the Local Entity constitutes a local entity as defined by the Act;

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

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

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

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

1.8 "Program" means the drinking water facility acquisition, construction and improvement program coordinated through the capitalization grants program established under the Safe Drinking Water Act and administered by BPH.

1.9 "Project" means the drinking water project hereinabove referred to. to be constructed or being constructed by the Local Entity in whole or in part with the net proceeds of the Local Bonds or being or having been constructed by the Local Entity 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 "DWTRF Regulations" means the regulations set forth in the West Virginia Code of State Regulations.

1.11 "System" means the drinking water system owned by the Local Entity, of which the Project constitutes all or to which the Project constitutes an improvement. and any improvements thereto hereafter constructed or acquired from any sources whatsoever.

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

ARTICLE II

The Project and the System

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

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

2.3 All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Local Entity, 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 BPH and the Authority.

2.4 The Local Entity agrees that the Authority and BPH and their respective duly authorized agents shall have the right at all reasonable times to enter upon the Project site and Project facilities and to examine and inspect the same. The Local Entity further agrees that the Authority and BPH and their respective duly authorized agents 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 and BPH with respect to the System pursuant to the pertinent provisions of the Act.

2.5 The Local Entity shall keep complete and accurate records of the cost of acquiring the Project site and the costs of constructing, acquiring and installing the Project. The Local Entity shall permit the Authority and BPH, acting by and through their directors or duly authorized agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at any and all reasonable times for the purpose of audit and examination, and the Local Entity shall submit to the Authority and BPH 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 Local Entity agrees that it will permit the Authority and BPH and their respective agents to have access to the records of the Local Entity pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the

Project and commencement of operation thereof or if the Project is an improvement to an existing system at any reasonable time following commencement of construction.

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

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

2.9 The Local Entity shall provide and maintain competent and adequate engineering services satisfactory to the Authority and BPH covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such engineer shall certify to the Authority, BPH and the Local Entity at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies. The Local Entity shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the DWTRF Regulations, to it within 60 days of the completion of the Project. The Local Entity shall notify BPH in writing of such receipt.

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

this Loan Agreement. The Local Entity shall notify BPH in writing of the certified operator employed at the 50% completion stage.

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

2.12 The Local Entity, 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 A and incorporated herein by reference, and forward a copy by the 10th of each month to BPH.

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

(d) The Local Entity 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 Local Entity must either be constructing or have constructed its Project for a cost and as otherwise compatible with the plan of financing described in the Application; and,

in either case, the Authority and BPH shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit C;

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

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

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

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

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

(j) The net proceeds of the Local Bonds, together with all moneys on deposit or to be simultaneously deposited (or, with respect to proceeds of grant anticipation notes or other indebtedness for which a binding purchase contract has been entered, to be deposited on a date certain) and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, shall be sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and the Authority and BPH shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the financing of drinking water projects and satisfactory to the Authority and BPH, to such effect, such certificate to be in form and substance satisfactory to the Authority and BPH, and evidence satisfactory to the Authority and BPH of such irrevocably committed grants.

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

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Local Entity 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, BPH and the Local Entity. 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 Local Entity understands and acknowledges that it is one of several local entities which have applied to the Authority and BPH for loans from the Fund to finance drinking water projects and that the obligation of the Authority to make any such loan is subject to the Local Entity's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing and to the requirements of the Program. The Local Entity specifically recognizes that the Authority will not purchase the Local Bonds unless and until sufficient funds are available in the Fund to purchase all the Local Bonds and that, prior to execution of this Loan Agreement, the Authority may purchase the bonds of other local entities set out in the State Project Priority List, as defined in the DWTRF Regulations. The Local Entity further specifically recognizes that all loans will be originated in conjunction with the DWTRF Regulations and with the prior approval of BPH.

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

ARTICLE IV

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

4.1 The Local Entity shall, as one of the conditions of the Authority and BPH to make the Loan, authorize the issuance of and issue the Local Bonds pursuant to an official action of

the Local Entity in accordance with the Local Statute, which shall, as adopted or enacted, contain provisions and covenants in substantially the form as follows:

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

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule X, to provide debt service on the Local Bonds by depositing in a sinking fund one-third (1/3) of the interest payment next coming due on the Local Bonds and one-third (1/3) of the principal payment next coming due on the Local Bonds and, beginning three (3) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof in an amount equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement"), by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

(iii) to create a renewal and replacement, or similar, fund in an amount equal to two and one-half percent (2-1/2%) of the gross revenues from the System, exclusive of any payments into the Reserve Account, for the purpose of improving or making emergency repairs or replacements to the System or eliminating any deficiencies in the Reserve Account; and

(iv) for other legal purposes of the System, including payment of debt service on other obligations junior, subordinate and inferior to the Local Bonds.

Provided that if the Local Entity 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, as applicable, of the System as provided in the Local Act;

(ii) That the schedule of rates or charges for the services of the System shall be sufficient to provide funds which, along with other revenues of the System, will pay all Operating Expenses and leave a balance each year equal to at least one hundred fifteen percent

(115%) of the maximum amount required in any year for debt service on the Local Bonds and all other obligations secured by a lien on or payable from the revenues of the System prior to or on a parity with the Local Bonds or, if the Reserve Account is funded (whether by Local Bond proceeds, monthly deposits or otherwise) at an amount equal to the Reserve Requirement and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, equal to at least one hundred ten percent (110%) of the maximum amount required in any year for debt service on the Local Bonds and any such prior or parity obligations;

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

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

(v) That the Local Entity shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds and with the prior written consent of the Authority and BPH;

(vi) That the Local Entity will carry such insurance as is customarily carried with respect to works and properties similar to the System, including those specified by Section 2.8 hereof;

(vii) That the Local Entity will not render any free services of the System;

(viii) That the Authority may, by proper legal action, compel the performance of the duties of the Local Entity under the Local Act, including the making and collection of sufficient rates or charges for services rendered by the System, and shall also have, in the event of a default in payment of principal of or interest on the Local Bonds, the right to obtain the appointment of a receiver to administer the System or construction of the Project, or both, as provided by law and all rights as set forth in Section 5 of the Act;

(ix) That, to the extent authorized by the laws of the State and the rules and regulations of the PSC, all delinquent rates and charges, if not paid when due, shall become a lien on the premises served by the System;

(x) That, to the extent legally allowable, the Local Entity will not grant any franchise to provide any services which would compete with the System;

(xi) That the Local Entity shall annually, within six months of the end of the fiscal year, cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority and BPH. If the Local Entity receives $300,000 or more (in federal funds) in a fiscal year, the audit shall be obtained in accordance with the Single Audit Act (as amended from time to time) and the applicable OMB Circular (or any successor thereto). Financial statement audits are required once all funds have been received by the Local Entity. The audit shall include a statement that the Local Entity is in compliance with the terms and provisions of the Local Act and this Loan Agreement and that the Local Entity's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

(xii) That the Local Entity shall annually adopt a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding fiscal year and shall submit a copy of such budget to the Authority and BPH within 30 days of adoption thereof;

(xiii) That, to the extent authorized by the laws of the State and the rules and regulations of the PSC, prospective users of the System shall be required to connect thereto;

(xiv) That the proceeds of the Local Bonds, advanced from time to time, except for accrued interest and capitalized interest, if any, must (a) be deposited in a construction fund, which, except as otherwise agreed to in writing by the Authority, shall be held separate and apart from all other funds of the Local Entity 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 funding of such Local Entity, the proceeds of which were used to finance the construction of the Project; provided that, with the prior written consent of the Authority and BPH, the proceeds of the Local Bonds may be used to fund all or a portion of the Reserve Account, on which the owner of the Local Bonds shall have a lien as provided herein;

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

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

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

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

(xix) That the Local Entity shall have obtained the certificate of the Consulting Engineers to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority and BPH, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and BPH is sufficient to pay the costs of acquisition and construction of the Project and all permits required by federal and State laws for construction of the Project have been obtained;

(xx) That the Local Entity shall, to the full extent permitted by applicable law and the rules and regulations of the PSC, terminate its services to any customer of the System who is delinquent in payment of charges for services provided by the System and will not restore such services until all delinquent charges for the services of the System have been fully paid; and

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

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

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

4.3 At least five percent (5%) of the proceeds of the Local Bonds will be advanced on the Date of Loan Closing. The remaining proceeds of the Local Bonds shall be advanced by the Authority monthly as required by the Local Entity to pay Costs of the Project, provided, however, if the proceeds of the Local Bonds will be used to repay an interim financing, the proceeds will be advanced on a schedule mutually agreeable to the Local Entity, the BPH and the Authority. The Local Bonds shall not bear interest during the construction period but interest shall commence accruing on the completion date as defined in the DWTRF Regulations, provided that the annual repayment of principal and payment of interest shall begin not later than one (1) year after the completion date. The repayment of principal and interest on the Local Bonds shall be as set forth on Schedule Y hereto. In no event shall the interest rate on or the net interest cost of the Local Bonds exceed any statutory limitation with regard thereto.

4.4 The Local Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Local Entity. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series.

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

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

ARTICLE V

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

5.1 The Local Entity hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Local Entity hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority

to make the Loan, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System and will take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and in compliance with the provisions of Subsections 4.1(a) and 4.1(b)(ii) hereof.

5.2 In the event, for any reason, the schedule of rates, fees and charges initially established for the System in connection with the Local Bonds shall prove to be insufficient to produce the required sums set forth in the Local Act and this Loan Agreement, the Local Entity hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges (or where applicable, immediately file with the PSC for a rate increase) and take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and this Loan Agreement.

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

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

ARTICLE VI

Other Agreements of the Local Entity

6.1 The Local Entity hereby acknowledges to the Authority and BPH its understanding of the provisions of the Act, vesting in the Authority and BPH certain powers, rights and privileges with respect to drinking water projects in the event of default by local entities in the terms and covenants of this Loan Agreement, and the Local Entity hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Local Entity 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 The Local Entity hereby warrants and represents that all information provided to the Authority and BPH in this Loan Agreement, in the Application or in any other application or documentation with respect to financing the Project was at the time, and now is, true, correct and complete, and such information does not omit any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Prior to the Authority's making the Loan and receiving the Local Bonds, the Authority and BPH shall have the right to cancel all or any of their obligations under this Loan Agreement if (a) any representation

made to the Authority and BPH by the Local Entity in connection with the Loan shall be incorrect or incomplete in any material respect or (b) the Local Entity has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of the Act, the DWTRF Regulations or this Loan Agreement.

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

6.4 The Local Entity hereby covenants that it will rebate any amounts required by Section 148 of the Internal Revenue Code of 1986, as amended, and will take all steps necessary to make any such rebates. In the event the Local Entity fails to make any such rebates as required, then the Local Entity shall pay any and all penalties, obtain a waiver from the Internal Revenue Service and take any other actions necessary or desirable to preserve the exclusion from gross income for federal income tax purposes of interest on the Local Bonds.

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

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

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

ARTICLE VII

Miscellaneous

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

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

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

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

7.5 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.

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

7.7 This Loan Agreement shall terminate upon the earlier of:

(i) written notice of termination to the Local Entity from either the Authority or BPH;

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

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

(iv) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Local Entity to the Authority or BPH.

In the event funds are not available to make all of the Loan, the responsibility of the Authority and BPH to make all the Loan is terminated; provided further that the obligation of the Local Entity to repay the outstanding amount of the Loan made by the Authority and BPH is not terminated due to such non-funding on any balance of the Loan. The BPH agrees to use its best efforts to have the amount contemplated under this Loan Agreement included in its budget. Non-funding of the Loan shall not be considered an event of default under this Loan Agreement.

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.

MASON COUNTY PUBLIC SERVICE DISTRICT
[Name of Local Entity]

(SEAL)

By: Durrel Kiefer

Its: Chairman

Attest:

Date: June 15, 2000

Mary L. Smith

Its Secretary

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By: Daniel B. Yorkosky

Its: Director

Attest:

Date: June 15, 2000

Barbara B. Meadows
Secretary-Treasurer

000832/00520
4/7/00

EXHIBIT A

[Form of Monthly Financial Report]
[Name of Local Entity]
[Name of Bond Issue]
Fiscal Year - _____
Report Month: _____

	ITEM	CURRENT MONTH	TOTAL YEAR TO DATE	BUDGET YEAR TO DATE	BUDGET YEAR MINUS YEAR TO DATE
1.	Gross Revenues Collected				
2.	Operating Expenses				
3.	Other Bond Debt Payments (including Reserve Account Deposits)				
4.	DWTRF Bond Payments (include Reserve Account Deposits)				
5.	Renewal and Replacement Fund Deposit				

Witnesseth my signature this ____ day of _____, _____.

_____
[Name of Local Entity]

By: _____
Authorized Officer

Instructions for Completing Monthly Financial Report

1. You will need a copy of the current fiscal year budget adopted by the Local Entity to complete Items 1 and 2. In Item 1, provide the amount of actual gross revenues for the current month and the total amount year to date in the respective columns. Divide the budgeted annual gross revenues by 12. For example, if gross revenues of $1,200 are anticipated to be received for the year, each month the base would be increased by $100 (1200/12). This is the incremental amount for the Budget Year to Date column.

2. In Item 2, provide the amount of actual operating expenses for the current month and the total amount year to date in the respective columns. The SRF administrative fee should be included in the operating expenses. Divide the budgeted annual operating expenses by 12. For example, if operating expenses of $900 are anticipated to be incurred for the year, each month the base would be increased by $75 (900/12). This is the incremental amount for the Budget Year to Date column.

3. In Item 3, provide the principal, interest and reserve account payments for all the outstanding bonds of the Local Entity other than this Loan.

4. In Item 4, provide the principal, interest and reserve account payments for this Loan. You need to call the Municipal Bond Commission for the exact amount of these payments and when they begin.

5. In Item 5, provide the amount deposited into the Renewal and Replacement Fund each month. This amount is equal to 2.5% of gross revenues minus the total reserve account payments included in Items 3 and 4. If gross revenues are $12,000, the Renewal and Replacement Fund should have an amount of $300 (2.5% of $12,000), LESS the amount of all reserve account payments in Items 3 & 4. The money in the Renewal and Replacement Fund should be kept separate and apart from all other funds of the Local Entity.

6. The Local Entity must complete the Monthly Financial Report and forward it to the BPH by the 10th day of each month, commencing on the date contracts are executed for the construction of the Project and for 2 years following the completion of the Project. BPH will notify the Local Entity when the Monthly Financial Report no longer needs to be filed.

EXHIBIT B

PAYMENT REQUISITION FORM

EXHIBIT C

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

I, _____, Registered Professional Engineer, West Virginia License No._____, of _____ Consulting Engineers, _____, _____, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of _____ to the _____ system (the "Project") of _____ (the "Issuer"), to be constructed primarily in _____County, West Virginia, which acquisition and construction are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the same meaning set forth in the bond _____ adopted or enacted by the Issuer on _____, and the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH"), dated _____.

2. The Bonds are being issued for the purposes of (i) _____ _,_and (ii) paying certain issuance and other costs in connection therewith.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by BPH and any change orders approved by the Issuer, BPH and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least _____ years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in Schedule A attached hereto as Exhibit A, and my firm[1] has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been

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

verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the BPH and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) as of the effective date thereof[2], the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by BPH; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project; Sources of Funds and Cost of Financing" for the Project.

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

[SEAL]

_____

By: _____

_____

West Virginia License No. _____

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

EXHIBIT D

Special Conditions

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

EXHIBIT E

[Monthly Payment Form]

West Virginia Water Development Authority
180 Association Drive
Charleston, WV 25311-1511

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

Interest $_____

Principal $_____

Total: $_____

Reserve Account: $_____

Witness my signature this ___ day of _____.

_____
[Name of Local Entity]

By: _____
Authorized Officer

Enclosure: wire transfer form

EXHIBIT F

[Opinion of Bond Counsel for Local Entity]

[To Be Dated as of Date of Loan Closing]

West Virginia Water Development Authority
180 Association Drive
Charleston, WV 25311-1511

West Virginia Bureau for Public Health
815 Quarrier Street, Suite 418
Charleston, WV 25301-2616

Ladies and Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to the authorization of a (i) loan agreement dated _____, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Local Entity and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH"), and (ii) the issue of a series of revenue bonds of the Local Entity, 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 principal and interest payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning ____ _____ 1, ____, and ending _____ 1, _____, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

The Local Bonds are issued for the purposes of (i) _____, and (ii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond _____ duly adopted or enacted by the Local Entity on _____, as supplemented by the supplemental resolution duly adopted by the Local Entity on _____ (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

3. The Local Entity is a duly organized and validly existing _____, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt or enact the Local Act and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.

4. The Local Act and all other necessary orders and resolutions have been legally and effectively adopted or enacted by the Local Entity and constitute valid and binding obligations of the Local Entity enforceable against the Local Entity 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 Local Entity to the Authority and are valid and legally enforceable and binding special obligations of the Local Entity, payable from the gross or net revenues of the System set forth in the Local Act and secured by a first lien on and pledge of the gross or net 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 executed and authenticated Local Bond numbered R-1, and in our opinion the form of said bond and its execution and authentication are regular and proper.

Very truly yours,

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	$ 960,000
Purchase Price of Local Bonds	$ 960,000

The Local Bonds shall bear no interest from the date of delivery to and including February 28, 2001. Commencing June 1, 2001, interest on the Local Bonds is payable quarterly, at a rate of 2% per annum. Commencing June 1, 2001, principal of the Local Bonds is payable quarterly, with an administrative fee of 1%. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

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

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

1. Water Revenue Bonds, Series 1981, dated January 22, 1981, issued in the original aggregate principal amount of $1,100,000;
2. Water Revenue Bonds, Series 1987, dated June 25, 1987, issued in the original aggregate principal amount of $610,000;
3. Water Revenue Bonds, Series 1997 A, dated September 25, 1997, issued in the original aggregate principal amount of $1,440,000;
4. Water Revenue Bonds, Series 1997 B, dated September 25, 1997, issued in the original aggregate principal amount of $818,000; and
5. Water Revenue Bonds, Series 1999 A (United States Department of Agriculture), dated August 5, 1999, issued in the original aggregate principal amount of $620,000.

Mason County Public Service District (West Virginia)

Loan of $960,000

20 Years, 2% Interest Rate, 1% Administrative Fee

Closing Date: June 28, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
9/01/2000	-	-	-	-
12/01/2000	-	-	-	-
3/01/2001	-	-	-	-
6/01/2001	9,789.00	2.000%	4,800.00	14,589.00
9/01/2001	9,838.00	2.000%	4,751.06	14,589.06
12/01/2001	9,887.00	2.000%	4,701.87	14,588.87
3/01/2002	9,937.00	2.000%	4,652.43	14,589.43
6/01/2002	9,986.00	2.000%	4,602.75	14,588.75
9/01/2002	10,036.00	2.000%	4,552.82	14,588.82
12/01/2002	10,087.00	2.000%	4,502.64	14,589.64
3/01/2003	10,137.00	2.000%	4,452.20	14,589.20
6/01/2003	10,188.00	2.000%	4,401.52	14,589.52
9/01/2003	10,239.00	2.000%	4,350.58	14,589.58
12/01/2003	10,290.00	2.000%	4,299.38	14,589.38
3/01/2004	10,341.00	2.000%	4,247.93	14,588.93
6/01/2004	10,393.00	2.000%	4,196.23	14,589.23
9/01/2004	10,445.00	2.000%	4,144.26	14,589.26
12/01/2004	10,497.00	2.000%	4,092.04	14,589.04
3/01/2005	10,550.00	2.000%	4,039.55	14,589.55
6/01/2005	10,602.00	2.000%	3,986.80	14,588.80
9/01/2005	10,655.00	2.000%	3,933.79	14,588.79
12/01/2005	10,709.00	2.000%	3,880.52	14,589.52
3/01/2006	10,762.00	2.000%	3,826.97	14,588.97
6/01/2006	10,816.00	2.000%	3,773.16	14,589.16
9/01/2006	10,870.00	2.000%	3,719.08	14,589.08
12/01/2006	10,924.00	2.000%	3,664.73	14,588.73
3/01/2007	10,979.00	2.000%	3,610.11	14,589.11
6/01/2007	11,034.00	2.000%	3,555.22	14,589.22
9/01/2007	11,089.00	2.000%	3,500.05	14,589.05
12/01/2007	11,145.00	2.000%	3,444.60	14,589.60
3/01/2008	11,200.00	2.000%	3,388.88	14,588.88
6/01/2008	11,256.00	2.000%	3,332.88	14,588.88
9/01/2008	11,313.00	2.000%	3,276.60	14,589.60
12/01/2008	11,369.00	2.000%	3,220.03	14,589.03
3/01/2009	11,426.00	2.000%	3,163.19	14,589.19
6/01/2009	11,483.00	2.000%	3,106.06	14,589.06
9/01/2009	11,541.00	2.000%	3,048.64	14,589.64
12/01/2009	11,598.00	2.000%	2,990.94	14,588.94
3/01/2010	11,656.00	2.000%	2,932.95	14,588.95
6/01/2010	11,715.00	2.000%	2,874.67	14,589.67
9/01/2010	11,773.00	2.000%	2,816.09	14,589.09
12/01/2010	11,832.00	2.000%	2,757.23	14,589.23
3/01/2011	11,891.00	2.000%	2,698.07	14,589.07
6/01/2011	11,951.00	2.000%	2,638.61	14,589.61
9/01/2011	12,010.00	2.000%	2,578.86	14,588.86
12/01/2011	12,070.00	2.000%	2,518.81	14,588.81

Mason County Public Service District (West Virginia)

Loan of $960,000

20 Years, 2% Interest Rate, 1% Administrative Fee

Closing Date: June 28, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
3/01/2012	12,131.00	2.000%	2,458.46	14,589.46
6/01/2012	12,191.00	2.000%	2,397.80	14,588.80
9/01/2012	12,252.00	2.000%	2,336.85	14,588.85
12/01/2012	12,314.00	2.000%	2,275.59	14,589.59
3/01/2013	12,375.00	2.000%	2,214.02	14,589.02
6/01/2013	12,437.00	2.000%	2,152.14	14,589.14
9/01/2013	12,499.00	2.000%	2,089.96	14,588.96
12/01/2013	12,562.00	2.000%	2,027.46	14,589.46
3/01/2014	12,625.00	2.000%	1,964.65	14,589.65
6/01/2014	12,688.00	2.000%	1,901.53	14,589.53
9/01/2014	12,751.00	2.000%	1,838.09	14,589.09
12/01/2014	12,815.00	2.000%	1,774.33	14,589.33
3/01/2015	12,879.00	2.000%	1,710.26	14,589.26
6/01/2015	12,943.00	2.000%	1,645.86	14,588.86
9/01/2015	13,008.00	2.000%	1,581.15	14,589.15
12/01/2015	13,073.00	2.000%	1,516.11	14,589.11
3/01/2016	13,138.00	2.000%	1,450.74	14,588.74
6/01/2016	13,204.00	2.000%	1,385.05	14,589.05
9/01/2016	13,270.00	2.000%	1,319.03	14,589.03
12/01/2016	13,336.00	2.000%	1,252.68	14,588.68
3/01/2017	13,403.00	2.000%	1,186.00	14,589.00
6/01/2017	13,470.00	2.000%	1,118.99	14,588.99
9/01/2017	13,538.00	2.000%	1,051.64	14,589.64
12/01/2017	13,605.00	2.000%	983.95	14,588.95
3/01/2018	13,673.00	2.000%	915.92	14,588.92
6/01/2018	13,742.00	2.000%	847.56	14,589.56
9/01/2018	13,810.00	2.000%	778.85	14,588.85
12/01/2018	13,879.00	2.000%	709.80	14,588.80
3/01/2019	13,949.00	2.000%	640.40	14,589.40
6/01/2019	14,019.00	2.000%	570.66	14,589.66
9/01/2019	14,089.00	2.000%	500.56	14,589.56
12/01/2019	14,159.00	2.000%	430.12	14,589.12
3/01/2020	14,230.00	2.000%	359.32	14,589.32
6/01/2020	14,301.00	2.000%	288.17	14,589.17
9/01/2020	14,372.00	2.000%	216.67	14,588.67
12/01/2020	14,444.00	2.000%	144.81	14,588.81
3/01/2021	14,517.00	2.000%	72.59	14,589.59
Total	960,000.00	-	207,132.57	1,167,132.57 *

*Plus $1,294.58 one-percent administrative fee paid quarterly. Total fee paid over the life of the loan is $103,566.40.

West Virginia Infrastructure & Jobs Development Council

Public Members:
James D. Williams, Chairman
St. Albans
James L. Harrison, Sr., Vice Chairman
Princeton
Lloyd P. Adams, P.E.
Wheeling
Sheirl L. Fletcher
Morgantown

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

Susan J. Riggs, Esquire
Executive Secretary

December 3, 1998

Randy Grinstead, Manager
Mason County Public Service District
101 Camden Avenue
Point Pleasant, WV 25550

Re: Water Treatment System Project **98W-456**

Dear Mr. Grinstead:

The West Virginia Infrastructure and Jobs Development Council (Council) has reviewed the Mason County Public Service District's (District) preliminary application regarding the District's proposed project to construct a water treatment plant (Project). 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.

Pursuant to its review of the preliminary application, the Council determined that the District should pursue a Drinking Water Treatment Revolving Fund (DWTRF) loan in the amount of $750,000 to finance the Project. Please contact the Bureau for Public Health at 558-2981 for specific information on the steps the District needs to follow to apply for this loan. **Please note that this letter does not constitute funding approval from the DWTRF program.**

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

Sincerely,

James D. Williams

James D. Williams

JDW/tb
Enclosure
cc: Michele P. Craig
Katy Mallory, P.E.

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990857alj011200.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
2-1-00

Entered: January 12, 2000

CASE NO. 99-0857-PWD-CN

MASON COUNTY PUBLIC SERVICE DISTRICT,
a public utility.
Application for a certificate of convenience and necessity to construct, operate and maintain water system improvements to alleviate the problems with nitrates in its existing water source serving the residents of its system.

RECOMMENDED DECISION

On October 6, 1999, Mason County Public Service District (District) filed an application, duly verified, for a certificate of convenience and necessity to install an additional 200 gpm well and construct a 400 gpm nitrate removal plant to alleviate the problems with nitrates in its existing water source serving the residents of its system in Mason County. The application is on file with and available for public inspection at the Public Service Commission.

The District estimates that construction will cost approximately $750,000. It is proposed that the project will be financed by a loan, not to exceed $850,000, to be provided through the Drinking Water Treatment Revolving Fund administered by the West Virginia Bureau for Public Health, at interest rates not to exceed the legal limits for such loans. In addition, the District proposed to enter into an interim financing arrangement with a local bank to provide funds for the payment of the contractors during construction of the project, with interest not to exceed the legal rate.

By Notice of Filing Order entered on October 7, 1999, the District was directed to give notice of the filing of its application by publishing a copy of the Notice of Filing once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Mason County. The Notice provided that, if no public protest was timely filed in response to the published notice, the Commission reserves the right to render a decision without a hearing, by virtue of the provisions of West Virginia Code §24-2-11. Responding to the Order, on December 23, 1999, an affidavit of publication was received from George E. Blum, Engineer for the District, showing that publication was made on October 21, 1999, in the Putnam Democrat, a newspaper of general circulation in Putnam County, and an affidavit of publication indicating that the Notice was

published on October 20 and 27, 1999, in The Register, a newspaper published and generally circulation in Mason County. Anyone objecting to the proposed rates and charges was given thirty (30) days to file a protest with the Commission. The protest period expired on November 20, 1999. As of the date of this Order, no protests have been filed.

On October 14, 1999, the Commission filed a Corrective Order amending the designation of the Notice of Filing to read Case No. 99-0857-PWD-CN, instead of Case No. 99-0857-PWD-PF.

On October 18, 1999, this matter was referred to the Division of Administrative Law Judges for a decision to be rendered on or before April 12, 2000.

On November 24, 1999, Staff Attorney Cecilia G. Jarrell filed a Final Joint Staff Memorandum prepared by Ray Jafari, P.E., Engineer I, Engineering Division. According to Staff, at the present time, the District's raw water source (well water) contains levels of nitrate exceeding the level allowed under the Safe Drinking Water Act. The District cannot meet the water demand of its customers due to growth over the past several years. The District must both increase the capacity of its system and reduce the level of nitrate below the federal drinking water standards.

Staff has estimated the engineering costs related to this project as follows: (1) Construction Cost - $570,000; (2) Lands and Rights-of-Way - $10,000; (3) Administration - $5,000; (4) Engineering - $103,000; (5) Legal and Bond Counsel - $7,500; and (6) Contingency - $54,500; Total Project Cost: $750,000.

Staff has reviewed the cost estimate and has determined that the overall estimate is acceptable, considering the scope of the project. The engineering fees are 18% of the construction cost which is acceptable at this point, but it appears to be higher than the average (typically in the 8% to 14% range) when compared to other water projects. The Engineering Division will monitor the overall cost to determine its validity and reasonableness at the end of the project. It is estimated that the District's operation and maintenance expenses (O&M) will be increased by $43,000 as a result of the addition of the nitrate removal unit. The overall power consumption will be decreased and the chemical usage and labor will be increased as a result of this addition. Staff believes that increase in the O&M expense is reasonable and justified.

Staff reviewed the engineering information submitted with the certificate application and determined that the costs are related to the project and acceptable. Technical Staff's review of the plans and specifications did not reveal any conflicts with the West Virginia Public Service Commission rules and regulations. Staff requested that the District keep the Engineering Division informed of the progress by providing the following information:

1. Copy of the fully executed engineering agreement;

2. Copy of all bids, bid tabulation and selected bid;

3. Copy of notice of award and notice to proceed;

4. Copy of approved application for payment; and

5. Copy of paid engineering invoices containing a description of services provided, employee name, title, number of hours and hourly rate for each employee.

Staff recommended that the District be granted a certificate of convenience and necessity, subject to the following conditions:

1. The District first obtain any required permits from the Division of Environmental Protection, Department of Health and Human Resources, etc.

2. After the construction bid process is completed, should the scope of the project or the financing change for any reason, the District shall submit the necessary information to the West Virginia Public Service Commission for review and approval prior to commencing construction.

The estimated $750,000 total project cost will be financed through a loan, not to exceed $850,000, to be provided through the Drinking Water Treatment Revolving Fund (DWTRF). The loan agreement will be between the District and the West Virginia Water Development Authority, who is the administrator of the DWTRF, acting on behalf of the Bureau for Public Health. The terms of the loan are for approximately $750,000, at an interest rate of 3% (2% plus 1% administrator fee) with a maturity date of 20 years. The District also proposes to enter into an interim financing arrangement with a local bank to provide funds, should they be needed, for the payment of the contractors doing construction of the project. This interim financing will be in the form of a line of credit.

Staff noted that the District proposes to increase its rates and charges by approximately 10% to all rate schedules except for Schedule 3 of its tariff, which will remain unchanged. Schedule 3 of the tariff is applicable to customers formerly served by the Camp Conley Public Service District and is a totally separated system from the remainder of the system operated by the Mason County Public Service District.

According to Staff, the rates proposed by the District are sufficient to cover the increased operation and maintenance expenses and the increased debt service and debt reserve requirements. The proposed rates will provide a debt service coverage of 116%.

Staff recommended granting the requested certificate of convenience and necessity, approving the proposed financing for the project and approving the rates proposed by the District to become effective upon substantial completion of the project.

On January 10, 2000, Commission Staff filed a leak adjustment increment for Schedule I of the District's tariff. The Staff Memorandum also pointed out a few inadvertent omissions from the District's proposed rates, which have been corrected on the rates attached hereto.

FINDINGS OF FACT

1. On October 6, 1999, Mason County Public Service District filed an application for a certificate of convenience and necessity with the West Virginia Public Service Commission to increase the capacity and upgrade the existing water treatment plant. (See, application).

2. The Commission directed the Applicant to publish a Notice of Filing. (See, Order dated October 7, 1999).

3. An affidavit of publication was received on December 23, 1999, indicating that publication was made on October 21, 1999, in the Putnam Democrat, a newspaper of general circulation in Putnam County, and an affidavit of publication published on October 20 and 27, 1999, in The Register, a newspaper generally circulated in Mason County. The thirty-day protest period expired on November 26, 1999, with no protests having been filed. (See, affidavits of publication received December 23, 1999; case file generally).

4. The Applicant proposes to construct and operate water system improvements to alleviate the problems with nitrates in its water source. (See, Final Joint Staff Memorandum filed November 24, 1999).

5. Staff is of the opinion that the project is in the public interest and recommended approving the application for a certificate of convenience and necessity, the proposed financing and the requested rates. (See, Final Joint Staff Memorandum filed November 24, 1999).

CONCLUSIONS OF LAW

1. The public convenience and necessity require the proposed project.

2. The proposed project will provide adequate service.

3. The proposed project is adequately financed and is economically feasible.

4. Good cause has been shown to waive formal hearing in this matter, pursuant to West Virginia Code §24-2-11, since no protests have been received to the project.

5. The proposed rates are reasonable once the project is operating.

ORDER

IT IS, THEREFORE, ORDERED that a certificate of convenience and necessity, be, and it hereby is, granted to Mason County Public Service District to increase the capacity of and upgrade the existing water treatment plant, all as set forth in the application filed on October 6, 1999, conditioned upon the District receiving all necessary permits from the Division of Environmental Protection, the Department of Health and Human Resources, etc., prior to commencing construction.

IT IS FURTHER ORDERED that the proposed funding for the project, consisting of a loan not to exceed $750,000, to be provided through the Drinking Water Treatment Revolving Fund, at an interest rate of 3% (2% plus 1% administrative fees), with a maturity date of 20 years, be, and the same hereby is, approved.

IT IS FURTHER ORDERED that, at such time as Mason County Public Service District has a firm proposal for interim financing from a specific lender, it submit same to the Commission for review and approval.

IT IS FURTHER ORDERED that the rates and charges, as set forth in the Notice of Filing, be, and they hereby are, approved, to become effective for all customers served by this project for all service rendered on and after the date that this project is placed in service, except for those customers formerly served by the Camp Conley Public Service District. A copy of the approved rates and charges is attached hereto as Appendix A.

IT IS FURTHER ORDERED that Mason County Public Service District shall file a Notice of the actual in-service date of the project, as well as an original and at least five (5) copies of a revised tariff setting forth the rates and charges herein approved, within thirty (30) days from the date that the project becomes operational.

IT IS FURTHER ORDERED that, if there are any changes to the cost, scope, financing or design of the project, as certificated herein, Mason County Public Service District shall petition the Commission for approval of such changes prior to commencing construction.

IT IS FURTHER ORDERED that formal hearing in this matter be waived, pursuant to West Virginia Code §24-2-11, for the reasons that no protests were received after publication and there remain no outstanding issues to be litigated.

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

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

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

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

Commission sooner than five (5) days after approval of such waiver by the Commission.

Miles C. Cary
Administrative Law Judge

MCC:pst
990857a.wpd

MASON COUNTY PUBLIC SERVICE DISTRICT
CASE NO. 99-0857-PWD-CN

APPROVED RATES

SCHEDULE I

APPLICABILITY

Applicable in entire territory served except the areas formerly served by Camp Conley Public Service District and the Town of Leon.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

METER RATES

First	6,000 gals./bimonthly	$ 5.61/1,000 gals.
Next	14,000 gals./bimonthly	$ 4.15/1,000 gals.
Next	20,000 gals./bimonthly	$ 3.40/1,000 gals.
Next	60,000 gals./bimonthly	$ 2.80/1,000 gals.
All Over	100,000 gals./bimonthly	$ 2.07/1,000 gals.

MINIMUM CHARGE

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

5/8" meter	$ 33.66 bimonthly
3/4" meter	$ 50.49 bimonthly
1" meter	$ 84.15 bimonthly
1-1/2"meter	$ 168.30 bimonthly
2" meter	$ 269.28 bimonthly
3" meter	$ 504.90 bimonthly
4" meter	$ 841.50 bimonthly
6" meter	$ 1683.00 bimonthly

DELAYED PAYMENT PENALTY

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

TAP FEE

Prior to construction adjacent to Customer's property	$100.00
Subsequent to construction adjacent to Customer's property	$300.00

RECONNECTION CHARGE

$15.00

LEAK ADJUSTMENT INCREMENT

$0.54 per M. gallons. To be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate is used to calculate consumption above the customer's historical average usage.

RETURNED CHECK CHARGE FOR INSUFFICIENT FUNDS

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

SCHEDULE II

SALES TO J2Y35 WATER ASSOCIATION

At point of delivery CR24 and SR2: $1.87 per 1,000 gallons up to 1,000,000 gallons of water per month.

At point of delivery CR 5/14 and SR2: $1.87 per 1,000 gallons up to 250,000 gallons of water per month.

SALES TO GALLIPOLIS FERRY WATER ASSOCIATION, INC.

$1.10 per 1,000 gallons up to 1,000,000 gallons of water per month.

SALES TO EVANS PUBLIC SERVICE DISTRICT

$1.10 per 1,000 gallons of water per month.

SCHEDULE III

APPLICABILITY

Applicable to customers formerly served by the Camp Conley Public Service District.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

METER RATES

First	3,000 gals./month	$ 3.61/1,000 gals.
Next	3,000 gals./month	$ 3.41/1,000 gals.
Next	4,000 gals./month	$ 3.22/1,000 gals.
Next	10,000 gals./month	$ 3.02/1,000 gals.
Next	20,000 gals./month	$ 2.83/1,000 gals.
Next	60,000 gals./month	$ 2.63/1,000 gals.
All Over	100,000 gals./month	$ 2.44/1,000 gals.

MINIMUM CHARGE

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

5/8" meter	$	10.83 per month
3/4" meter	$	16.25 per month
1" meter	$	27.10 per month
1-1/2"meter	$	54.15 per month
2" meter	$	86.65 per month
3" meter	$	162.45 per month
4" meter	$	270.75 per month
6" meter	$	541.50 per month

Minimum monthly bill $10.83 for 3,000 gallons.

TAP FEE
$300.00

RECONNECTION CHARGE
$15.00

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

RETURNED CHECK FOR INSUFFICIENT FUNDS
If a check received is returned by the bank for any reason, the bank's charge to the Camp Conley 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.

INCREMENTAL COST OF WATER
$0.185 per M. gal. To be used when the bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate is used to calculate consumption above the customer's historical average usage.

SCHEDULE IV

APPLICABILITY
Applicable to customers formerly served by the system of the Town of Leon.

AVAILABILITY OF SERVICE
Available for general domestic, commercial and industrial service for the Town of Leon.

METER RATES

First	3,000 gals. per month	$ 5.30/1,000 gals.
Next	3,000 gals. per month	$ 5.10/1,000 gals.
Next	4,000 gals. per month	$ 4.85/1,000 gals.
Next	10,000 gals. per month	$ 3.60/1,000 gals.
All Over	20,000 gals. per month	$ 3.15/1,000 gals.

MINIMUM CHARGE

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

5/8" meter	$	15.90 per month
3/4" meter	$	23.85 per month
1" meter	$	39.75 per month
1-1/2"meter	$	79.50 per month
2" meter	$	127.20 per month
3" meter	$	238.50 per month
4" meter	$	397.50 per month
6" meter	$	795.00 per month

MUNICIPAL EXCISE TAX

Applicable to customers within the City limits of the Town of Leon - 2% (two percent).

DELAYED PAYMENT PENALTY

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

CONNECTION CHARGE

$250.00

RECONNECTION CHARGE

$25.00

RETURNED CHECK CHARGE

The District may not collect any fee greater than that charged to it by a banking institution and under no circumstances shall the fee collected by the District exceed $15.00.

LEAK ADJUSTMENT INCREMENT

$1.32 per M. gallons. To be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate is used to calculate consumption above the customer's historical average usage.

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 13th day of June, 2000.

CASE NO. 99-0857-PWD-CN (REOPENED)

MASON COUNTY PUBLIC SERVICE DISTRICT, a public utility.

Petition to reopen the proceeding for the purpose of approving an amount for a loan and water rates for the project.

COMMISSION ORDER

On February 1, 2000, Mason County Public Service District was granted a certificate of public convenience and necessity to install an additional well and build a nitrate removal plant, due to nitrates in its existing water source. Comm'n Order p. 4, Mason Co. PSD, Case No. 99-0857-PWD-CN (Rec. Dec. Jan. 12, 2000, final Feb. 1, 2000). Project funding was approved at a twenty-year (20-year) loan not to exceed $750,000 from the Drinking Water Revolving Fund, at three percent interest (3%) (two percent (2%) plus one percent (1%) administrative fees). Id. p. 5. The Commission also approved increased rates and charges for service rendered after the project is placed in service, for all Mason County customers except those formerly served by the Camp Conley Public Service District. Id. & App. A. Further, if there were any changes in the project's cost, scope, financing or design, Mason County was ordered to return to the Commission for approval of such changes. Id.

On March 23, 2000, George E. Blum of Cerrone Associates, on Mason County's behalf, asked the Commission to reopen the case to consider a change in the amount of the loan and the rates to be charged. Cover ltr. p. 1. Mr. Blum attached a certified bid tabulation, a revised project budget, revised pages for Mason County's Tariff Rule 42 financial exhibit, and a revised tariff. Id. & attachments. He advised that the bids would expire on May 1, 2000, and requested expedited consideration. Id. On March 30, 2000, Mr. Blum filed a copy of the commitment letter from the Bureau of Public Health, which increased the amount of the loan from $750,000 to $960,000. Cover ltr. p. 1 & attachment. Otherwise, the loan's terms do not change. Id.

On April 6, 2000, Commission Staff advised that bids for the project came in $200,000 more than expected. Initial & Final Joint Staff Memorandum p. 1. Mason County has secured additional funding to cover the increase, and Mason County's proposed rates have been increased due to the additional debt service, Staff said. Id. Staff recommended that the case be reopened, and that the additional financing and increased rates be approved. Id. Staff supported Mason County's request for expedited treatment. Id. Technical Staff advised that Mason County start negotiating for an extension of the bids, in case the Commission's order was issued after May 1, 2000. Initial & Final Memorandum p. 1, attached to Initial and Final Joint Staff Memorandum.

On April 24, 2000, the Commission reopened this case to consider Mason County's request. Comm'n Order p. 5. The Commission also ordered Mason County to provide notice of the proposed increased rates and to adopt documents which had been filed by Mr. Blum of Cerrone Associates on Mason County's behalf. Id. & Ex. A.

On April 28, 2000, Mason County filed an affirmation to adopt the documents. Ltr. p. 1.

On May 19, 2000, Mason County filed Affidavits of Publication to establish that notice had been published in The Register in Mason County on April 28 and May 4, in The Herald-Dispatch in Cabell County on April 29 and May 5, and in The Putnam Democrat in Putnam County on May 4 and 11, 2000.

The notice allowed thirty (30) days for protests or comments to be filed. That period has expired. To date, no protests or comments have been received by the Commission.

DISCUSSION

In the previous order, the Commission noted that the proposed rate increase was quite small, and the Commission was inclined to approve the rate increase and increased borrowing, so long as substantial protest was not filed in response to the notice. Comm'n Order p. 4. Mason County has published notice, the time to protest or comment has expired, and no protests or comments have been received by the Commission. Therefore, the Commission shall approve Mason County's request to increase the amount borrowed and the rates charged. If there are further changes in the project's cost, scope, financing or design, Mason County must return to the Commission for approval of such changes.

FINDINGS OF FACT

1. On February 1, 2000, Mason County was granted a certificate to install an additional well and build a nitrate removal plant, due to nitrates in its existing water source.

Public Service Commission
of West Virginia
Charleston

Comm'n Order p. 4, Mason Co. PSD, Case No. 99-0857-PWD-CN (Rec. Dec. Jan. 12, 2000, final Feb. 1, 2000). Project funding was approved at a twenty-year (20-year) loan not to exceed $750,000 from the Drinking Water Revolving Fund. Id. p. 5. The Commission also approved increased rates and charges for service rendered after the project is placed in service, for all Mason County customers except those formerly served by the Camp Conley Public Service District. Id. & App. A.

2. On March 23, 2000, George E. Blum of Cerrone Associates, on Mason County's behalf, asked the Commission to reopen the case to consider a change in the amount of the loan and the rates to be charged. Cover ltr. p. 1.

3. On April 6, 2000, Commission Staff advised that bids for the project came in $200,000 more than expected. Initial & Final Joint Staff Memorandum p. 1. Mason County has secured additional funding to cover the increase, and Mason County's proposed rates will need to be increased due to the additional debt service, Staff said. Id. Staff recommended that the case be reopened, and that the additional financing and increased rates be approved. Id. Staff supported Mason County's request for expedited treatment. Id.

4. On April 24, 2000, the Commission reopened this case to consider Mason County's request. Comm'n Order p. 5. The Commission also ordered Mason County to provide notice of the proposed increased rates and to adopt documents which had been filed by Mr. Blum of Cerrone Associates on Mason County's behalf. Id. & Ex. A.

5. On April 28, 2000, Mason County filed an affirmation to adopt the documents. Ltr. p. 1.

6. Notice was published in The Register in Mason County on April 28 and May 4, in The Herald-Dispatch in Cabell County on April 29 and May 5, and in The Putnam Democrat in Putnam County on May 4 and 11, 2000. See Affidavits of Publication (May 19, 2000).

7. The time to protest or comment has expired. To date, no protests or comments have been received by the Commission.

CONCLUSIONS OF LAW

1. Since Mason County has published notice of the proposed increased rates, the time to protest or comment has expired, and the Commission has received no protest or comment, the Commission should approve Mason County's request to increase the amount borrowed and rates charged, as more fully set forth above.

Public Service Commission
of West Virginia
Charleston

2. If there are further changes in the project's cost, scope, financing or design, Mason County must return to the Commission for approval of such changes.

ORDER

IT IS THEREFORE ORDERED that Mason County's petition to increase the amount borrowed and rates charged, as more fully set forth above, is granted.

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

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

A True Copy, Teste:

Sandra Squire

Sandra Squire
Executive Secretary

ARC
CLW/lfg/jaf
990857cb.wpd

MASON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2000 A
(WEST VIRGINIA DWTRF PROGRAM)

BOND RESOLUTION

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MASON COUNTY PUBLIC SERVICE DISTRICT

BOND RESOLUTION

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING WATERWORKS SYSTEM OF MASON COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $960,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA DWTRF PROGRAM); 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 MASON 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 16, Article 13C of the West Virginia Code of 1931, as amended and in effect on the date of adoption of this Resolution.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser of the Series 2000 A Bonds on behalf of the Program, or any other agency of the State that succeeds to the function of the Authority.

"Authorized Officer" means the Chairperson of the Governing Body of the Issuer or any other person duly appointed 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.

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

"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 2000 A Bonds, the Prior Bonds and any additional Parity Bonds hereafter issued within the terms, restrictions and conditions contained in this Resolution.

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

"BPH" means the West Virginia Bureau for Public Health, a division of the West Virginia Department of Health and Human Resources, or any other agency, board or department of the State that succeeds the function of the BPH.

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 2000 A Bonds in substantially the form set forth in Section 3.09 hereof.

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

"Closing Date" means the date upon which there is an exchange of the Series 2000 A Bonds for all or a portion of the proceeds of the Series 2000 A Bonds from the Authority and BPH.

"Code" means the Internal Revenue Code of 1986, as amended, including the 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.

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

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

"Costs" or "Costs of the Project" 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 2000 A 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 the bank designated as such in the Supplemental Resolution and its successors and assigns.

"Depreciation Account" means the account established by the Prior Resolutions and continued by Section 5.01 hereof.

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

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

"DWTRF Regulations" means the regulations for the Program set forth in Title 64, Part 49 of the West Virginia Code of State Regulations.

"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.

"Fund" means the "West Virginia Drinking Water Treatment Revolving Fund" established by the State, administered by the BPH and funded by capitalization grants awarded to the State pursuant to the federal Safe Drinking Water Act, as amended, for the purpose of

establishing and maintaining a permanent perpetual fund for the construction, acquisition and improvement of drinking water facilities.

"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 purchased pursuant to Section 8.01 hereof) 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.

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

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

"Loan Agreement" means the Drinking Water Treatment Revolving Fund Loan Agreement entered into by and between the Issuer and the Authority, on behalf of the BPH, providing for the purchase of the Series 2000 A Bonds from the Issuer by the Authority.

"Net Revenues" means Gross Revenues less Operating Expenses.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses (other than those capitalized as part of the Costs), the DWTRF Administrative Fee, fees and expenses of the Authority, the BPH, 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 or such other entity or authority as may be designated as a Paying Agent by the Issuer in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Series 1981 Bonds, the Series 1987 Bonds, the Series 1997 A Bonds, the Series 1997 B Bonds and the Series 1999 A Bonds.

"Prior Resolutions" means, collectively, the respective resolutions adopted by the Issuer, authorizing the Prior Bonds.

"Program" means the drinking water facility acquisition, construction and improvement program coordinated through the capitalization grants program established under the Safe Drinking Water Act and administered by the BPH.

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

"PSC" means the Public Service Commission of West Virginia and any successor

to the functions thereof.

"PSC Order" means all orders of the PSC, granting the Issuer a certificate of convenience and necessity to construct the Project and approving the rates of the System and the financing for the Project.

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

(a) Government Obligations;

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

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

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

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

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

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers

recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing any said repurchase agreement either must mature as nearly as practicable coincident with the maturity of said repurchase agreement or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreement, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

(h) The West Virginia "consolidated fund" managed by the West Virginia Investment Management Board pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended;

(i) Obligations of states or political subdivisions or agencies thereof, the interest on which is exempt from federal income taxation, and which are rated at least "A" by Moody's Investors Service, Inc. or Standard & Poor's Corporation; and

(j) Advanced - Refunded Municipal Bonds.

"Regulations" means the regulations promulgated under the Code.

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

"Reserve Accounts" means, collectively, the respective reserve accounts of the Series 2000 A Bonds and the Prior Bonds.

"Reserve Requirements" means, collectively, the respective reserve requirements of the Series 2000 A Bonds and the Prior Bonds.

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

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

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

"Series 1981 Bonds" means the Issuer's Water Revenue Bonds, Series 1981, dated January 22, 1981, issued in the original aggregate principal amount of $1,100,000.

"Series 1987 Bonds" means the Issuer's Water Revenue Bonds, Series 1987, dated June 25, 1987, issued in the original aggregate principal amount of $610,000.

"Series 1997 A Bonds" means the Issuer's Water Revenue Bonds, Series 1997 A, dated September 25, 1997, issued in the original aggregate principal amount of $1,440,000.

"Series 1997 B Bonds" means the Issuer's Water Revenue Bonds, Series 1997 B, dated September 25, 1997, issued in the original aggregate principal amount of $818,000.

"Series 1999 A Bonds" means the Issuer's Water Revenue Bonds, Series 1999 A (United States Department of Agriculture), dated August 5, 1999, issued in the original aggregate principal amount of $620,000.

"Series 2000 A Bonds" means the Issuer's Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program), authorized to be issued hereby.

"Series 2000 A Bonds Construction Trust Fund" means the fund established by Section 5.01 hereof.

"Series 2000 A Bonds Reserve Account" means the account established by Section 5.02 hereof.

"Series 2000 A Bonds Reserve Requirement" means as of any date of calculation the maximum amount of principal and interest which will become due on the Series 2000 A Bonds in the then current or any succeeding year.

"Series 2000 A Bonds Sinking Fund" means the fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds of the Series 2000 A Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution of the Issuer supplementing or amending this Resolution and when preceded by the article "the," refers specifically to the Supplemental Resolution authorizing the sale of the Series 2000 A Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2000 A Bonds and not so included may be contained in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by this Resolution to be set aside and held for the payment of or security for the Series 2000 A Bonds and the Prior

Bonds, including the Reserve Accounts and the Renewal and Replacement Fund.

"System" means the public service properties used or to be used for or in connection with the diversion, development, pumping, impounding, treatment, storage, distribution or furnishing of water to or for industrial, public, private or other uses, owned by the Issuer, and any extensions, additions, betterments and improvements 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 in Mason County of said State. The Issuer presently owns and operates a public waterworks system. However, the Issuer deems it necessary and desirable for the health, welfare and safety of the inhabitants of the Issuer that there be acquired and constructed the Project, in accordance with the plans and specifications prepared by the Consulting Engineer, which plans and specifications have been approved by the BPH.

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, which administers the Fund pursuant to the DWTRF Act.

C. The estimated maximum cost of acquisition and construction of the Project is $960,000, which will be obtained from the Series 2000 A Bonds herein authorized.

D. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all Operating Expenses of the System, the principal of and interest on the Prior Bonds and the Series 2000 A Bonds and 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 2000 A Bonds in the aggregate principal amount of not more than $960,000, 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 2000 A 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, any fees or expenses of the Authority and the BPH, including the DWTRF Administrative Fee, commitment fees, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2000 A 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 2000 A Bonds or the repayment of indebtedness, incurred by the Issuer for such purposes shall be deemed part of the Costs of the Project.

F. The Series 2000 A Bonds shall be issued on a parity with the Prior Bonds as to liens, pledge and source of and security for payment and in all other respects. The Issuer has met the parity and coverage requirements of the Prior Bonds and the Prior 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 2000 A Bonds, the Issuer will obtain the consent of the Holders of the Prior Bonds to the issuance of the Series 2000 A Bonds on a parity with the lien of the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

G. The period of usefulness of the System after completion of the Project is not less than 25 years.

H. It is in the best interests of the Issuer that the Series 2000 A 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 issuance of the Series 2000 A 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 Infrastructure 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 2000 A Bonds.

J. The Infrastructure Council has approved the Project.

Section 1.04. Resolution Constitutes Contract. In consideration of the acceptance of the Series 2000 A Bonds by those who shall be the Registered Owners of the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF PROJECT

Section 2.01. Authorization of Acquisition and Construction of Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed $960,000, in accordance with the plans and specifications prepared by the Consulting Engineers, approved by the BPH and the Issuer and heretofore filed in the office of the Governing Body. The proceeds of the Series 2000 A Bonds shall be applied as provided in Article VI hereof.

The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, which are in an amount and otherwise compatible with the plan of financing submitted to the Program.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of funding a reserve account for the Series 2000 A Bonds, paying the Costs of the Project not otherwise provided for 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 2000 A Bonds of the Issuer. The Series 2000 A Bonds shall be issued as a single bond, designated as "Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program)," in the aggregate principal amount of not more than $960,000, and shall have such terms as set forth hereinafter or in the Supplemental Resolution. The proceeds of the Series 2000 A Bonds remaining after funding of the Series 2000 A Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in the Series 2000 A 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 2000 A Bonds shall be issued in such principal amounts; shall bear interest at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in the Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2000 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2000 A 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 2000 A Bonds shall be issued in the form of one bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2000 A Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2000 A 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 bear interest, if any, and shall be dated as set forth in the Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2000 A 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 2000 A 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 2000 A 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 2000 A 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 2000 A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No Holder or Holders of any of the Series 2000 A Bonds shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay the Series 2000 A Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service on the Series 2000 A Bonds shall be secured by a first lien on the Net Revenues on a parity with the lien of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 2000 A Bonds and the Prior Bonds and to make the payments provided for in this Resolution, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Form of Bonds. The text of the Series 2000 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
MASON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2000 A
(WEST VIRGINIA DWTRF PROGRAM)

No. AR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: That MASON COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Mason County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns, the sum of _____ DOLLARS ($_____), or such lesser amount as is set forth on the Record of Advances attached hereto as Exhibit A and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 200__, as set forth on the "Debt Service Schedule" attached as Exhibit B hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit B. The interest and the DWTRF Administrative Fee (as defined in the hereinafter described Resolution) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing ____ _____ 1, 200__, as set forth on Exhibit B 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 the West Virginia Bureau for Public Health (the "BPH") and as otherwise provided by the Loan Agreement dated

_____, 200_, by and between the Issuer and the Authority, on behalf of the BPH.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing 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 extensions, additions, betterments and improvements 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 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Resolution duly adopted by the Issuer on _____, 200_, and a Supplemental Resolution duly adopted by the Issuer on _____, 200_ (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, SERIES 1981, DATED JANUARY 22, 1981, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,100,000; (2) WATER REVENUE BONDS, SERIES 1987, DATED JUNE 25, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $610,000; (3) WATER REVENUE BONDS, SERIES 1997 A, DATED SEPTEMBER 25, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,440,000; (4) WATER REVENUE BONDS, SERIES 1997 B, DATED SEPTEMBER 25, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $818,000; AND (5) WATER REVENUE BONDS, SERIES 1999 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED AUGUST 5, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $620,000 (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 2000 A 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 as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2000 A 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 2000 A 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 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 the payment of the costs of acquisition and construction 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.

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and upon the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of

the principal of and interest on this Bond.

All provisions of the 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, MASON 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 _____, 2000.

[SEAL]

_____
Chairperson

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2000 A Bonds described in the within-mentioned Resolution and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below.

Date: _____, 200__.

_____, as Registrar

By _____
Its Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	Amount	Date		Amount	Date
(1)	$		(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

Total $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _ _____ the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer 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. The Series 2000 A Bonds shall be sold to the Authority pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairperson is specifically authorized and directed to execute the Loan Agreement and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, ratified and approved. The Loan Agreement, including all schedules and exhibits attached thereto, is hereby approved and specifically incorporated into this Bond Legislation.

Section 3.11. Amended Schedule B Filing. Upon completion of acquisition and construction of the Project, the Issuer shall promptly file with the Authority and the BPH a schedule, the form of which shall be provided by the BPH, 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) Depreciation Account (established by the Prior Resolutions);

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

(4) Series 2000 A Bonds Construction Trust Fund.

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

(1) Series 2000 A Bonds Sinking Fund; and

(2) Series 2000 A Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited by the Issuer in the Revenue Fund which is hereby continued. The Revenue Fund shall constitute a trust fund for the purposes provided in this Resolution and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided. Funds in the Revenue Fund shall be disposed of only in the following manner and order of priorities and as provided in the Prior Resolutions.

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

(2) Next, from the moneys in the Revenue Fund, the Issuer (i) shall make the interest payments on the Prior Bonds in the amounts and on the dates required by the Prior Resolutions, and (ii) on the first day of each month, commencing 4 months prior to the first date of payment of interest on the Series 2000 A Bonds, for which interest has not been capitalized or as required in the Loan Agreement, shall remit to the Commission for deposit in the Series 2000 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 2000 A Bonds on the next ensuing quarterly interest payment date; provided, that, in the event the period to elapse between the date of such initial deposit in the Series 2000 A Bonds Sinking

Fund and the next quarterly interest payment date is less than 4 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next quarterly interest payment date, the required amount of interest coming due on such date.

(3) Next, from the moneys in the Revenue Fund, the Issuer (i) shall make the principal payments of the Prior Bonds in the amounts and on the dates required by the Prior Resolutions, and (ii) on the first day of each month, commencing 4 months prior to the first date of payment of principal of the Series 2000 A Bonds, shall remit to the Commission for deposit in the Series 2000 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2000 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2000 A Bonds Sinking Fund and the next quarterly principal payment date is less than 4 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) Next, from the moneys in the Revenue Fund, the Issuer (i) shall make the reserve account payments into the Reserve Accounts of the Prior Bonds in the amounts and on the dates required by the Prior Resolutions, and (ii) on the first day of each month, commencing 4 months prior to the first date of payment of principal of the Series 2000 A Bonds, if not fully funded upon issuance of the Series 2000 A Bonds, shall remit to the Commission for deposit in the Series 2000 A Bonds Reserve Account, an amount equal to 1/120 of the Series 2000 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2000 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2000 A Bonds Reserve Requirement.

(5) Next, from the moneys in the Revenue Fund, the Issuer shall make the payments into the Depreciation Account required by the Prior Resolutions.

(6) Next, from the moneys in the Revenue Fund, the Issuer shall remit to the Depository Bank for deposit in the Renewal and Replacement Fund, an amount equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments into the respective Reserve Accounts. Moneys in the Renewal and Replacement Fund may be withdrawn by the Issuer and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part therefor.

(7) If all of the above required payments are then current, the Issuer may use any moneys remaining in the Revenue Fund for the following purposes: (a) for prepayment of the amount, or any part thereof, of the Bonds Outstanding in accordance with the terms thereof, (b) additions, betterments or improvements to the System which the Consulting Engineers certify are needed and/or (c) payments of principal and interest on subordinate water revenue

bonds, or other obligations which may hereafter be issued by the Issuer on account of the System.

Moneys in the Series 2000 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2000 A Bonds as the same shall become due. Moneys in the Series 2000 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2000 A Bonds, as the same shall come due, when other moneys in the Series 2000 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2000 A Bonds Reserve Account (if fully funded) shall be transferred, not less than once each year, to the Series 2000 A Bonds Construction Trust Fund during construction of the Project and thereafter, to the Series 2000 A Bonds Sinking Fund.

Any withdrawals from the Series 2000 A Bonds Reserve Account which result in a reduction in the balance of such account to an amount below the Series 2000 A 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 Series 2000 A Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay any interest on such additional Parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement therefor.

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 2000 A 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 2000 A Bonds Sinking Fund and the Series 2000 A 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 2000 A Bonds Sinking Fund and the Series 2000 A Bonds Reserve Account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates hereunder.

Moneys in the Series 2000 A Bonds Sinking Fund and Series 2000 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2000 A Bonds Sinking Fund and the Series 2000 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2000 A Bonds Outstanding under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required interest, principal and reserve payments, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Resolution.

C. The Issuer shall also on the first day of each month (if the first day is not a business day, then the first business day of each month), commencing with the payment set forth in Section 5.03.A.(2) hereof, remit to the Commission the DWTRF Administrative Fee set forth in the Schedule Y attached to the Loan Agreement.

D. 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 fifth day of each calendar month.

E. 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 shall be required by law, such excess shall be considered as Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

F. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar or the Depository Bank, on such dates as the respective parties shall require, such additional sums as shall be necessary to pay their respective charges 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.

G. 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.

H. 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.

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

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

K. All Tap Fees shall be deposited by the Issuer, as received, in the Series 2000 A Bonds Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

ARTICLE VI

APPLICATION OF BONDS PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bonds Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from time to time from the sale of the Series 2000 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2000 A Bonds, there shall be deposited with the Commission in the Series 2000 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution.

B. The remaining moneys derived from the sale of the Series 2000 A Bonds shall be deposited by the Issuer, as received from time to time, in the Series 2000 A Bonds Construction Trust Fund and shall be used solely to pay costs of the Project and until so expended, are hereby pledged as additional security for the Series 2000 A Bonds.

C. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2000 A Bonds shall be used as directed by the Authority and the BPH.

Section 6.02. Disbursements from Bond Construction Trust Fund. On or before the Closing Date, the Issuer shall have delivered to the Authority and the BPH a report listing the specific purposes for which the proceeds of the Series 2000 A Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2000 A Bonds Construction Trust Fund (except for the cost of issuance of the Series 2000 A Bonds which shall be made upon request of the Issuer) shall be made only after submission to, and approval from, the Authority and the BPH of the following:

(1) A "Payment Requisition Form," in the form attached to the Loan Agreement, in compliance with the construction schedule, and

(2) A certificate, signed by the Chairperson 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 disbursements theretofore made;

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

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

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

Pending such application, moneys in the Series 2000 A Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Resolution shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2000 A Bonds. In addition to the other covenants, agreements and provisions of this Resolution, the Issuer hereby covenants and agrees with the Holders of the Bonds, as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as the Series 2000 A Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2000 A Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Resolution. No Holder or Holders of any Bonds, shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay the Series 2000 A Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2000 A Bonds shall be secured by a first lien on the Net Revenues on a parity with the lien of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 2000 A Bonds and to make the payments into all funds and accounts and all other payments provided for in this Resolution and the Prior Resolutions are hereby irrevocably pledged, in the manner provided herein and therein, to the payment of the principal of and interest on the Prior Bonds and the Series 2000 A Bonds as the same become due, and for the other purposes provided in this Resolution and the Prior Resolutions.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved in the PSC Order and such rates are hereby adopted.

The Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and will take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and in compliance with the requirements of the Loan Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2000 A Bonds shall prove to be insufficient to produce the required sums set forth in 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 and take all such actions necessary to provide funds sufficient to produce the required sums set forth in 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 2000 A Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the BPH, 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 then Outstanding. The proceeds from such sale, mortgage, lease or other disposition of the System shall immediately be remitted to the Commission for deposit in the appropriate sinking funds, and the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and any interest, if any, on the Bonds. Any balance remaining after the redemption or payment of all the Bonds and interest, if any, 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, pro rata, in the Depreciation Account and the Renewal and Replacement Fund with respect to the Bonds Outstanding. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, in writing, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall, upon receipt of approval of the Registered Owners, if needed, be remitted by the Issuer to the Commission for deposit in the respective 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, par, or otherwise, pro rata, in the Depreciation Account and the Renewal and Replacement Fund with respect to the Bonds Outstanding. The payment of such proceeds into the Sinking Funds or the Depreciation Account and 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 2000 A Bonds are Outstanding, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2000 A Bonds; provided, however, that Parity Bonds may be issued as provided for in Section 7.07 hereof and in the Prior 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 2000 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein and in the Prior Resolutions have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the liens of the Series 2000 A Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2000 A Bonds and the interest thereon in this Resolution, or upon the System or any part thereof.

The Issuer shall give the Authority and the BPH 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 pursuant to this Resolution, except under the conditions and in the manner herein provided and with the prior written consent of the BPH and the Authority.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Prior Bonds and the Series 2000 A Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of extensions or improvements to the System or refunding one or more series of Bonds issued pursuant hereto or the Prior 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 Consulting 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 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, and shall not exceed the amount to be stated in a certificate of the Consulting Engineers, which shall be filed in the office of the Secretary prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Consulting Engineers and the Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and the 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 2000 A Bonds.

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

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

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

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds issued pursuant to this 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 Bond Act. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books, and along with other bookkeeping records as prescribed by the Issuer.

The Issuer shall file with the Authority and the BPH, 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 completely audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2000 A Bonds, and shall submit said report to the Authority and the BPH. The report of said audit 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 Gross Revenues are adequate to meet the Operating Expenses and debt service and reserve requirements.

The Issuer shall provide the BPH with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in Exhibit D of the Loan Agreement or as promulgated from time to time.

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

Section 7.09. Rates. Prior to issuance of the Series 2000 A Bonds, approvals of equitable rates or charges for the use of and service rendered by the System shall have been obtained in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reductions in income and revenues, the Issuer hereby covenants and agrees that the schedule

of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2000 A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 2000 A 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 2000 A Bonds Reserve Account and the Reserve Accounts for obligations prior to or on a parity with the Series 2000 A 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 2000 A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 2000 A Bonds.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall, annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the BPH 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 a professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made, except upon the further certificate of a professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the BPH, the Authority or to any Holder of any Bonds who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

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

Section 7.11. No Competing Franchise. To the extent allowable by law, the Issuer will not grant or cause, consent to or allow the granting of any franchise or permit to any person, firm, corporation or body, or agency or instrumentality for the providing of any services which would compete with services provided by the System.

Section 7.12. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rates, rentals or other charges for the services and facilities of the System and take all steps, actions and proceedings for the enforcement and collection of such fees,

rates, rentals or other charges that shall become delinquent to the full extent permitted or authorized by the laws of the State or the rules and regulations of the PSC.

Whenever any fees, rates, rentals or other charges for the services or facilities of the System shall remain unpaid for a period of thirty (30) days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and any rules and regulations promulgated by the PSC applicable thereto, fees, 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 any rules and regulations promulgated by the PSC applicable thereto, discontinue and shut off the services and facilities of the System to all delinquent users of the services and facilities of the System, and will not restore such services of the System until all delinquent charges for the services and facilities 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. The Issuer will not render or cause to be rendered any free services of any nature by its System; and, in the event the Issuer or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the Issuer shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.14. Insurance and Construction Bonds. The Issuer shall 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, so long as the Series 2000 A Bonds are outstanding. The Issuer shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority and the BPH, and shall verify such insurance prior to commencement of construction. The Issuer shall itself, or shall require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Issuer, the Authority, the prime contractor and all subcontractors, as their interests may appear, in accordance with the Loan Agreement, until the Project is completed and accepted by the Issuer. 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 shall also carry liability insurance for damage or injury to persons or property in amounts adequate for such purposes and customarily carried with respect to works and properties similar to the System. The Issuer shall carry such other insurance as is required by the Authority and the BPH and as set forth in the Loan Agreement, including but not limited to flood insurance and business interruption insurance, to the extent available at reasonable cost to the Issuer.

The Issuer shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to 100% of the contract price of the portion of the Project covered by the particular contract, as security for the faithful performance of such contract. The Issuer shall verify such bonds prior to commencement of construction.

Section 7.15. Certificate of Consulting Engineers; Engineering Services. Prior to or on the date of issuance of the Series 2000 A Bonds, the Issuer shall obtain the certificate of the Consulting Engineers, in the form attached to the Loan Agreement, certifying that the Project has been designed as provided in the Program application and will be constructed in accordance with the approved plans, specifications and design as submitted to the BPH, the Project will be adequate for the purposes for which it was designed, the funding plan as submitted to the BPH is sufficient to pay the costs of the acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

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

The Issuer shall require the Consulting Engineers to submit "as-built plans" to it within 60 days of the completion of the Project. The Issuer shall notify the BPH in writing of such receipt.

The Issuer shall require the Consulting Engineers to submit a final Operation and Maintenance Manual, in the form requested by the BPH, to the BPH when the Project is 90% completed. The Issuer shall, at all times, provide operation and maintenance of the System in compliance with any and all State and federal standards. The Issuer shall employ qualified operating personnel, properly certified by the State, before the Project is 50% complete and shall retain such a certified operator to operate the System during the entire term of the Loan Agreement. The Issuer shall notify the BPH in writing of the certified operator employed at the 50% completion stage.

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 BPH, 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 has obtained all permits required by State and federal laws necessary for the acquisition and construction of the Project and all requisite orders and approvals from the PSC and the Infrastructure Council necessary for the acquisition and construction of the Project, the operation of the System and the issuance of the Series 2000 A Bonds, with all requisite appeal periods having expired without successful appeal.

Section 7.17. [Reserved].

Section 7.18. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2000 A Bonds, a statutory mortgage lien upon the System is granted and created by the Bond Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, and shall take effect immediately upon delivery of the Series 2000 A Bonds; provided however, that the statutory mortgage lien in favor of the Holders of the Series 2000 A Bonds issued hereunder shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 7.19. Compliance with Loan Agreement and Law. The Issuer hereby covenants and agrees to comply with, perform and satisfy all terms and conditions of the Loan Agreement, this Bond Legislation and the Act and to comply with all applicable laws, rules and regulations issued by the Authority, the BPH or other State, federal or local bodies in regard to the construction of the Project and operation, maintenance and use of the System. Notwithstanding anything herein to the contrary, the Issuer will provide the BPH with copies of all documents submitted to the Authority.

Section 7.20. Connections. To the extent permitted by the laws of the State and rules and regulations of the PSC, the Issuer shall require every owner, tenant or occupant of any house, dwelling or building intended to be served by the System to connect thereto.

Section 7.21. Contracts; Public Releases. The Issuer shall, simultaneously with the delivery of the Series 2000 A Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

The Issuer shall submit all proposed change orders to the BPH for written approval. The Issuer shall obtain the written approval of the BPH before expending any proceeds of the Series 2000 A Bonds held in "contingency" as set forth in the Schedule B attached to the Loan Agreement. The Issuer shall also obtain the written approval of the BPH before expending any proceeds of the Series 2000 A Bonds made available due to bid or construction or project underruns.

The Issuer shall list the funding provided by the BPH and 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).

Section 7.23. Covenant to Amend Resolution. The Issuer retains the right to make any amendments to or insertions or deletions from this Resolution by an amendatory or supplemental Resolution as the Issuer deems necessary prior to the issuance of the Series 2000 A Bonds to meet the requirements of the Authority and the BPH.

ARTICLE VIII

INVESTMENT OF FUNDS

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this Resolution, other than the Revenue Fund, shall be invested and reinvested by the Commission or the Depository Bank, as the case may be, at the written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Resolution, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 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 or the Depository Bank, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank may make any and all investments permitted by this Section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

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 any of the Series 2000 A Bonds are Outstanding.

The Issuer shall furnish the Authority with information relating to the earnings on and the use of the proceeds of the Series 2000 A Bonds as may be requested by the Authority.

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2000 A Bonds as a condition to issuance of the Series 2000 A Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2000 A Bonds as may be necessary in order to maintain the status of the Series 2000 A Bonds as public purpose bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2000 A Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority, the Council or the BPH, as the case may be, from which the proceeds of the Series 2000 A Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority, the Council or the BPH, to ensure compliance with the covenants and agreements set forth in this Section 8.02, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

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 2000 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on any Series 2000 A 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 2000 A Bonds set forth in this Resolution, any Supplemental Resolution or in the Series 2000 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Bond Registrar, any Paying Agent or a Holder of a Bond; or

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

(4) If a default occurs under the Prior Resolutions or the Prior Bonds.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act, 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 2000 A 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

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of the Series 2000 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, then the pledge of Net Revenues and other moneys and securities pledged under this Resolution and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2000 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Modification or Amendment. 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 2000 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2000 A Bonds then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the 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 2000 A Bonds required for consent to the above-permitted amendments or modifications.

Section 11.02. Resolution Constitutes Contract. The provisions of this Resolution shall constitute a contract between the Issuer and the Registered Owners of the Series 2000 A Bonds and no change, variation or alteration of any kind of the provisions of 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 2000 A Bonds.

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

Section 11.05. Conflicting Provisions Repealed; Prior 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 the 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. 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 15th day of June, 2000.

Donald Kelley
Chairperson

William Hughes
Member

Charles R Lanier
Member

CERTIFICATION

Certified as a true copy of a Resolution duly adopted by the Public Service Board of Mason County Public Service District on the 15th day of June, 2000.

Dated this 28th day of June, 2000.

[SEAL]

Mary L. Smith
Secretary

EXHIBIT A

PROJECT DESCRIPTION

The Project consists of installing an additional 200 gpm well and constructing a 400 gpm nitrate removal plant to alleviate the problems with nitrates in the existing water source serving the residents of the System in Mason County.

06/01/00
100424/00305

MASON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2000 A
(WEST VIRGINIA DWTRF PROGRAM)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE MASON COUNTY PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA DWTRF PROGRAM); 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; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Mason County Public Service District (the "Issuer") has duly and officially adopted a Bond Resolution on June 15, 2000 (the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING WATERWORKS SYSTEM OF MASON COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $960,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA DWTRF PROGRAM); 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, the capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Resolution when used herein;

WHEREAS, the Resolution provides for the issuance of the Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program), of the Issuer, in an aggregate principal amount not to exceed $960,000 (the "Bonds), and has authorized the execution and delivery of a loan agreement relating to the Bonds, including all schedules and exhibits attached thereto (collectively, the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH"), all in accordance with Chapter 16, Article 13A and Chapter 16, Article 13C of the West Virginia Code of 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; and

WHEREAS, the Governing Body deems it essential and desirable that this resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved, that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF MASON 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 Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program), of the Issuer, originally represented by a single bond, numbered AR-1, in the original principal amount of $960,000. The Bonds shall be dated the date of delivery, shall finally mature March 1, 2021, and shall bear interest at a rate of 2% per annum. The interest on and principal of the Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2001, in the amounts set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds. The Issuer hereby approves and shall pay the DWTRF Administrative Fee equal to 1% of the principal of the Bonds set forth in the "Schedule Y" attached to the Loan

Agreement. The Bonds shall be subject to redemption upon the written consent of the Authority and the BPH, 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 BPH and the Authority. The price of the Bonds shall be 100 % of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer hereby appoints and designates One Valley Bank, National Association, West Virginia, to serve as Registrar (the "Registrar") for the Bonds under the Resolution and approves and accepts the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Chairperson, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed and approved.

Section 5. The Issuer hereby appoints and designates the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Commission"), to serve as Paying Agent for the Bonds under the Resolution.

Section 6. The Issuer hereby appoints and designates City National Bank, Point Pleasant, West Virginia, to serve as Depository Bank under the Resolution.

Section 7. The proceeds of the Bonds, as advanced from time to time, shall be deposited in or credited to the Series 2000 A Bonds Construction Trust Fund, as received by the Issuer for payment of costs of the Project, including costs of issuance of the Bonds.

Section 8. The Chairperson and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Resolution approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Loan Agreement on or about June 28, 2000.

Section 9. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 10. The Issuer hereby determines to invest all moneys in the funds and accounts established by the Resolution held by the Depository Bank until expended, in money market accounts secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to invest all moneys in such money market accounts until further directed in writing by the Issuer. Moneys in the Series 2000 A Bonds Sinking Fund and the Series 2000 A Bonds Reserve Account shall be invested by the Commission in the West Virginia Consolidated Fund.

Section 11. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project.

Section 12. The Issuer hereby approves the costs of issuance and authorizes the payment of the same.

Section 13. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 15th day of June, 2000.

Dorel Kirby
Chairperson

William Hughes
Member

Charles R Lanier
Member

CERTIFICATION

Certified as a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Mason County Public Service District on the 15th day of June, 2000.

Dated this 28th day of June, 2000.

[SEAL]

Mary L. Smith
Secretary

06/14/00
100424/00305

MASON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2000 A
(WEST VIRGINIA DWTRF PROGRAM)

MINUTES ON ADOPTION OF BOND
RESOLUTION AND SUPPLEMENTAL RESOLUTION

The undersigned duly appointed Secretary of the Public Service Board of Mason County Public Service District hereby certifies that the following is a true and correct excerpt of the minutes of a regular meeting of said Public Service Board:

*** *** ***

The Public Service Board of Mason County Public Service District met in regular session, pursuant to notice duly posted, on the 15th day of June, 2000, in Point Pleasant, West Virginia, at the hour of 6:30 p.m.

PRESENT:	Dorsel Keefer	-	Chairperson and Member
	Charles Lanier	-	Treasurer and Member
	William Hughes	-	Member
	Mary L. Smith	-	Secretary

ABSENT:

Dorsel Keefer, Chairperson, presided, and Mary L. Smith, 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 EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING WATERWORKS SYSTEM OF MASON COUNTY PUBLIC

SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $960,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA DWTRF PROGRAM); 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 MASON COUNTY PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA DWTRF PROGRAM); 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; 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.

*** *** ***

Next, the Chairperson presented a proposed Resolution in writing approving the payment of invoices in connection with the Lakin Nitrate water project from proceeds of the Bonds. Thereupon, upon motion duly made and seconded, it was unanimously ordered that said 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.

Doreil Kuffer
Chairperson

Mary L. Smith
Secretary

CERTIFICATION

I hereby certify that the foregoing action of Mason 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 28th day of June, 2000.

Mary L. Smith
Secretary

05/31/00
100424/00305

NOTICE OF FILING

The Mason County Public Service District has filed a duly verified pre-filing application for a Certificate of Convenience and Necessity for the construction, operation and maintenance of improvements to its water distribution system.

The Project will consist of the construction of one water well and a water treatment facility to better serve the existing customers of the District's water system, with the estimated total cost of the Project not to exceed $750,000.

The District intends to finance the costs of the Project with a loan from the West Virginia Drinking Water Treatment Revolving Fund, with interest not to exceed the legal rate. In addition the District proposes to enter into an agreement with a local bank to provide interim financing during construction with interest not to exceed the legal rate. The water rates expected to be charged by the District to its customers are as follows:

First 6,000 gal. used bi-monthly @ $5.61 per thousand gallons

Next 14,000 gal. used bi-monthly @ $4.15 per thousand gallons

Next 20,000 gal. used bi-monthly @ $3.40 per thousand gallons

Next 60,000 gal. used bi-monthly @ $2.80 per thousand gallons

Over 100,000 gal. used bi-monthly @ $2.07 per thousand gallons

A Minimum Bi-Monthly Bill of $33.66 for 6,000 gallons

This Project will be submitted for approval of the Public Service Commission in the District's formal application. It is anticipated that the formal application will be filed no earlier than thirty days after the second publication of this notice, upon which formal application the Public Service Commission may grant its consent and approval for the certificate and the plan of financing (under the provisions of Chapter 16 and Chapter 24 of the Code of West Virginia). Such approval may be granted without hearing if no protest is received by the Public Service Commission within thirty (30) days of the filing of the formal application. Written protests should be directed to Mrs. Sandra Squires, Executive Secretary, Public Service Commission of West Virginia, 201 Brooks Street, P.O. Box 812, Charleston, WV 25323.

Mason County Public Service District

By: Randy Grinstead, General Manager

6/22,29-21

Affidavit of Publication

STATE OF WEST VIRGINIA,

MASON COUNTY, To-wit:

Personally appeared before the undersigned authority in and for the said County of Mason, this 30th day of June 1999 Elizabeth B., who being be me first duly sworn, did depose and say that ~~he~~ she is an employee of The Register, a daily newspaper of general circulation, printed, published and circulated in said County; that the legal notice

hereto annexed, was published in said newspaper for ~~two~~ consecutive weeks, the first publication thereof having been made as aforesaid in the issue of 22nd day of June, 1999 and the last issue of the 29th day of June, 1999

Elizabeth Burnette

Taken, subscribed and sworn to before ~~me~~ in my said County, this 30 day of June 1999

Notary Public.

My commission expires Jan 29, 2002

Publication fee, $ 80.85

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
BRIAN BILLINGS
804 27th STREET
POINT PLEASANT, WV 25550
My Commission Expires January 29, 2002

13A

NOTICE

The Mason County Public Service District has filed a duly verified pre-filing application for a Certificate of Convenience and Necessity for the construction, operation and maintenance of improvements to its water distribution system.

The Project will consist of the construction of one water well and a water treatment facility to better serve the existing customers of the District's water system, with the estimated total cost of the Project not to exceed $750,000.

The District intends to finance the costs of the Project with a loan from the West Virginia Drinking Water Treatment Revolving Fund, with interest not to exceed the legal rate. In addition, the District proposes to enter into an agreement with a local bank to provide interim financing during construction, with interest not to exceed the legal rate. The water rates expected to be charged by the District to its customers are as follows:

First 6,000 gallons used bi-monthly @ $5.61 per thousand gallons
Next 14,000 gallons used bi-monthly @ 4.15 per thousand gallons
Next 20,000 gallons used bi-monthly @ 3.40 per thousand gallons
Next 60,000 gallons used bi-monthly @ 2.80 per thousand gallons
Next 100,000 gallons used bi-monthly @ 2.07 per thousand gallons

Minimum Bi-Monthly Bill $33.66 for 6,000 gallons

This Project will be submitted for approval of the Public Service Commission in the District's formal application. It is anticipated that the formal application will be filed no earlier than thirty days after the second publication of this notice, upon which formal application the Public Service Commission may grant its consent and approval for the Certificate and the plan of financing (under the provisions of Chapter 16 and Chapter 24 of the Code of West Virginia). Such approval may be granted without hearing if no protest is received by the Public Service Commission within thirty (30) days of the filing of the formal application. Written protests should be directed to Ms. Sandra Squires, Executive Secretary, Public Service Commission of West Virginia, 201 Brooks Street, Post Office Box 812, Charleston, WV 25323.

Mason County Public Service District

By: Randy Ginstead, General Manager

AFFIDAVIT OF PUBLICATION

WEST VIRGINIA,

OF CABELL, TO-WIT:

Linda Waddell being first duly sworn, depose and say that I am or The Herald-Dispatch, a corporation, who publishes at Huntington, Cabell County, West ewspaper: The Herald-Dispatch, an independent newspaper, in the morning seven days each y through Sunday including New Year's Day, Memorial Day, the Fourth of July, Labor Day, and Christmas; that I have been duly authorized by the Board of Directors of such corporation s affidavit of publication for and on behalf of such corporation and the newspaper mentioned e legal advertisement attached in the left margin of this affidavit and made a part hereof and er LH-995 was duly published in

Dispatch

e a week for 2 successive weeks, commencing with its issue of the 23 day of 19 99, and ending with the issue of the 30 day of June, 19 99, and the EAST DOOR OF CABELL COUNTY COURTHOUSE

on the 23 day of June, 19 99: that said legal nent was published on the following dates:

June 23,30 1999; that the cost of l annexed advertisement as aforesaid was $132.73; that such newspaper in which such ment was published has been and is now published regularly, at least as frequently as once a st fifty weeks during the calendar year as prescribed by its mailing permit, and has been so e municipality of Huntington, Cabell County, West Virginia, for at least one year immediately date on which the legal advertisement set forth herein was delivered to such newspaper for t such newspaper is a newspaper of "general circulation" as defined in Article 3, Chapter 59, ginia Code, within the publication area or areas of the municipality of Huntington, Cabell and Counties, West Virginia, and

;

spaper is circulated to the general public at a definite price or consideration, that such each date published consists of not less that four pages without a cover; and that it is a which the general public resorts for passing events of a political, religious, commercial and and for current happenings, announcements, miscellaneous reading matters, advertisements es.

Linda Waddell

scribed and sworn to before me in my said county this 30 day of June, 19

n expires 1-24-2000

OFFICIAL SEAL
otary Public, State of West Virginia
RUTH A. ADKINS
Rt. 1 Box 70-A
West Hamlin, WV 25571
Commission Expires January 24, 2000

Ruth Adkins

13B

Notary Public
Cabell County
West Virginia

10M Form A-135 (867H)

CHARLESTON NEWSPAPERS
P.O. Box 2993
Charleston, West Virginia 25330
Billing 348-4898
Classified 348-4848
1-800-WVA-NEWS
FEIN 55-0676079

INVOICE DATE	07/02/99
ACCOUNT NBR	004904001
SALES REP ID	0016
INVOICE NBR	651799001

13C

Legal pricing is based upon 63 words per column inch at a rate of $.0925 per word.
Each successive insertion is discounted by 25% of the first insertion rate ($.069375 per word).

ISSUE DATE	AD TYPE	PUB	DESCRIPTION REFERENCE NBR PURCHASE ORDER #	AD NUMBER	AD SIZE TOTAL RUN	RATE	GROSS AMOUNT	NET AMOUNT
06/24	LEGF	GZ	WATER SYSTEM	L454968	1X0825			
			651799001		8.25	5.82	48.02	48.02
07/01	LEGR	GZ	WATER SYSTEM		1X0825			
			651799002		8.25	5.82	48.02	
			LEGAL DISCOUNT 25%				12.01-	36.01
			TOTAL INVOICE AMOUNT					84.03

The Mason County Public Service District has filed a duly verified pre-filing application for a Certificate of Convenience and Necessity for the construction, operation and maintenance of improvements to its water distribution system.

The Project will consist of the construction of one water well and a water treatment facility to better serve the existing customers of the District's water system with the estimated total cost of the Project not to exceed $750,000.

The District intends to finance the costs of the Project with a loan from the West Virginia Drinking Water Treatment Revolving Fund, with interest not to exceed the legal rate. In addition, the District proposes to enter into an agreement with a local bank to provide interim financing during construction, with interest not to exceed the legal rate. The water rates expected to be charged by the District to its customers are as follows:

First 6,000 gallons used bi-monthly @ $5.61 per thousand gallons
Next 14,000 gallons used bi-monthly, @ $4.15 per thousand gallons
Next 20,000 gallons used bi-monthly @ $3.40 per thousand gallons
Next 60,000 gallons used bi-monthly @ $2.80 per thousand gallons
Over 100,000 gallons used bi-monthly @ $2.07 per thousand gallons

Minimum Bi-Monthly Bill : $33.66 for 6,000 gallons

This Project will be submitted for approval of the Public Service Commission in the District's formal application. It is anticipated that the formal application will be filed no earlier than thirty days after the second publication of this notice, upon which formal application the Public Service Commission may grant its consent and approval for the Certificate and the plan of financing (under the provisions of Chapter 16 and Chapter 24 of the Code of West Virginia). Such approval may be granted without hearing is no protest is received by the Public Service Commission within thirty (30) days of the filing of the formal application. Written protests should be directed to Ms. Sandra Squire, Executive Secretary, Public Service Commission of West Virginia, 201 Brooks Street, Post Office Box 812, Charleston, WV 25323.

Mason County Public Service District
Randy Grinstead
General Manager
(454968)

West Virginia, on the 25TH day of JUNE 1999. Published during the following dates: 06/24/99-07/01/99
Subscribed and sworn to before me this 6 day of July
Printers fee $ 84.03

Lynn R Fielder
Notary Public of Kanawha County, West Virginia

NUMBER

AR-1

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
MASON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2000 A
(WEST VIRGINIA DWTRF PROGRAM)

SPECIMEN

No. AR-1 $960,000

KNOW ALL MEN BY THESE PRESENTS: That MASON COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Mason County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns, the sum of NINE HUNDRED SIXTY THOUSAND DOLLARS ($960,000), or such lesser amount as is set forth on the Record of Advances attached hereto as Exhibit A and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2001, as set forth on the "Debt Service Schedule" attached as Exhibit B hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit B. The interest and the DWTRF Administrative Fee (as defined in the hereinafter described Resolution) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2001, as set forth on Exhibit B 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 the West Virginia Bureau for Public Health (the "BPH") and as otherwise provided by the Loan Agreement dated June 15, 2000, by and between the Issuer and the Authority, on behalf of the BPH.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing 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 extensions, additions, betterments and improvements 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 16, Article 13C of the Code of West Virginia, 1931, as amended (collectively, the "Act"), and a Resolution duly adopted by the Issuer on June 15, 2000, and a Supplemental Resolution duly adopted by the Issuer on June 15, 2000 (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, SERIES 1981, DATED JANUARY 22, 1981, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,100,000; (2) WATER REVENUE BONDS, SERIES 1987, DATED JUNE 25, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $610,000; (3) WATER REVENUE BONDS, SERIES 1997 A, DATED SEPTEMBER 25, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,440,000; (4) WATER REVENUE BONDS, SERIES 1997 B, DATED SEPTEMBER 25, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $818,000; AND (5) WATER REVENUE BONDS, SERIES 1999 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED AUGUST 5, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $620,000 (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 2000 A 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 as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any

constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2000 A 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 2000 A 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 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 the payment of the costs of acquisition and construction 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.

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and upon the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

All provisions of the 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, MASON 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 June 28, 2000.

[SEAL]

Dorel Kuhn
Chairperson

SPECIMEN

ATTEST:

Mary L. Smith
Secretary

NUMBER

AR-1

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2000 A Bonds described in the within-mentioned Resolution and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below.

Date: June 28, 2000.

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

SPECIMEN

EXHIBIT A

RECORD OF ADVANCES

	Amount	Date		Amount	Date
(1)	$55,858	6/28/00	(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

Total $_____

NUMBER

AR-1
EXHIBIT B
DEBT SERVICE SCHEDULE

Mason County Public Service District (West Virginia)

Loan of $960,000
20 Years, 2% Interest Rate, 1% Administrative Fee
Closing Date: June 28, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
9/01/2000	-	-	-	-
12/01/2000	-	-	-	-
3/01/2001	-	-	-	-
6/01/2001	9,789.00	2.000%	4,800.00	14,589.00
9/01/2001	9,838.00	2.000%	4,751.06	14,589.06
12/01/2001	9,887.00	2.000%	4,701.87	14,588.87
3/01/2002	9,937.00	2.000%	4,652.43	14,589.43
6/01/2002	9,986.00	2.000%	4,602.75	14,588.75
9/01/2002	10,036.00	2.000%	4,552.82	14,588.82
12/01/2002	10,087.00	2.000%	4,502.64	14,589.64
3/01/2003	10,137.00	2.000%	4,452.20	14,589.20
6/01/2003	10,188.00	2.000%	4,401.52	14,589.52
9/01/2003	10,239.00	2.000%	4,350.58	14,589.58
12/01/2003	10,290.00	2.000%	4,299.38	14,589.38
3/01/2004	10,341.00	2.000%	4,247.93	14,588.93
6/01/2004	10,393.00	2.000%	4,196.23	14,589.23
9/01/2004	10,445.00	2.000%	4,144.26	14,589.26
12/01/2004	10,497.00	2.000%	4,092.04	14,589.04
3/01/2005	10,550.00	2.000%	4,039.55	14,589.55
6/01/2005	10,602.00	2.000%	3,986.80	14,588.80
9/01/2005	10,655.00	2.000%	3,933.79	14,588.79
12/01/2005	10,709.00	2.000%	3,880.52	14,589.52
3/01/2006	10,762.00	2.000%	3,826.97	14,588.97
6/01/2006	10,816.00	2.000%	3,773.16	14,589.16
9/01/2006	10,870.00	2.000%	3,719.08	14,589.08
12/01/2006	10,924.00	2.000%	3,664.73	14,588.73
3/01/2007	10,979.00	2.000%	3,610.11	14,589.11
6/01/2007	11,034.00	2.000%	3,555.22	14,589.22
9/01/2007	11,089.00	2.000%	3,500.05	14,589.05
12/01/2007	11,145.00	2.000%	3,444.60	14,589.60
3/01/2008	11,200.00	2.000%	3,388.88	14,588.88
6/01/2008	11,256.00	2.000%	3,332.88	14,588.88
9/01/2008	11,313.00	2.000%	3,276.60	14,589.60
12/01/2008	11,369.00	2.000%	3,220.03	14,589.03
3/01/2009	11,426.00	2.000%	3,163.19	14,589.19
6/01/2009	11,483.00	2.000%	3,106.06	14,589.06
9/01/2009	11,541.00	2.000%	3,048.64	14,589.64
12/01/2009	11,598.00	2.000%	2,990.94	14,588.94
3/01/2010	11,656.00	2.000%	2,932.95	14,588.95
6/01/2010	11,715.00	2.000%	2,874.67	14,589.67
9/01/2010	11,773.00	2.000%	2,816.09	14,589.09
12/01/2010	11,832.00	2.000%	2,757.23	14,589.23
3/01/2011	11,891.00	2.000%	2,698.07	14,589.07
6/01/2011	11,951.00	2.000%	2,638.61	14,589.61
9/01/2011	12,010.00	2.000%	2,578.86	14,588.86
12/01/2011	12,070.00	2.000%	2,518.81	14,588.81

Mason County Public Service District (West Virginia)

Loan of $960,000
20 Years, 2% Interest Rate, 1% Administrative Fee
Closing Date: June 28, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
3/01/2012	12,131.00	2.000%	2,458.46	14,589.46
6/01/2012	12,191.00	2.000%	2,397.80	14,588.80
9/01/2012	12,252.00	2.000%	2,336.85	14,588.85
12/01/2012	12,314.00	2.000%	2,275.59	14,589.59
3/01/2013	12,375.00	2.000%	2,214.02	14,589.02
6/01/2013	12,437.00	2.000%	2,152.14	14,589.14
9/01/2013	12,499.00	2.000%	2,089.96	14,588.96
12/01/2013	12,562.00	2.000%	2,027.46	14,589.46
3/01/2014	12,625.00	2.000%	1,964.65	14,589.65
6/01/2014	12,688.00	2.000%	1,901.53	14,589.53
9/01/2014	12,751.00	2.000%	1,838.09	14,589.09
12/01/2014	12,815.00	2.000%	1,774.33	14,589.33
3/01/2015	12,879.00	2.000%	1,710.26	14,589.26
6/01/2015	12,943.00	2.000%	1,645.86	14,588.86
9/01/2015	13,008.00	2.000%	1,581.15	14,589.15
12/01/2015	13,073.00	2.000%	1,516.11	14,589.11
3/01/2016	13,138.00	2.000%	1,450.74	14,588.74
6/01/2016	13,204.00	2.000%	1,385.05	14,589.05
9/01/2016	13,270.00	2.000%	1,319.03	14,589.03
12/01/2016	13,336.00	2.000%	1,252.68	14,588.68
3/01/2017	13,403.00	2.000%	1,186.00	14,589.00
6/01/2017	13,470.00	2.000%	1,118.99	14,588.99
9/01/2017	13,538.00	2.000%	1,051.64	14,589.64
12/01/2017	13,605.00	2.000%	983.95	14,588.95
3/01/2018	13,673.00	2.000%	915.92	14,588.92
6/01/2018	13,742.00	2.000%	847.56	14,589.56
9/01/2018	13,810.00	2.000%	778.85	14,588.85
12/01/2018	13,879.00	2.000%	709.80	14,588.80
3/01/2019	13,949.00	2.000%	640.40	14,589.40
6/01/2019	14,019.00	2.000%	570.66	14,589.66
9/01/2019	14,089.00	2.000%	500.56	14,589.56
12/01/2019	14,159.00	2.000%	430.12	14,589.12
3/01/2020	14,230.00	2.000%	359.32	14,589.32
6/01/2020	14,301.00	2.000%	288.17	14,589.17
9/01/2020	14,372.00	2.000%	216.67	14,588.67
12/01/2020	14,444.00	2.000%	144.81	14,588.81
3/01/2021	14,517.00	2.000%	72.59	14,589.59
Total	960,000.00	-	207,132.57	1,167,132.57 *

*Plus $1,294.58 one-percent administrative fee paid quarterly. Total fee paid over the life of the loan is $103,566.40.

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:

_____

USDA

United States
Department of
Agriculture

Rural Development

Federal Building, Room 320
75 High Street
Morgantown, WV 26505
Telephone: (304) 284-4888
Fax: (304) 284-4892
TTY/TDD: (304) 284-5941

Mason County Public Service District
Water Revenue Bonds, Series 2000 A
(West Virginia Drinking Water SRF Program)

CONSENT TO ISSUANCE OF PARITY BONDS

The undersigned duly authorized representative for the United States of America, acting through the United States Department of Agriculture, Rural Development (the "Government"), the registered owner of the entire outstanding aggregate principal amount of the Prior Bonds, hereinafter defined and described, hereby (i) consents to the issuance of the Water Revenue Bonds, Series 2000 A (West Virginia Drinking Water SRF Program) (the "Series 2000 A Bonds"), in the original aggregate principal amount of not to exceed $1,000,000, by the Mason County Public Service District (the "Issuer"), under the terms of the resolutions authorizing the Series 2000 A Bonds (collectively, the "Resolution"), on a parity as to liens, pledge and source of and security for payment with the Issuer's Water Revenue Bonds, Series 1981, dated January 22, 1981; Water Revenue Bonds, Series 1987, dated June 25, 1987; Water Revenue Bonds, Series 1997 A, dated September 25, 1997; and Water Revenue Bonds, Series 1999 A (United States Department of Agriculture), dated August 5, 1999 (collectively, the "Prior Bonds"); (ii) waives any requirements imposed by the Prior Bonds or the resolutions authorizing the Prior Bonds (the "Prior Resolutions"), regarding the issuance of parity bonds which are not met by the Series 2000 A Bonds or the Resolution; and (iii) consents to any amendments made to the Prior Resolutions by the Resolution.

WITNESS my signature on this 2nd day of February, 2000.

UNITED STATES OF AMERICA,
UNITED STATE DEPARTMENT OF
AGRICULTURE, RURAL DEVELOPMENT

Robert D. Lewis
State Director

Rural Development is an Equal Opportunity Lender. Complaints of discrimination should be sent to: Secretary of Agriculture, Washington, DC 20250.

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State of West Virginia
WATER DEVELOPMENT AUTHORITY

180 Association Drive, Charleston, WV 25311-1571
(304) 558-3612 - (304) 558-0299 (Fax)
Internet: www.wvwda.org - Email: contact@wvwda.org

MASON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2000 A
(WEST VIRGINIA DWTRF PROGRAM)

CONSENT TO ISSUANCE OF PARITY BONDS

In reliance upon the certificate of the certified public accountant of the Issuer of even date hereof, the undersigned duly authorized representative of the West Virginia Water Development Authority, the registered owner of the entire outstanding aggregate principal amount of the Prior Bonds, hereinafter defined and described, hereby consents to the issuance of the Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program) (the "Series 2000 A Bonds"), in the original aggregate principal amount of $960,000, by Mason County Public Service District (the "Issuer"), under the terms of the resolutions authorizing the Series 2000 A Bonds, on a parity as to liens, pledge and source of and security for payment with the Issuer's Water Revenue Bonds, Series 1997 B, dated September 25, 1997 (the "Prior Bonds").

WITNESS my signature on this 28th day of June, 2000.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Daniel B. Yankoskey
Authorized Representative

MASON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2000 A
(WEST VIRGINIA DWTRF PROGRAM)

GENERAL CERTIFICATE ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES AND DELIVERY
6. PUBLIC SERVICE COMMISSION ORDER
7. RATES
8. INCUMBENCY AND OFFICIAL NAME
9. LAND AND RIGHTS-OF-WAY
10. MEETINGS
11. INSURANCE
12. LOAN AGREEMENT
13. SPECIMEN BOND
14. BOND PROCEEDS
15. CONFLICTS OF INTEREST
16. VERIFICATION OF SCHEDULE B
17. SAFE DRINKING WATER ACT
18. WETLANDS COVENANT
19. COUNTERPARTS

We, the undersigned CHAIRPERSON and the undersigned SECRETARY of the Public Service Board of Mason County Public Service District (the "Issuer") and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the Mason County Public Service District Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program), numbered AR-1, dated the date hereof, in the principal amount of $960,000 (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 June 15, 2000, the Supplemental Resolution duly adopted by the Issuer on June 15, 2000 (collectively, the "Resolution"), and the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH"), dated June 15, 2000 (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 Code of West Virginia, 1931, as amended, which bids remain in full force and effect.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval, execution and delivery by the Issuer of the Loan Agreement. The Issuer has met all conditions set forth in the Loan Agreement and will provide the financial, institutional, legal and managerial capabilities necessary to complete and operate the Project.

The Bonds are issued on a parity as to liens, pledge and source of and security for payment with the Issuer's Water Revenue Bonds, Series 1981, dated January 22, 1981, Water Revenue Bonds, Series 1987, dated June 25, 1987, Water Revenue Bonds, Series 1997 A, dated September 25, 1997, Water Revenue Bonds, Series 1997 B, dated September 25, 1997, and Water Revenue Bonds, Series 1999 A (United States Department of Agriculture), dated August 5, 1999 (collectively, the "Prior Bonds"). The Issuer is not in default with respect to the Prior Bonds, has met the parity test of the Prior Resolutions and has received the written consent of the holders of the Prior Bonds to issue the Bonds on a parity with the Prior Bonds.

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: The undersigned Attorney hereby covenants that he has filed all required information with the Public Service Commission of West Virginia (the "PSC") and has taken all other actions required to maintain in full force and effect the PSC orders entered January 12, 2000, and June 13, 2000, in Case No. 99-0857-PWD-CN, granting the Issuer a certificate of public convenience and necessity for the Project and approving the rates for the System and the financing for the Project. The time for appeal of the PSC order entered January 12, 2000, has expired prior to the date hereof without any appeal. The time for appeal of the PSC order entered June 13, 2000, has not expired prior to the date hereof. However, the Issuer hereby states that it will not appeal such order and the other parties thereto 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 application.

The Issuer has published the required notice with respect to, among other things, the acquisition and construction of the Project, anticipated user rates and charges, the issuance of the Bonds and the filing of a formal application for a certificate of public convenience and necessity with the PSC in accordance with Chapter 16, Article 13A, Section 25 of the West Virginia Code of 1931, as amended.

7. RATES: The rates for the System, as set by the PSC, are in full force and effect and are sufficient to meet the requirements of the Resolution and the Loan Agreement.

8. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Mason 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 Mason County of said State. The governing body of the Issuer is its Board, consisting of three members, whose names and dates of termination of their current terms are as follows:

Name	Date Of Termination Of Office
Dorsel F. Keefer	August, 2004
William F. Hughes	August, 2002
Charles R. Lanier	August, 2000

The duly elected or appointed officers of the Board for 2000 are as follows:

Dorsel F. Keefer	-	Chairperson
Charles R. Lanier	-	Treasurer
Mary L. Smith	-	Secretary

The duly appointed and acting attorney for the Issuer is Nibert & Morgan, Point Pleasant, West Virginia.

9. 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.

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

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

12. LOAN AGREEMENT: As of the date hereof, (i) the representations of the Issuer contained in the Loan Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreement does not contain any untrue statements of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (iii) to the best knowledge of the undersigned, no event affecting the Issuer has occurred since the date of the Loan Agreement, which should be disclosed for the purpose for which it is to be used or which

it is necessary to disclose therein in order to make the statements and information therein not misleading; and (iv) the Issuer is in compliance with the Loan Agreement.

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

14. BOND PROCEEDS: On the date hereof, the Issuer received $55,858 from the Authority and the BPH, being a portion of the principal amount of the Bonds and more than a de minimus amount of the proceeds of the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer from time to time as acquisition and construction of the Project progresses.

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

16. VERIFICATION OF SCHEDULE B: The final amended Schedule B attached to the Certificate of Consulting Engineer, with the signature of the Chairperson and the Consulting Engineer, accurately represents the estimated costs of the Project, the sources of funds available to pay the costs of the Project and the costs of financing of the Bonds.

17. SAFE DRINKING WATER ACT: The Project as described in the Resolution complies with the Safe Drinking Water Act.

18. WETLANDS COVENANT: The Issuer hereby certifies that it will not use any proceeds of the Bonds for a purpose that will contribute to excessive erosion of highly erodible lands or to the conversion of wetlands to produce an agricultural commodity.

19. COUNTERPARTS: This Certificate may be executed in counterparts and all counterparts shall be deemed to be the Certificate.

WITNESS our signatures and the official corporate seal of Mason County Public Service District on this 28th day of June, 2000.

[SEAL]

Signature	Official Title
Durel Kelley	Chairperson
Mary L. Smith	Secretary
	Attorney

EXHIBIT A

See Specimen Bond (Tab No. 14).

06/15/00
100424/00305

MASON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2000 A
(WEST VIRGINIA DWTRF PROGRAM)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Chairperson of the Public Service Board of Mason County Public Service District in Mason County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of $960,000 Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program), of the Issuer, dated June 28, 2000 (the "Bonds"), hereby certify as follows:

1. I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Resolution duly adopted by the Issuer on June 15, 2000 (the "Bond Resolution"), authorizing the Bonds.

2. This certificate may be relied upon as the certificate of the Issuer.

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on June 28, 2000, the date on which the Bonds are being physically delivered in exchange for an initial advance of $55,858, being a portion of the principal amount of the Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

4. In the Bond Resolution pursuant to which the Bonds are issued, the Issuer has covenanted that it shall not take, or permit or suffer to be taken, any action with respect to Issuer's use of the proceeds of the Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (collectively, the "Code"), issued by the West Virginia Water Development Authority (the "Authority") or the West Virginia Bureau for Public Health (the "BPH") or the West Virginia Infrastructure and Jobs Development Council, as the case may be,

from which the proceeds of the Bonds are derived, to lose their status as tax-exempt bonds. The Issuer hereby covenants to take all actions necessary to comply with such covenant.

5. The Bonds were sold on June 28, 2000, to the Authority, pursuant to a loan agreement dated June 15, 2000, by and between the Issuer and the Authority, on behalf of the BPH, for an aggregate purchase price of $960,000 (100% of par), at which time, the Issuer received $55,858 from the Authority and the BPH, being the first advance of the principal amount of the Bonds. No accrued interest has been or will be paid on the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain extensions, additions, betterments 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.

7. Within 30 days after the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend in excess of $100,000 on the Project, constituting a substantial binding commitment. The acquisition and construction of the Project shall commence immediately and shall 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 the Project on or before December, 2000. The acquisition and construction of the Project is expected to be completed by December, 2000.

8. The total cost of the Project financed from the proceeds of the Bonds is estimated at $960,000. Sources and uses of funds for the Project are as follows:

SOURCES	
Proceeds of the Bonds	$960,000
Total Sources	$960,000

USES

Costs of Acquisition and Construction of the Project	$954,450
Capitalized Interest	0
Fund Reserve Account	0
Costs of Issuance	5,550
Total Uses	$960,000

9. 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) Depreciation Account;

(3) Renewal and Replacement Fund;

(4) Series 2000 A Bonds Construction Trust Fund;

(5) Series 2000 A Bonds Sinking Fund; and

(6) Series 2000 A Bonds Reserve Account.

10. 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 2000 A 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 2000 A Bonds Reserve Account.

(3) The balance of the proceeds of the Bonds will be deposited in the Series 2000 A Bonds Construction Trust Fund as received from time to time and applied solely to payment of costs of the Project, including costs of issuance of the Bonds and related costs.

11. Moneys held in the Series 2000 A 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. All investment earnings on moneys in the Series 2000 A Bonds Sinking Fund and Series 2000 A Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2000 A Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Resolution.

12. 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 6 months of the date hereof.

13. The Issuer will take such steps as requested by the Authority to ensure that the Authority's bonds meet the requirements of the Code.

14. With the exception of the amount deposited in the Series 2000 A Bonds Sinking Fund for payment of interest, if any, on the Bonds and the amount deposited in the Series 2000 A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 6 months from the date of issuance thereof.

15. The Issuer does not expect to sell or otherwise dispose of the Project in whole or in part prior to the last maturity date of the Bonds.

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

17. All property financed with the proceeds of the Bonds will be owned and held by (or on behalf of) a qualified governmental unit.

18. No proceeds of the Bonds will be used, directly or indirectly, in any trade or business carried on by any person who is not a governmental unit.

19. The original proceeds of the Bonds will not exceed the amount necessary for the purposes of the issue.

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

21. The Bonds are not federally guaranteed.

22. The Issuer has retained the right to amend the Bond Resolution authorizing the issuance of the Bonds if such amendment is necessary to assure that the Bonds remain public purpose bonds.

23. The Issuer has either (a) funded the Series 2000 A 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 2000 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2000 A Bonds Reserve Account hold 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 2000 A Bonds Reserve Account and the Series 2000 A 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.

24. There are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Bonds, (b) are to be sold pursuant to a common plan of financing together with the Bonds and (c) will be paid out of substantially the same sources of funds of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Bonds.

25. 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.

26. The Issuer will comply with instructions as may be provided by the Authority, at any time, regarding use and investment of proceeds of the Bonds, rebates and rebate calculations.

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

WITNESS my signature on this 28th day of June, 2000.

MASON COUNTY PUBLIC SERVICE DISTRICT

Chairperson

06/15/00
100424/00305

M0318387.1

MASON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2000 A
(WEST VIRGINIA DWTRF PROGRAM)

CERTIFICATE OF SECRETARY
AS TO TRUTH AND ACCURACY OF DOCUMENTS DELIVERED

The undersigned duly appointed Secretary of Mason 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 $960,000 Mason County Public Service District Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program) (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 Mason County Creating the Issuer.

2. Orders of the County Commission of Mason County Appointing the Members of the Board.

3. Oaths of Office of the Board Members.

4. Rules of Procedure.

5. Minutes of Current Year Organizational Meeting.

6. 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.

13. RUS Consent to Issuance of Parity Bonds.

14. WDA Consent to Issuance of Parity Bonds.

WITNESS my signature and the official seal of the Issuer on this 28th day of June, 2000.

[SEAL]

Mary L. Smith
Secretary

05/31/00
100424/00305

acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A, and in reliance upon the legal opinion of David W. Nibert, Esquire, of even date herewith, all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the BPH and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) in reliance upon the certificate of Kenneth E. Plants, Public Accountant, of even date herewith, as of the effective date thereof, the rates and charges for the System as approved by the Public Service Commission of West Virginia and adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the BPH; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Total Cost of Project; Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature and seal on this 28th day of June, 2000.

[SEAL]

CERRONE ASSOCIATES, INC.

Manning Frymier

Manning Frymier, P.E.
West Virginia License No.8497

SCHEDULE B

NAME OF GOVERNMENTAL AGENCY: **MASON COUNTY PUBLIC SERVICE DISTRICT**

PROJECT DESCRIPTION: **Lakin Nitrate Removal Project** **Revised 6/5/00**

FINAL TOTAL COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

		Total
A. Cost of Project		
1. Construction (Based on Actual Bids)		
	Mid Atlantic Construction Co.	788,575
	Other Construction	20,000
	Subtotal	808,575
2. Technical Services		
	Engineering & Inspection	103,000
3. Legal & Fiscal		1,000
4. Administrative		0
5. Sites and Other Lands		0
6. Fac. Plan/Design or Other Loan Repayment - (Principal & Interest)		0
7. Interim Financing Costs		0
8. Contingency		41,875
9. Total of Lines 1 through 8		954,450
B. Sources of Funds		
10. Federal Grants:		0
11. State Grants:		
12. Other Grants		0
13. Any Other Source:		0
14. Total of Lines 10 Through 13		0
15. Net Proceeds Required from Bond Issue (Line 9 minus Line 14)		954,450
C. Cost of Financing		
16. Capitalized Interest		0
17. Funded Reserve Account		0
18. Other Costs		
	Bond Counsel	5,300
	Registrar Fee	250
19. Total Cost of Financing (Lines 16 through 18)		5,550
20. Size of Bond Issues (Line 15 plus Line 19)		960,000

Mason County Public Service District

Signature of Applicant

Date: June 15, 2000

Cerrone Associates, Inc.

Signature of Consulting Engineer

Date: 6-19-00

Kenneth E. Plants

PUBLIC ACCOUNTANT
1102 OAKBRIDGE DRIVE
HURRICANE, WEST VIRGINIA 25526
(304) 757-7110

June 28, 2000

MASON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2000 A
(WEST VIRGINIA DWTRF PROGRAM)

Mason County Public Service District
101 Camden Avenue
Point Pleasant, West Virginia 25550

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

West Virginia Bureau for Public Health
815 Quarrier Street, Suite 418
Charleston, West Virginia 25301

Ladies and Gentlemen:

I have reviewed the water services rates of Mason County Public Service District (the "Issuer") and the projected operating expenses and anticipated customer usage provided by Cerrone & Associates, Inc. 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"), and (ii) 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, Series 1981, Water Revenue Bonds, Series 1987, Water Revenue Bonds, Series 1997 A, Water Revenue Bonds, Series 1997 B, Water Revenue Bonds, Series 1999 A (United States Department of Agriculture) (collectively, the "Prior Bonds"), and Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program) (the "Series 2000 A 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 actual issuance of the Series 2000 A 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 2000 A 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 2000 A Bonds.

Very truly yours,

Kenneth E. Plants P.a.

Kenneth E. Plants
Public Accountant

KEP:ngp

MASON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2000 A
(WEST VIRGINIA DWTRF PROGRAM)

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 28th day of June, 2000, in Charleston, West Virginia, the Authority received the entire original issue of $960,000 in aggregate principal amount of the Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program), of Mason County Public Service District (the "Issuer"), dated June 28, 2000, issued in the form of one bond, fully registered to the Authority, and numbered AR-1 (the "Bonds").

2. At the time of receipt of the Bonds, they had been executed by the Chairperson of the Issuer and attested by the Secretary of the Issuer, by their respective manual signatures, and the official seal of the Issuer had been impressed upon the Bonds.

WITNESS my signature on this 28th day of June, 2000.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Barbara B. Meadows
Authorized Representative

06/01/00
100424/00305

M0305426.1

MASON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2000 A
(WEST VIRGINIA DWTRF PROGRAM)

RECEIPT FOR BOND PROCEEDS

The undersigned Chairperson of Mason County Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certifies as follows:

On the 28th day of June, 2000, the Issuer received and hereby acknowledges receipt from the West Virginia Water Development Authority (the "Authority"), as the original purchaser of the $960,000 Mason County Public Service District Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program) (the "Bonds"), of $55,858, being a portion of the principal amount of the Bonds. The Issuer understands that the remaining proceeds of the Bonds will be advanced to the Issuer from time to time as construction proceeds to completion.

WITNESS my signature on this 28th day of June, 2000.

MASON COUNTY PUBLIC SERVICE DISTRICT

Darrel Kelley

Chairperson

06/16/00
100424/00305

M0305427.1

MASON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2000 A
(WEST VIRGINIA DWTRF PROGRAM)

REQUEST AND AUTHORIZATION TO
AUTHENTICATE AND DELIVER BONDS

June 28, 2000

One Valley Bank, National Association
Charleston, West Virginia

Ladies and Gentlemen:

We herewith hand to you, duly executed, the $960,000 Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program), in the form of one bond, numbered AR-1 (the "Bonds"), of Mason County Public Service District (the "Issuer"), authorized to be issued under and pursuant to a Bond Resolution duly adopted by the Issuer on June 15, 2000, and a Supplemental Resolution duly adopted by the Issuer on June 15, 2000.

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.

MASON COUNTY PUBLIC SERVICE DISTRICT

Durel Kuhn

Chairperson

(SEAL)

Attest:

Mary L. Smith

Secretary

06/15/00
100424/305

M0305441.1

MASON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2000 A
(WEST VIRGINIA DWTRF PROGRAM)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 28th day of June, 2000, by and between MASON COUNTY PUBLIC SERVICE DISTRICT, a public corporation (the "Issuer"), and ONE VALLEY BANK, NATIONAL ASSOCIATION, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $960,000 Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program) (the "Bonds"), in the form of one bond, numbered AR-1, in fully registered form, pursuant to a Bond Resolution and a Supplemental Resolution adopted by the Issuer on June 15, 2000 (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:

Mason County Public Service District
101 Camden Avenue
Point Pleasant, West Virginia 25550
Attention: Chairperson

REGISTRAR:

One Valley Bank, National Association
Post Office Box 1793
Charleston, WV 25326
Attention: Corporate Trust Department

The Issuer and the Registrar shall notify the other in writing of any change of address.

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Resolution.

IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the date first above-written.

MASON COUNTY PUBLIC SERVICE DISTRICT

Chairperson

ONE VALLEY BANK, NATIONAL ASSOCIATION

Authorized Officer

06/15/00
100424/00305

EXHIBIT A

See Bond Resolution (Tab No. 10)

See Supplemental Resolution (Tab No. 11)

MASON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2000 A
(WEST VIRGINIA DWTRF PROGRAM)

CERTIFICATE OF REGISTRATION OF BONDS

ONE VALLEY BANK, NATIONAL ASSOCIATION, Charleston, West Virginia, as Registrar (the "Registrar"), hereby certifies that on the date hereof, the single, fully registered Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program), of Mason County Public Service District (the "Issuer"), dated June 28, 2000, in the principal amount of $960,000, numbered AR-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 28th day of June, 2000.

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

Charlotte S. Morgan

Authorized Officer

06/15/00
100424/00305

M0305428.1

MASON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2000 A
(WEST VIRGINIA DWTRF PROGRAM)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

CITY NATIONAL BANK, Point Pleasant, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Resolution of Mason County Public Service District (the "Issuer") adopted by the Issuer on June 15, 2000, and a Supplemental Resolution adopted by the Issuer on June 15, 2000, (collectively, the "Resolution"), authorizing issuance of the Issuer's Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program), in the aggregate principal amount of $960,000, dated June 28, 2000, and agrees to serve as Depository Bank, all as set forth in the Resolution.

WITNESS my signature on this 28th day of June, 2000.

CITY NATIONAL BANK

Tara Smith/Trust Ser. Rep
Authorized Officer

05/31/00
100424/00305

M0305437.1

WV MUNICIPAL BOND COMMISSION
Suite 300 - L & S Building
812 Quarrier Street, Charleston, WV 25301
(304) 348-3971

3.12

NEW ISSUE REPORT FORM
Date of Report: 6/28/00

ISSUE: Mason County Public Service District Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program)
ADDRESS: 101 Camden Avenue, Point Pleasant, WV 25550 COUNTY: Mason
PURPOSE OF ISSUE: New Money X
Refunding ___ Refunds issue(s) dated: _____

ISSUE DATE: 6/28/00 CLOSING DATE: 6/28/00

ISSUE AMOUNT: $960,000 RATE: 2%; Administrative Fee: 1%

1st DEBT SERVICE DUE: 6/1/2001 1st PRINCIPAL DUE: 6/1/2001; $9,789

1st DEBT SERVICE AMOUNT: $14,589 PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Jackson & Kelly PLLC
Contact Person: Samme L. Gee, Esquire
Phone: (304) 340-1318

UNDERWRITERS COUNSEL: _____
Contact Person: _____
Phone: _____

CLOSING BANK: City National Bank
Contact Person: Lana Smith
Phone: (304) 674-1000

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT:
Contact Person: Randy Grinstead
Position: Manager
Phone: (304) 675-6399

OTHER: West Virginia Bureau for Public Health
Contact Person: Walter Ivey, P.E.
Function: Manager, Infrastructure & Capacity Development
Phone: (304) 558-2981

DEPOSITS TO MBC AT CLOSE: _____
By _____ Wire
_____ Check

Accrued Interest: $_____
Capitalized Interest: $_____
Reserve Account: $_____
Other: _____ $_____

REFUNDS & TRANSFERS BY MBC AT CLOSE:
By _____ Wire
_____ Check
_____ IGT

To Escrow Trustee: $_____
To Issuer: $_____
To Cons.Invest.Fund $_____
To Other: _____ $_____

NOTES: _____

FOR MUNICIPAL BOND COMMISSION USE ONLY:
Documents Required: _____
Transfers Required: _____

06/15/00
100424/00305

M0305504.1

This FINANCING STATEMENT is presented to a filing officer for filing pursuant to the Uniform Commercial Code:

1. Debtor(s) (Last Name First) and address(es)

Mason County Public
Service District
101 Camden Avenue
Point Pleasant, WV 25550

2. Secured Party(ies) and address(es)

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

3. Maturity date (if any): 3/1/20

For Filing Officer (Date, Time, Number and Filing Office)

0542633
00 JUN 30 AM 10 54
SEC OF STATE

4. This financing statement covers the following types (or items) of property:

5. Assignee(s) of Secured Party and Address(es)

This statement is filed without the debtor's signature to perfect a security interest in collateral. (check [X] if so)

- [ ] already subject to a security interest in another jurisdiction when it was brought into this state.
- [ ] which is proceeds of the original collateral described above in which a security interest was perfected:

Check [X] if covered: [X] Proceeds of Collateral are also covered. [X] Products of Collateral are also covered. No. of additional Sheets presented:

Filed with: ~~Mason County Clerk~~ WV Secretary of State

Mason County Public Service District

By: Chairperson
Signature(s) of Debtor(s)

West Virginia Water Development Authority

By: Director
Signature(s) of Secured Party(ies)

(4) Secured Party Copy

ORIGINATOR - *Remove this copy and forward balance of form intact for filing.*

29

SCHEDULE I
TO FINANCING STATEMENT

All Net Revenues from the System; the System; all funds in the Revenue Fund, the Renewal and Replacement Fund, the Series 2000 A Bonds Construction Trust Fund, the Series 2000 A Bonds Sinking Fund and the Series 2000 A Bonds Reserve Account; and all funds therein deposited from time to time; and all proceeds of the foregoing.

For the purposes of this financing statement, these terms are defined as follows:

"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 purchased pursuant to Section 8.01 of the Bond Resolution described below) or any Tap Fees, as hereinafter defined.

"Net Revenues" means Gross Revenues less Operating Expenses.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses (other than those capitalized as part of the Costs), the DWTRF Administrative Fee, fees and expenses of the Authority, the BPH, 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.

"Renewal and Replacement Fund" means the fund established by the Prior Resolutions and continued by Section 5.01of the Bond Resolution described below.

"Revenue Fund" means the fund established by the Prior Resolutions and continued by Section 5.01 of the Bond Resolution described below.

"Series 2000 A Bonds Construction Trust Fund" means the fund established by Section 5.01 of the Bond Resolution described below.

"Series 2000 A Bonds Reserve Account" means the account established by Section 5.02 of the Bond Resolution described below.

"Series 2000 A Bonds Sinking Fund" means the fund established by Section 5.02 of the Bond Resolution described below.

"System" means the public service properties used or to be used for or in connection with the diversion, development, pumping, impounding, treatment, storage, distribution or furnishing of water to or for industrial, public, private or other uses, owned by the Issuer, and any extensions, additions, betterments and improvements thereto hereafter constructed or acquired from any sources whatsoever, and includes the Project.

Other defined terms used in this Schedule I and not defined herein shall have the meanings ascribed to them in the Bond Resolution authorizing the Mason County Public Service District Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program), a copy of which is on file and may be inspected at the office of the Secured Party indicated above.

06/27/00
100424/00305

JACKSON & KELLY PLLC
ATTORNEYS AT LAW
1600 LAIDLEY TOWER
P. O. BOX 553
CHARLESTON, WEST VIRGINIA 25322

TELEPHONE 304-340-1000 TELECOPIER 304-340-1130

http://www.jacksonkelly.com

300 FOXCROFT AVENUE
MARTINSBURG, WEST VIRGINIA 25401
TELEPHONE 304-263-8800

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

6000 HAMPTON CENTER
MORGANTOWN, WEST VIRGINIA 26505
TELEPHONE 304-599-3000

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

1000 TECHNOLOGY DRIVE
FAIRMONT, WEST VIRGINIA 26554
TELEPHONE 304-368-2000

1144 MARKET STREET
WHEELING, WEST VIRGINIA 26003
TELEPHONE 304-233-4000

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.

June 28, 2000

Mason County Public Service District
101 Camden Avenue
Point Pleasant, West Virginia 25550

West Virginia Bureau for Public Health
815 Quarrier Street, Suite 418
Charleston, WV 25301

West Virginia Water Development Authority
180 Association Drive
Charleston, WV 25311-1571

Re: Mason County Public Service District Water Revenue Bonds,
Series 2000 A (West Virginia DWTRF Program)

Ladies and Gentlemen:

We have served as bond counsel to Mason County Public Service District (the "Issuer"), in connection with the issuance of its Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program), 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 June 15, 2000, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH"), 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 $960,000, in the form of one bond, registered as to principal and

interest to the Authority, with principal and interest payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2001, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds. The Bonds bear interest at the rate of 2% per annum and are subject to the DWTRF Administrative Fee equal to 1% of the principal of the Bonds as set forth in the Schedule Y attached to the Loan Agreement.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 16, Article 13C of the Code of West Virginia, 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing waterworks system for the Issuer (the "Project") and (ii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of the Act and a Bond Resolution duly adopted by the Issuer on June 15, 2000, as supplemented by a Supplemental Resolution duly adopted by the Issuer on June 15, 2000 (collectively, the "Resolution"), pursuant to and under which Act and Resolution the Bonds are authorized and issued, and the Loan Agreement is entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Resolution and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Resolution and the Loan Agreement when used herein.

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

1. The Issuer is a duly created and validly existing public service district and is a public corporation and a political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt the Bond Legislation and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

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

3. The Loan Agreement inures to the benefit of the Authority and the BPH and cannot be amended so as to affect adversely the rights of the Authority and the BPH or diminish the obligations of the Issuer without the written consent of the Authority and the BPH.

4. The Issuer has legally and effectively adopted the Resolution and all other necessary resolutions in connection with the issuance and sale of the Bonds. The Resolution constitutes a valid and binding obligation of the Issuer enforceable against the Issuer in accordance with its terms thereof and contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity as to liens, pledge and source of and security for payment with the Issuer's Water Revenue Bonds, Series 1981, Water Revenue Bonds, Series 1987, Water Revenue Bonds, Series 1997 A, Water Revenue Bonds, Series 1997 B, and Water Revenue Bonds, Series 1999 A (United States Department of Agriculture), all in accordance with the terms of the Bonds and the Resolution.

6. Under the Act, the Bonds and the interest thereon are exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

7. The Bonds have not been issued on the basis that the interest thereon is or will be excluded from the gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Bonds.

No opinion is given herein as to the effect upon the enforceability of the Bonds under any applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights or the exercise of judicial discretion or principles of equity in appropriate cases.

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

Very truly yours,

Jackson & Kelly PLLC

06/26/00
100424/00305

NIBERT & MORGAN
Attorneys at Law
P. O. Box 4 221 Sixth Street
Point Pleasant, WV 25550
Phone 304 675-4600
Facsimile 304 675-4026

David W. Nibert **Damon B. Morgan Jr.**

June 28, 2000

Mason County Public Service District
101 Camden Avenue
Point Pleasant, West Virginia 25550

West Virginia Bureau of Public Health
815 Quarrier Street, Suite 418
Charleston, West Virginia 25301

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

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

Re: Mason County Public Service District Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program)

Ladies and Gentlemen:

We are counsel to Mason County Public Service District (the "Issuer"). As such counsel, we 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 June 28, 2000, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH"), a Bond Resolution duly adopted by the Issuer on June 15, 2000, as supplemented by a Supplemental Resolution duly adopted on June 15, 2000 (collectively, the "Resolution") 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.

We are 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 West Virginia Infrastructure and Jobs Development Counsel 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 orders of the Public Service Commission of West Virginia (the "PSC") entered on January 12, 2000, and June 13, 2000, in Case No. 99-0857-PWD-CN, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the rates of the System and the financing for the Project. The time for appeal of the PSC order entered January 12, 2000, has expired prior to the date hereof without any appeal. The time for appeal of the PSC order entered June 13, 2000, has not expired prior to the date hereof. However, the Issuer and the other parties thereto 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 application.

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 under Chapter 16, Article 13A, Section 25 of the West Virginia Code of 1931, as amended, and has duly complied with the provisions thereof.

8. To the best of our 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.

9. We have ascertained that all successful bidders have made the required provisions for all insurance and payment and performance bonds and verified such insurance policies or binders and bonds for accuracy. Based upon our review of the

contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, we are of the opinion that such surety bonds and policies (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interest of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Resolution and the Loan Agreement; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

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

Very truly yours,

David Nibert

DN/rm

NIBERT & MORGAN
Attorneys at Law
P. O. Box 4 221 Sixth Street
Point Pleasant, WV 25550
Phone 304 675-4600
Facsimile 304 675-4026

David W. Nibert

Damon B. Morgan Jr.

June 28, 2000

Bureau of Public Health
Office of Environmental Health Services
815 Quarrier Street, Suite 418
Charleston, West Virginia 25301

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

Re: Mason County Public Service District

Ladies and Gentlemen:

This firm represents Mason County Public Service District (the "District") with regard to a proposed project to construct the Lakin Nitrate Treatment Plant (the "Project"), and provides this final title opinion on behalf of the District to satisfy the requirements of the Bureau For Public Health (the "BPH") for the Project. Please be advised of the following:

1. We are of the opinion that the 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 to construct, operate and maintain the Project as approved by the BPH.

2. The District has obtained all necessary permits and approvals for the construction of the Project.

3. We have investigated and ascertained the location of, and are familiar with the legal description of, the necessary sites, including easements and/or rights of way, required for the Project as set forth in the plans for the Project prepared by Cerrone & Associates, Inc., Consulting Engineers, the consulting engineers for the Project.

4. We have examined the records on file in the Office of the Clerk of the County Commission of Mason County, West Virginia, the county in which the Project is to be located, and, in our opinion, the District has acquired legal title or such other estate or interest in all of the necessary site components for the Project, including all easements and/or rights of way, with the exception of those listed in Paragraph 5, sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the Project.

5. The following listed properties are to be acquired by eminent domain and the necessary filings have been made in the Office of the Clerk of the County Commission of Mason County, West Virginia, to permit the District a right-of-entry for the purpose of construction, operation and maintenance of the Project on the subject properties. The District's title thereto is defeasible in the event the District does not satisfy any resulting judgment and/or award in the proceedings for acquisition of said properties, and our certification is subject to the pending litigation:

NONE

6. All deeds or other documents which have been acquired to date by the District have been duly recorded in the Office of the Clerk of the County Commission of Mason County in order to protect the legal interest of the District.

If you have any questions regarding any of the information contained in this final title opinion, or need anything further, please do not hesitate to let me know.

Very truly yours,

David Nibert

DN/rm

Copy to: Francesca Tan, Esquire