MASON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2005 A AND SERIES 2005 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

Closing Date: June 24, 2005

TRANSCRIPT OF PROCEEDINGS

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State of West Virginia

Certificate

I, Betty Ireland, Secretary of State of the State of West Virginia, hereby certify that

THIS IS A TRUE COPY OF CHAPTER 16, ARTICLE 13A OF THE WEST VIRGINIA CODE, AND CHAPTER 16, ARTICLE 13A OF THE 2004 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 17, 2005

Secretary of State

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

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

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

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

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

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

ARTICLE 13A.

PUBLIC SERVICE DISTRICTS FOR WATER, SEWERAGE AND GAS SERVICES.

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16-13A-24. Acceptance of loans, grants or temporary advances.
16-13A-25. Borrowing and bond issuance; procedure.

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

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

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

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

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

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

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§ 16-13A-1. Legislative findings.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Public corporation. — A public service

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) Salaries of the board members are:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

§ 16-13A-5. General manager of board.

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

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

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

§ 16-13A-6. Employees of board.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sewer connection requirements. — The boards of public service districts have no authority to require potential users who live outside the boundaries of the districts, but within the 10-mile limit, to hook onto the district's sewer facilities. Op. Att'y Gen., July 8, 1976.

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

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

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

§ 16-13A-10. Budget.

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

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

§ 16-13A-11. Accounts; audit.

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

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

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

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

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

§ 16-13A-13. Revenue bonds.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

As to receivers, see Rule 66.

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

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

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

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

§ 16-13A-18. Operating contracts.

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

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

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

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

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

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

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

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

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

§ 16-13A-20. Refunding revenue bonds.

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

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

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

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

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

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

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

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

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

All acts and proceedings taken by any county court [county commission] of this State purporting to have been carried out under the provisions of this article which have been taken, prior to the date this section takes effect for the purpose of creating public service districts or for the purpose of subsequent inclusion of additional territory to existing public service districts, after notice published by any such county court having territorial jurisdiction thereof of its intention to include such additional territory after hearing thereon, are hereby validated, ratified, approved and confirmed notwithstanding any other lack of power (other than constitutional) of any such county court to create such public service districts or to include additional territory to existing public service districts or irregularities (other than constitutional) in such proceedings, relating to the appointment and qualification of more than three members to the board of any such public service district or the subsequent appointment of successors of any or all of such members, notwithstanding that no city,

incorporated town or other municipal corporation having a population in excess of three thousand is included within the district, and the appointment and qualification of such members, and further including any irregularities in the petition for the creation of any public service district, irregularities in the description of the area embraced by such district, and irregularities in the notice and publication of notice for the hearing creating such district, prior to the date this section takes effect, is hereby validated, ratified, approved and confirmed; and, further, in such cases where more than three members of the board of such districts have been so appointed prior to the date this section takes effect then such county court shall appoint, and they are hereby authorized and empowered to appoint, successors to such members in the manner as otherwise provided by this article. (1958, c. 14; 1960, c. 19.)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 13B.

COMMUNITY IMPROVEMENT ACT.

Sec.
16-13B-1. Short title.
16-13B-2. Definitions.
16-13B-3. Power and authority of counties and municipalities relating to flood relief, wastewater and water projects.
16-13B-4. Determination of need and feasibility of creating an assessment district.
16-13B-5. Notice to property owners before creation of assessment district and construction of project; form of notice; affidavit of publication.
16-13B-6. Petition of property owners for creation of assessment district.
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.

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

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

ARTICLE 13A.

PUBLIC SERVICE DISTRICTS FOR WATER, SEWERAGE AND GAS SERVICES.

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

§ 16-13A-1. Legislative findings.

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

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

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

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

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

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

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

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

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

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

(e) All persons residing in or owning or having any interest in property in the proposed public service district shall have an opportunity to be heard for and against its creation, enlargement, reduction, merger, dissolution or consolidation. At the hearing the county commission before which the hearing is conducted shall consider and determine the feasibility of the creation, enlargement, reduction, merger, dissolution or consolidation of the proposed district. If the county commission determines that the construction or acquisition by purchase or otherwise and maintenance, operation, improvement and extension of public service properties by the public service district will be conducive to the preservation of public health, comfort and convenience of such area, the county commission shall by order create, enlarge, reduce, merge, dissolve or consolidate such public service district. If the county commission, after due consideration, determines that the proposed district will not be conducive to the preservation of public health, comfort or convenience of the area or that the creation, enlargement, reduction, merger, dissolution or

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

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

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

pursuant to this section, any rate differentials may continue for the period of bonded indebtedness incurred prior to consolidation. The districts may not enter into any agreement, contract or covenant that infringes upon, impairs, abridges or usurps the duties, rights or powers of the county commission, as set forth in this article, or conflicts with any provision of this article.

(h) A list of all districts and their current board members shall be filed by the county commission with the secretary of state and the public service commission by the first day of July of each year. (1953, c. 147; 1965, c. 134; 1967, c. 105; 1975, c. 140; 1980, c. 60; 1981, c. 124; 1986, c. 81; 1995, c. 125; 2002, c. 272.)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

§ 16-13A-5. General manager of board.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(g) Anything in this section to the contrary notwithstanding, any establishment, as defined in section three [§ 22-11-3], article eleven, chapter twenty-two, now or hereafter operating its own sewage disposal system pursuant to a permit issued by the division of environmental protection, as prescribed by section eleven [§ 22-11-11], article eleven, chapter twenty-two of this code, is exempt from the provisions of this section. (1953, c. 147; 1965, c. 134; 1980, c. 60; 1981, c. 124; 1986, c. 81; 1989, c. 174; 1994, c. 61; 2002, c. 272; 2003, c. 183.)

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

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

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

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

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

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

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

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

improvements and extensions; engineering, fiscal agents and legal expenses; expenses for estimates of cost and of revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized, and the construction or acquisition of the properties and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof. (1953, c. 147; 2002, c. 272.)

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

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

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

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

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

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

Any public service district created pursuant to the provisions of this article is authorized and empowered to accept loans or grants and procure loans or temporary advances evidenced by notes or other negotiable instruments issued in the manner, and subject to the privileges and limitations, set forth with respect to bonds authorized to be issued under the provisions of this article, for the purpose of paying part or all of the cost of construction or acquisition of water systems, sewage systems, stormwater systems or stormwater management systems or gas facilities, or all of these, and the other purposes herein authorized, from any authorized agency or from the United States of America or any federal or public agency or department of the United States or any private agency, corporation or individual, which loans or temporary advances, including the interest thereon, may be repaid out of the proceeds of the bonds authorized to be issued under the provisions of this article, the revenues of the said water system, sewage system, stormwater system or associated stormwater management system or gas facilities, or grants to the public service district from any authorized agency or from the United States of America or any federal or public agency or department of the United States or from any private agency, corporation or individual or from any combination of such sources of payment, and to enter into the necessary contracts and agreements to carry out the purposes hereof with any authorized agency or the United States of America or any federal or public agency or department of the United States, or with any private agency, corporation or individual. Any other provisions of this article to the contrary notwithstanding, interest on any such loans or temporary advances may be paid from the proceeds thereof until the maturity of such notes or other negotiable instrument. (1958, c. 14; 1980, c. 60; 1981, c. 124; 1986, c. 118; 2002, c. 272.)

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

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

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

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

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

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

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

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

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

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

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

(e) Unless the properties to be constructed or acquired represent ordinary extensions or repairs of existing systems in the usual course of business, a public service district must first obtain a certificate of public convenience and necessity from the public service commission in accordance with the provisions of chapter twenty-four [§§ 16-24-1 et seq.] of this code, when a public service district is seeking to acquire or construct public service property.

Thirty days prior to making formal application for the certificate, the public service district shall prefile with the public service commission its plans and supporting information for the project in a manner prescribed by public service commission rules and regulations. (1969, 1st Ex. Sess., c. 6; 1981, c. 124; 1986, c. 81; 1996, c. 213; 1997, c. 159; 2003, c. 184.)

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

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

ORDERS—Mason County Court, W. Va.

TERMS May 20 19 74

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 citizens 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

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

Noi.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.

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

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.

ORDER BK. 41

ORDERS—Mason County Commission, W. Va.

796

TERMS SEP 1 8 97 19

97936-92

Upon motion by Handley and unanimous agreement, the Commission executed a resolution to participate in a certified development community program.

Upon motion by Northup and unanimous agreement, the Commission allotted $1,500.00 to the Homeless Shelter for the purchase of a new furnace.

Upon motion by Northup and unanimous agreement, the Commission agreed to dissolve the Camp Conley Public Service District pursuant to WV State Code 16-13A-3 and to further dissolve the existing Public Service Board in Camp Conley Public Service District and to enlarge the existing territory and boundaries of the Mason County Public Service District to include the Camp Conley Public Service District.

Upon motion by Handley and unanimous agreement, the Commission adopted an ordinance to provide for the assignment of names to streets and roads in the county and the posting of street signs and building numbers in Mason County, West Virginia.

Upon motion by Handley and unanimous agreement, the Commission agreed to cancel the October 30, 1997 meeting.

The minutes from the previous meeting were approved as corrected with one correction and no omissions thereto. The minutes incorrectly listed Diana Johnson, Prosecuting Attorney, as being present. However, she was absent.

Bills and purchase orders were presented for approval, reviewed by the Commission and executed as required.

Upon motion by Northup and unanimous agreement, this meeting was adjourned.

Phyllis Arthur
PHYLLIS ARTHUR, PRESIDENT

Rick J. Northup
RICK J. NORTHUP, COMMISSIONER

Rick L. Handley
RICK L. HANDLEY, COMMISSIONER

Diana N. Cromley
DIANA N. CROMLEY, CLERK

STATE OF WEST VIRGINIA, MASON COUNTY CLERK'S OFFICE
I, Diana N. Cromley, Clerk of the County Commission do hereby c[illegible] correct copy and tr[illegible] my hand [illegible] West Virginia, [illegible] 14th April 4
Diana N. C[illegible]
By Diana N. Cromley Deputy Clerk

THE COUNTY COMMISSION OF MASON COUNTY met in the Courthouse thereof on Thursday, April 30, 1998, at 6 00 p m for a public hearing on the matter of the merger/consolidation of the Mason County Public Service District and the Camp Conley Public Service District Present were Phyllis A Arthur, President, Rick J Northup and Rick Handley, Commissioners and John D Gerlach, County Administrator

President Arthur called the meeting to order

R Michael Shaw, counsel for the Mason County Commission, presented the following letter to the Commission for review.

R. MICHAEL SHAW, L.C.
ATTORNEY AT LAW
610 MAIN STREET
P O BOX 3
POINT PLEASANT WEST VIRGINIA 25550
TELEPHONE (304) 675-2669 FAX (304) 675-2654

29 April 1998

Mason County Commission
Courthouse
Point Pleasant, WV 25550

Re:

Dear Commissioners:

This letter is to confirm that I am employed by the Mason County Commission to represent the Commission and the Mason County Public Service District in the proposed merger of the Mason County Public Service District and the Camp Conley District. I want to make it very clear that I do not represent Camp Conley in this proposed merger or acquisition or consolidation or whatever we determine the proper term to be.

I look forward to the public hearing to be held this coming Thursday, April 30, 1998, at 6:00 P.M.

Yours very truly,

R. Michael Shaw

RMS:roc
xc: Public Service Commission
Camp Conley

ORDERS—Mason County Commission, W. Va. 59-B

TERMS _____ 19____

Mr Shaw then presented the following affidavit for publication and affidavit for posting for review

AFFIDAVIT OF POSTING

STATE OF WEST VIRGINIA,

COUNTY OF MASON, TO-WIT:

Before me, the undersigned Notary Public, personally appeared Mary M. Rieger, who after being duly sworn, according to law, deposes and says

1 That I on April 21, 1998 did post the Order for a Public Hearing concerning the proposed consolidation of the Mason County Public Service District and the Camp Conley Public Service District in five (5) conspicuous places in and around Mason County, West Virginia

And further affiant saith naught, this the ____ day of April, 1998.

MARY M RIEGER

Taken and subscribed before me in my said County and State this the 30 day of April, 1998.

My commission expires 1-28-08

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
R. MICHAEL SHAW
210 Main St.
Point Pleasant, WV
My Commission Expires January 28, 1999

Notary Public

MICHAEL SHAW LC
ATTORNEY AT LAW
POINT PLEASANT W VA

Upon motion by Northup and unanimous agreement, the Commission agreed to expand the time frame for a judgment to be rendered by the administrative judge of the Public Service Commission for the merger/consolidation of the Mason County Public Service District and the Camp Conley Service District

Upon motion by Handley and unanimous agreement, the following order was approved for the merger/consolidation of the Mason County Public Service District and the Camp Conley Public Service District

BEFORE THE COUNTY COMMISSION OF
MASON COUNTY, WEST VIRGINIA

IN RE:

CONSOLIDATION OF THE MASON
COUNTY PUBLIC SERVICE DISTRICT
AND THE CAMP CONLEY PUBLIC
SERVICE DISTRICT

COMES NOW, the Mason County Commission, by R. Michael Shaw, its attorney and represents unto the Public Service Commission as follows:

1. That a public hearing has been scheduled by the Mason County Commission on the above-referenced consolidation matter for Thursday, April 30, 1998, at 6:00 P.M. in the Courthouse of Mason County, West Virginia, in Point Pleasant, West Virginia.

2. That after the Mason County Commission rules on the proposed consolidation in this proceeding, the Public Service Commission, itself, will hold a public hearing in the County in order to make a determination regarding its ruling.

3. That the time frame within which the Administrative Law Judge has been ordered to file his opinion is too restrictive in view of the proceedings which must go on prior to the Public Service Commission making a ruling.

. SHAW LC
Y AT LAW
SANT W VA

59-D

ORDERS—Mason County Commission, W. Va.

TERMS _____ 19__

WHEREFORE, your Movant prays that the time frame within which the Administrative Law Judge in this proceeding must rule be expanded to allow your Movant the time to review and correct deficiencies in this filing and to allow for the Mason County Commission and the Public Service Commission to hold the two public hearings required in this proceeding.

DATED this the 30th day of April, 1998.

ENTERED this 30th day of April, 1998.

Mason County Commission

By Counsel:

R. Michael Shaw

MICHAEL SHAW LC
ATTORNEY AT LAW
POINT PLEASANT W VA

BEFORE THE COUNTY COMMISSION OF
MASON COUNTY, WEST VIRGINIA

IN RE:

CONSOLIDATION OF THE MASON
COUNTY PUBLIC SERVICE DISTRICT
AND THE CAMP CONLEY PUBLIC
SERVICE DISTRICT

WHEREAS, the two above-referred Public Service Districts have advised the County Commission that the Districts desire to consolidate and merge their respective entities; and

WHEREAS, the law requires that this Commission enter an Order acknowledging the intention of the respective Commissions to so do; and

WHEREAS, the law further requires that the Commission schedule a public hearing on the proposed consolidation or merger for the purpose of giving the members of the public-at-large a right to comment with regard to the said consolidation or merger; and

WHEREAS, the respective Public Service Districts would not be changing their geographic identities other than the consolidation or merger thereof.

NOW, THEREFORE, it is ORDERED as follows:

1. That a public hearing is scheduled to be held on April 30, 1998, at 6:00 P.M. in the Office of the County Commission in the Courthouse in Point Pleasant, West Virginia. At said public hearing the

County Commission shall consider entering an Order consolidating and/or merging the Mason County Public Service District and the Camp Conley Public Service District.

2. This Order shall be published in the *Point Pleasant Register* at least ten (10) days prior to the aforesaid hearing date.

3. Copies of this Order shall be posted in five (5) conspicuous places in and about Mason County, West Virginia.

4. At the aforesaid public hearing, the County Commission shall give all persons the right to be heard and to state his or her opinion.

DATED this the 16th day of April, 1998.

ENTERED this 16th day of April, 1998.

President, Mason County Commission

MICHAEL SHAW LC
ATTORNEY AT LAW
PNT PLEASANT W VA

ORDERS—Mason County Commission, W. Va. 59-6

TERMS _____ 19 _____

LEGAL

ORE THE COUNTY
IMISSION OF MASON
UNTY, WEST VIRGINIA

E:
ISOLIDATION OF THE
ON COUNTY PUBLIC
VICE DISTRICT AND
CAMP CONLEY
LIC SERVICE DISTRICT
HEREAS, the two

above-referred Public Service Districts have advised the County Commission that the Districts desire to consolidate and emerge their respective entities; and

WHEREAS, the law requires that this Commission enter an Order acknowledging the intention of the respective Commissions to so do; and

sone the right to be heard and to state his or her opinion.

DATED this the 16th day of April, 1998.
ENTERED this 16th day of April, 1998.

Phyllis A. Arthur
President, Mason County Comm.

4/20-11

...vit of Publication

...signed authority in and for the said county of

of April 1998, Christy Williams.

who be... ...d depose and say that she is employee

of The ...f general circulation, printed, published and

circula...

Legal

hereto ...d newspaper for (1) one consecutive weeks, the

first ... made as aforesaid in the issue of twentieth day of

Apri... 20th day of April 1998.

Christy Williams

Tak... before me in my said County, this 20th day of

April ...

Notary Public.

My commission expires January 29, 2002.

Publication fee, $32.76

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

President Arthur opened the floor up for comments relative to said order No comments were received

Upon motion by Handley and unanimous agreement, the Commission agreed to proceed with the merger/consolidation according to law

Upon motion by Handley and unanimous agreement, this meeting was adjourned

Phyllis A Arthur
PHYLLIS A ARTHUR, PRESIDENT

Rick J Northup
RICK J NORTHUP, COMMISSIONER

Rick L Handley
RICK L HANDLEY, COMMISSIONER

Diana N Cromley
DIANA N CROMLEY, CLERK

ORIGINAL

ENTERED

CB 98M Page _____

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
7-22-98

Entered: July 2, 1998

CASE NO. 97-1394-PSWD-PC

MASON COUNTY COMMISSION
Petition for consent and approval
to merge and/or consolidate the
Mason County Public Service
District and Camp Conley Public
Service District.

RECOMMENDED DECISION

PROCEDURE

On October 14, 1997, the Mason County Commission (Petitioner) filed a petition with the Public Service Commission seeking approval to merge and/or consolidate the Mason County Public Service District (Mason County) and the Camp Conley Public Service District (Camp Conley).

By Order dated November 3, 1997, this matter was referred to the Division of Administrative Law Judges for a decision to be rendered on or before May 12, 1998. By subsequent Order dated March 11, 1998, the decision due date of May 12, 1998, was extended until August 12, 1998.

On February 10, 1998, Staff Attorney Cassius H. Toon filed the Final Joint Staff Memorandum to which was attached the Final Internal Memorandum of Mr. James W. Boggess, Utilities Analyst II, Water and Wastewater Division.

Messrs. Boggess and Toon explained that the Mason County Commission had not submitted an Affidavit of Publication which showed that publication of the Petitioner's notice of public hearing had been published at least ten days but not more than forty days from the date of the County Commission's public hearing. Also no documentation was submitted to show that notices of the hearing had been posted in at least five places in the territory affected. Staff explained that the Mason County Commission must make proper publication and posting before a final recommendation could be made.

On May 21, 1998, Staff Attorney Toon filed the Further Final Joint Staff Memorandum to which was attached the Further Final Internal Memorandum of Mr. James W. Boggess, Utilities Analyst II, Water and Wastewater Division. The required documentation regarding publication and posting of notices for the County Commission's April 30, 1998 hearing was submitted. Messrs. Boggess and Toon explained that the Camp Conley Public Service District has been operating with two Board Members for some time and there is little interest in the community for a third. The two Board

Members wish to relinquish control of the Camp Conley Public Service District to Mason County, which the Board Members feel is better equipped to adequately maintain the water and sewer systems.

Staff further explained that Camp Conley Public Service District was created in 1959 to provide water and sewer service and was certificated in February 1961 by Commission Order in Case No. 5201. Upon Public Service Commission approval of the Mason County Commission Order in this case, the service boundaries of the Camp Conley Public Service District will be dissolved and the Mason County Public Service District will assume full operation and management of both the water and sewer systems. The Camp Conley Public Service District has a long-term indebtedness to the USDA Rural Development. The maturity date for the bonds is the year 2020. The balance of this debt is $405,027, as of June, 1997. Mason County will adopt the current tariff of the Camp Conley Public Service District.

As of June 30, 1998, Camp Conley had cash assets as follows:

Cash and working funds	$ 9,259
Temporary cash investments	121,625
Other investments	27,400
Total	$158,284

Camp Conley had indicated to Staff that some of its cash assets would be extended to "get the system in shape" before turning it over to Mason County.

Staff further explained that, in Case No. 96-0240-PSD-S-PC, the Huntington Sanitary Board acquired the Monel Park Public Sewer Service District. Monel Park had accumulated significant cash assets. The Commission approved an agreement between the District and the Board which contains stipulations as to the disposition of those cash assets. (See Recommended Decision entered February 19, 1997, which became a final order of the Commission March 3, 1997). Staff had reviewed the agreement and recommended inclusion of some of the clauses in this take-over. The provisions for inclusion in this case are as follows:

A. The cash assets of the Camp Conley Public Service District, other than the restricted bond reserve, shall be placed in an interest bearing account for repairs, replacements and extensions to Camp Conley. The accrued interest from this account remains part of the account.

B. Mason County Public Service District shall adopt the Camp Conley Public Service District tariff and continue to charge Camp Conley's customers by this tariff. Mason County shall maintain a separate financial and statistical account of Camp Conley's operations.

C. After all financial obligations of Camp Conley are met, any surplus cash shall be deposited into the restricted cash account as set forth in paragraph A.

Staff recommended that the petition for merger of the two public service districts be approved, subject to the conditions set forth herein.

By Order dated May 29, 1998, this matter was set for hearing to be held in the Council Chambers, City Building, Point Pleasant, West Virginia, on June 16, 1998. Said Order also provided that the Mason County Commission published a notice of hearing once in a newspaper duly qualified by the Secretary of State, published and of general circulation in Mason County. The proper affidavit of publication reflecting publication was made of the Notice of Hearing was provided by facsimile transmission received June 9, 1998.

The hearing was held as scheduled. The Mason County Commission appeared by its Administrator, Mr. John Gerlach. Commission Staff appeared by Staff Attorney Cassius H. Toon. No one appeared at the hearing in protest to the Mason County Commission's petition.

FINDINGS OF FACT

1. On October 14, 1997, the Mason County Commission filed a petition with the Public Service Commission seeking approval to merge and/or consolidate the Mason County Public Service District and the Camp Conley Public Service District. (See, Petition).

2. On May 21, 1998, Staff Attorney Toon filed the Further Final Joint Staff Memorandum to which was attached the Further Final Internal Memorandum of Mr. James W. Boggess, Utilities Analyst II, Water and Wastewater Division, in which Staff recommended approval of the merger since it appears that the Mason County Public Service District is better equipped to adequately maintain the Camp Conley water and sewer systems. (See Further Final Staff Memorandum filed May 21, 1998).

3. Staff explained that Camp Conley had cash assets in the amount of $158,284 and recommended that the provisions set forth in Appendix A to this Order be applied to this transaction. (See Further Final Staff Memorandum filed May 21, 1998; Appendix A).

CONCLUSIONS OF LAW

1. The Administrative Law Judge is of the opinion and finds that, since the Mason County Commission has substantially complied with the provisions of West Virginia Code §16-13A-2, and no one appeared at the hearing in protest to the petition after proper notice was given, the Order of the Mason County Commission can be approved, as unprotested.

2. The Staff recommended actions, as set forth in Appendix A to this Order should be implemented by the Mason County Public Service District in handling the cash assets of Camp Conley Public Service District.

ORDER

IT IS, THEREFORE, ORDERED that the May 8, 1998 Order of the Mason County Commission, filed on May 11, 1998, merging and consolidating the Mason County Public Service District and the Camp Conley Public Service District, be, and the same hereby is, approved.

IT IS FURTHER ORDERED that the Mason County Public Service District implement the Staff-recommended provisions set forth on Appendix A for handling the cash assets of the Camp Conley Public Service District.

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

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

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

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

Robert W. Glass
Administrative Law Judge

RWG:dfs

APPENDIX A

MASON COUNTY COMMISSION
CASE NO. 97-1394-PSWD-PC

STAFF-RECOMMENDED ACTIONS
FOR USE BY THE MASON COUNTY PUBLIC SERVICE DISTRICT

A. The cash assets of the Camp Conley Public Service District, other than the restricted bond reserve, shall be placed in an interest bearing account for repairs, replacements and extensions to Camp Conley. The accrued interest from this account remains part of the account.

B. Mason County Public Service District shall adopt the Camp Conley Public Service District tariff and continue to charge Camp Conley's customers by this tariff. Mason County shall maintain a separate financial and statistical account of Camp Conley's operations.

C. After all financial obligations of Camp Conley are met, any surplus cash shall be deposited into the restricted cash account as set forth in paragraph A.

ORDERS—Mason County Commission, W. Va.

TERMS 1 5 19

Upon motion by Northup and unanimous agreement, the Commission agreed to the assigning of a cable franchise agreement from Rifkin and Associates to Interlink Communications.

Upon motion by Handley and unanimous agreement, the Commission entered into an agreement with Bell Atlantic for long distance service for pay phones in the Mason County Jail, in which the county will receive twenty percent of monies.

Upon motion by Handley and unanimous agreement, the Commission agreed to designate the Mason County Public Service District as the county's sewer authority for all areas not having an existing sewer authority.

Upon motion by Handley and unanimous agreement, the Commission reappointed John Collins to the Building Commission for a three year term.

The Commission discussed a donation request from the Miss Mason County/Miss Point P'easant scholarship pageant. The Commission agreed to check with the Prosecuting Attorney to see if they can grant the money.

Upon motion by Handley and unanimous agreement, the Commission approved the hiring of Chapman Technical Group as architect for the new health department.

Commissioner Handley discussed with the Commission a recent letter to the editor regarding the county financial statement. He requested that the writer be invited to a meeting in the near future to discuss this matter.

Mindy Kearns was present to express her desire to resign from her position on the Ambulance Authority Board. The Commission will appoint someone in her place at a later date.

Upon motion by Handley and unanimous agreement, the following Estate Appointments, Oath, Bond, Guardian Appointment, Order Appointing Fiduciary Commissioner, Waiver of Final Settlement, Minister To Perform Marriages, Commissioners Report of Claims and Annual Settlement, Final Settlements and Application for Correction of Erroneous Assessment were approved:

ORDERS—Mason County Commission, W. Va.

TERMS NOV 19 1998 19

THE COUNTY COMMISSION OF MASON COUNTY met in the Courthouse thereof on Thursday, November 19, 1998, at 7 00 p m Present were Phyllis Arthur, President, Rick J Northup and Rick L Handley, Commissioners; Diana N Cromley, Clerk, and John D Gerlach, County Administrator.

President Arthur called the meeting to order The Commission requested a moment of silence in remembrance of Dr Sam McNeill who served as EOS Physician Director Diana Cromley gave the opening prayer.

Nancy Baker of the Leon 4-H Club was represented by her mother to request assistance from the Commission to build a walking track behind the Leon Clinic They have already received $5,000 00 from the Jackson Foundation They will need an additional $2,800 00 to complete this project. The Commission agreed to ask the Prosecuting Attorney to research this matter and report her findings at a later date

The Commission agreed to begin looking for a new EOS Physician Director

The Commission agreed to ask the Mason County Fair Board to redo their bid procedure and begin doing formal bids on tractor and other equipment purchases

Upon motion by Handley and unanimous agreement, the Commission executed a fuel farm contract for the Mason County Airport.

The Commission was informed that construction has begun on the front of the Annex Building to make it handicapped accessible

The Commission was also informed that the AARP has no use for the blue van which was discussed at an earlier meeting The Commission agreed to give the van to the maintenance department to replace the van they are currently using.

The Commission announced that a public hearing would be held on December 17, 1998 at 6 30 p.m. to receive comment on the Mason County Public Service District being designated as a county-wide sewer authority for those who do not have one in place.

ORDERS—Mason County Commission, W. Va.

Book 42
Page 364a

TERMS DEC 11 1998 19

TO B. MARRIS INC., SPENCER, W. VA. RE ORDER NO. 94727-90

THE COUNTY COMMISSION OF MASON COUNTY met in the Courthouse thereof for a public hearing to seek the approval to designate the Mason County Public Service District as sewer authority for all areas of the county not presently served by an existing authority. Present were Phyllis A. Arthur, President; Rick J. Northup, Commissioner; John D. Gerlach, Administrator; and Randy Grinstead, Public Service District Manager.

Sam Juniper, Point Pleasant resident, was the only member of the public present to discuss this issue with the Commission. Mr. Juniper spoke in opposition of the proposal inasmuch as he felt that the cost per month for taxpayers and those on fixed incomes would be too great.

A general discussion followed as Randy Grinstead and the Commission attempted to explain exactly what was being proposed and why there wouldn't be an initial direct cost to the taxpayers who were not serviced for sewer by the Mason County Public Service District.

With no further comments from the public, the Commission closed the public hearing.

Phyllis A. Arthur
PHYLLIS A. ARTHUR, PRESIDENT

Rick J. Northup
RICK J. NORTHUP, COMMISSIONER

Diana N. Cromley
DIANA N. CROMLEY, CLERK

ORDERS—Mason County Commission, W. Va.

TERMS JAN 14 1999 19

Upon motion by Arthur and unanimous agreement, the Commission agreed to sponsor an application for the walkways and a bike path in Point Pleasant Riverfront Park.

David Nibert was present to discuss the Gallipolis Ferry Community Center. He informed the Commission that his client was not offering his property for sale at this time. The Commission will meet with Mr. Nibert and his client as well as others in Gallipolis Ferry interested in this project and discuss it further in the future.

Randy Grinstead and Gary Jarrell were present to discuss the matter of granting of sewer authority to the PSD.

Upon motion by Handley and unanimous agreement, the Commission gave sewer authority to the Mason County Public Service District all over the county except where the sewer system is already provided for by municipalities.

As requested by the Mason County 4-H Leaders, the Commission agreed to apply for a Jackson Foundation Grant for the basketball courts at the 4-H Campground.

Matt Musgrave requested that the County Commission purchase doors for the EMS building in Point Pleasant and that he would reimburse the Commission for the cost before June 30, 1999.

The Commission will check with the Prosecuting Attorney about this and discuss this matter at a later date.

Administrator Gerlach reported that he spoke with Coaxial Cable and asked them to attend a meeting of the County Commission to discuss concerns brought up at an earlier meeting. They agreed to attend either the January 28th meeting or a meeting in February but stated that they wanted to contact Sam Juniper personally to find out what type of problems he was having with his cable provider.

Commissioner Arthur stated that she wanted the Commission to consider hiring someone in the future for flood plain management, litter control and grant writing.

Upon motion by Handley and unanimous agreement, the following Estate Appointments and Appointment For A Minister To Perform Marriages were approved:

ORDERS—Mason County Commission, W. Va.

JAN 2 8 1999

TERMS _____ 19____

O. S. HARRISON, SPENCER, W. VA. PB ORDER NO 94727-80

Administrator Gerlach reported that Diana Johnson, Prosecuting Attorney, requested that the Commission reassign parking spaces to the employees of the Courthouse.

The Commission replied that they did not feel they had the right to assign spaces and the spaces should be taken on a first come first serve basis.

Administrator Gerlach reported that the Health Department ramp was completed except for the railing which will be installed soon.

✔ Upon motion by Arthur and unanimous agreement, the Commission executed a resolution for granting sewer authority to the Mason County Public Service District.

Upon motion by Arthur and unanimous agreement, the Commission approved the first budget revision of the 1998-1999 fiscal year in the amount of $179,555.00. A copy of said revision is attached hereto:

CID BR 1180 (Rev 1989)

Department of Tax and Revenue
Chief Inspector Division
P O Box 3102
Charleston WV 25331 3102

CONTROL NUMBER

FY	FUND	REV NO	PG OF NO
99	01	1	1 of

REQUEST FOR REVISION TO APPROVED BUDGET
(§ 11-8-26a)

Mason County Commission
GOVERNMENTAL ENTITY

200 Sixth Street
STREET OR P O BOX

Point Pleasant WV 25550
CITY ZIP CODE

RECEIPTS. (net each acct.)

ACCOUNT NUMBER	ACCOUNT CATEGORY	APPROVED AMOUNT	DEBIT (INCREASE)	CREDIT (DECREASE)	REVISED AMOUNT
299	Fund Balance	-0-	179,555		179,555

NET INCREASE/(DECREASE) 179,555

EXPENDITURES. (net each acct.)

ACCOUNT NUMBER	ACCOUNT CATEGORY	APPROVED AMOUNT	DEBIT (INCREASE)	CREDIT (DECREASE)	REVISED AMOUNT
401	Co. Comm.	344,945	10,000		354,945
402	Co. Clk.	281,490	3,500		284,990
405	Pros. Atty.	209,794	12,000		221,794
406	Assessor	246,730	10,000		256,730
412	Ag. Agent	69,280	1,500		70,780
424	Ct. House	355,950	70,000		425,950
711	Emer. Sers.	44,621	21,700		66,321
712	911	304,126	28,355		332,481
716	Dog Warden	58,800	10,000		68,800

NET INCREASE/(DECREASE) 179,555

DEPARTMENT OF TAX AND REVENUE USE ONLY

POSTED _____ BY _____

FOR THE STATE TAX COMMISSIONER BY

DIRECTOR CHIEF INSPECTOR DIVISION

Rick Northup 2/4/99
AUTHORIZED SIGNATURE FOR GOVERNING BODY — ENTITY APPROVAL DATE

COUNTIES ONLY

TRANSFERS TO THE GENERAL FUND FROM SPECIAL FUNDS CREATED PURSUANT TO WEST VIRGINIA CODE § 7 1-9 MUST BE ACCOMPANIED BY PRIOR WRITTEN APPROVAL FROM THE STATE TAX COMMISSIONER

PLEASE NOTE SUBMIT WHITE AND PINK COPIES TO DEPARTMENT OF TAX AND REVENUE. RETAIN YELLOW COPY AS RECORD OF SUBMISSION.

ORDERS—Mason County Commission, W. Va.

TERMS JAN 28 1999 19

GR: BR 1180S
BUDGET REVISION REQUEST—SUPPLEMENT

CONTROL NUMBER 99 FY 01 FUND 1 REV. NO. 2 of PAGE NO.

(net each acct.)

ACCOUNT NUMBER	ACCOUNT CATEGORY	APPROVED AMOUNT	DEBIT	CREDIT	REVISED AMOUNT
900	Parks & Rec.	12,500	2,500		15,000
904	Farm Museum	7,500	10,000		17,500

RICK NORTHUP, President
POINT PLEASANT WV

DIANA N. CROMLEY, Clerk
POINT PLEASANT WV

PHYLLIS A. ARTHUR, Commissioner
NEW HAVEN WV

RICK HANDLEY, Commissioner
POINT PLEASANT WV

THE COUNTY COMMISSION OF MASON COUNTY
COURTHOUSE - 200 SIXTH STREET
POINT PLEASANT, WEST VIRGINIA 25550

PHONE (304) 675-1110
FAX (304) 675-4982

RESOLUTION

Whereas, the Mason County Commission is seeking to grant county-wide sewer authortiy to the Mason County Public Service District for all areas of the county not presently governed by an existing sewer authority;

Whereas, the Mason County Commission has complied with state law and conducted a public hearing on said matter and adequately posted notice of same;

Be it hereby resolved, that, the Mason County Commission does hereby grant the Mason County Public Service District sewer authority subject to the above stated condition and is asking for Public Service Commission approval of the same.

Given this the 28th day of January, 1999.

Rick J. Northup, President

Phyllis A. Arthur, Commissioner

Rick L. Handley, Commissioner

TESTE:
Diana N. Cromley, Clerk

PUBLIC SERVICE COMMISSION

OF WEST VIRGINIA

CHARLESTON

FINAL 12/20/99

Entered: November 30, 1999

CASE NO. 99-0273-PWD-PC

MASON COUNTY COMMISSION
Petition for consent and approval to authorize Mason County Public Service District to provide county-wide sewer service to all areas of the county not presently governed by an existing sewer authority.

RECOMMENDED DECISION

On February 22, 1999, the Mason County Commission (County Commission) filed a petition for consent and approval to authorize the Mason County Public Service District to provide county-wide sewer service for all areas in the County not presently served by an existing sewer authority. Attached to the letter/petition was a certified copy of the County Commission's Order of January 28, 1999, adopting the modification.

On March 19, 1999, Staff Attorney Cecelia G. Jarrell filed an Initial Joint Staff Memorandum to which was attached the Initial Internal Memorandum prepared by Mr. Robert M. Hubbard, Senior Utilities Analyst, Water and Wastewater Division. Staff explained that the petition filed by the Mason County Commission seeks to authorize the Mason County Public Service District to provide county-wide sewer service for all areas not presently served by an existing sewer authority. The District is presently providing water service only and desires to additionally provide sewer service.

By Order dated March 22, 1999, this matter was referred to the Division of Administrative Law Judges for a decision to be rendered on or before September 20, 1999.

On April 16, 1999, the County Commission filed a certified copy of the minutes of its December 17, 1998 hearing at which it adopted the modification and information regarding the posting of notice for the December 1998 hearing.

On August 30, 1999, Staff Attorney Cecelia G. Jarrell filed the Final Joint Staff Memorandum to which was attached the Final Internal Memorandum prepared by Mr. Robert M. Hubbard, Senior Utilities Analyst, Water and Wastewater Division. Staff recommended approval of the petition to allow the Mason County Public Service District to provide

county-wide sewer service to all areas in the County that are not presently served by any city, municipality or any other existing sewer authority. However, in order to comply with the provisions of West Virginia Code §16-13A-2, which required that no city, incorporated town or municipal corporation shall be included within the boundaries of such a proposed district except upon the adoption of a resolution of the governing body of such city, incorporated town or municipal corporation consenting thereto, Staff recommended that the Mason County Commission amend its original resolution to exclude the municipalities of Point Pleasant, Mason, Leon, Hartford, Henderson and New Haven, West Virginia, and provide that sewer service may only be provided within any of these municipalities upon the adoption of a resolution of the governing body naming the Mason County Public Service District as its designated sewer service provider.

On September 10, 1999, Commission Staff filed a petition to extend the decision due date herein.

By Commission Order dated September 14, 1999, the Administrative Law Judge's decision due date of Septembe 20, 1999, was extended until December 20, 1999.

On September 22, 1999, the Mason County Commission provided an amended resolution adopted on Septembe 16, 1999, wherein it amended its original resolution to exclude the municipalities of Point Pleasant, Mason, Leon Hartford, Henderson and New Haven, West Virginia, from the county-wide sewer authority granted to the Masor County Public Service District. (See resolution filed September 22, 1999)

By Order dated October 19, 1999, this matter was set for a hearing to be held in Point Pleasant, Mason County, or November 16, 1999. Said Order also required that the Mason County Commission give notice of the hearing to be helc on November 16, 1999, by publishing a Notice of Hearing once in a newspaper, duly qualified by the Secretary oi State, published and of general circulation in Mason County.

The hearing was held as scheduled on November 16, 1999. The Mason County Commission appeared by its Administrator, Mr. John Gerlach. Commission Staff was represented by Staff Attorney Cecelia Jarrell. Mr. Gerlach presented a proper affidavit of publication reflecting that publication was made in accordance with the Commission's requirements.

No one appeared in protest to the petition. Ms. Jarrell explained that, since the Mason County Commission had taken action to amend its resolution specifically excluding the seven municipalities and it appears that all other procedural matters have been done properly, Staff recommended approval of the petition.

FINDINGS OF FACT

1. On February 22, 1999, the Mason County Commission filed a petition for consent and approval to authorize the Mason County Public Service District to provide county-wide sewer service for all areas in

Mason County not presently served by an existing sewer authority (See petition).

2. On August 30, 1999, Staff Attorney Cecelia G. Jarrell filed the Final Joint Staff Memorandum to which was attached the Final Internal Memorandum prepared by Mr. Robert M. Hubbard, Senior Utilities Analyst, Water and Wastewater Division. Staff recommended that, in order for the Mason County Commission resolution to comply with the provisions of West Virginia Code §16-13A-2, the Mason County Commission amend its resolution to exclude the seven municipalities of Point Pleasant, Mason, Leon, Hartford, Henderson and New Haven, West Virginia, from the Mason County Public Service District and provide that the Mason County Public Service District may only become the sewer authority for these municipalities upon adoption of a resolution by the governing bodies of said municipalities naming the Mason County Public Service District as its designated sewer service provider. (See, Final Joint Staff Memorandum filed August 30, 1999).

3. The Mason County Commission amended its original order as recommended by Commission Staff. (See, amended resolution filed September 22, 1999).

4. By Order dated October 19, 1999, this matter was set for a hearing to be held in the Point Pleasant City Building, Point Pleasant, Mason County, on November 16, 1999. Said Order also required the Mason County Commission to give notice of the hearing to be held by publishing a Notice of Hearing once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Mason County. (See Order dated October 19, 1999).

5. At the hearing held in this matter on November 16, 1999, a proper affidavit of publication was submitted in accordance with the Commission's requirements and no one appeared in protest to the County Commission petition. Staff explained that, because the Mason County Commission had amended its resolution to exclude the seven

municipalities in Mason County, and the matter had been properly published and posted, Commission Staff had no objection to the amended order. (See, Tr., p. 5).

CONCLUSION OF LAW

Since the Mason County Commission has given proper notice of the hearing to be held in this matter on November 16, 1999, and no one appeared at the hearing to protest the petition, the amended resolution adopted by the Mason County Commission on September 16, 1999, can be approved.

ORDER

IT IS, THEREFORE, ORDERED that the resolution of the Mason County Commission adopted on January 28, 1999, as amended on September 16, 1999, be, and the same hereby is, approved.

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

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

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

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

Robert W. Glass
Administrative Law Judge

RWG:mal
990273aa.wpd

RICK NORTHUR, President
POINT PLEASANT, WV

DIANA N. CROMLEY, Clerk
POINT PLEASANT, WV

PHYLLIS A. ARTHUR, Commissioner
NEW HAVEN, WV

RICK HANDLEY, Commissioner
POINT PLEASANT, WV

THE COUNTY COMMISSION OF MASON COUNTY
COURTHOUSE - 200 SIXTH STREET
POINT PLEASANT, WEST VIRGINIA 25550

PHONE (304) 675-1110
FAX (304) 675-4982

September 5, 2000

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

Dear Mr. Grinstead:

While meeting in regular session Thursday evening August 18, 2000 the Mason County Commission unanimously agreed to reappoint Chuck Lanier to the Mason County Public Service District Board.

If you need any further information, please feel free to contact me.

Very truly yours,

John D. Gerlach
Administrator
Mason County Commission

JDG:kdj

ROBERT C. BAIRD, President
GALLIPOLIS FERRY, WV

DIANA N. CROMLEY, Clerk
POINT PLEASANT, WV

RICK L. HANDLEY, Commissioner
POINT PLEASANT, WV

MILES S. EPLING, Commissioner
POINT PLEASANT, WV

THE COUNTY COMMISSION OF MASON COUNTY
COURTHOUSE - 200 SIXTH STREET
POINT PLEASANT, WEST VIRGINIA 25550

PHONE (304) 675-1110
FAX (304) 675-4982

February 10, 2005

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

Dear Mr. Grinstead:

While meeting in regular session Wednesday evening, February 9, 2005 the Commission voted to accept Bill Hughes' resignation from the Public Service District Board and appoint Dorsel Keefer to his unexpired term. According to our records, his term expires August 2008.

Please contact me if you need any further assistance.

Very truly yours,

John D. Gerlach
Administrator
Mason County Commission

JDG:kdj

PHYLLIS A. ARTHUR, President
NEW HAVEN, WV

DIANA N. CROMLEY, Clerk
POINT PLEASANT, WV

RICK L. HANDLEY, Commissioner
POINT PLEASANT, WV

ROBERT C. BAIRD, Commissioner
GALLIPOLIS FERRY, WV

THE COUNTY COMMISSION OF MASON COUNTY
COURTHOUSE - 200 SIXTH STREET
POINT PLEASANT, WEST VIRGINIA 25550

PHONE (304) 675-1110
FAX (304) 675-4982

September 8, 2004

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

Dear Mr. Grinstead:

While meeting in regular session Tuesday, August 17, 2004, the County Commission appointed Curtis Hunt to the Public Service District Board to replace Dorsel Keefer. Mr. Hunt's six year term will expire August 17, 2010.

His address and phone number are:

Curtis Hunt
Rt. 2 Box 3
Letart, WV 25253
895-3803

We trust that you will contact him about your meeting schedule.

Very truly yours,

John D. Gerlach
Administrator
Mason County Commission

JDG:kdh

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

I, MARY L. SMITH, 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 SECRETARY OF THE MASON COUNTY PUBLIC SERVICE DISTRICT BOARD OF DIRECTORS

in Mason County, West Virginia, for the term of said office commencing on the 18TH day of JANUARY, 2001, to the best of my skill and judgment. So help me God.

Mary L. Smith

Subscribed and sworn to before the undersigned this 20TH day of FEBRUARY, 2001.

Diana R. Crowley
Clerk of the County Commission

RECORDED
BOOK/PAGE
MASON COUNTY CLERK
DTE/TIME RECORDED:02/20/2001 15:06:07:14
INST #: 66977 TYPE: OATHS
CLERK THE COUNTY CO. ...

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

I, CHARLES R. 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 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, 2000, to the best of my skill and judgment. So help me God

Charles R. Lanier

Subscribed and sworn to before the undersigned this 20TH day of FEBRUARY, 2001.

Diana R. Crowley
Clerk of the County Commission

BOOK 33 PAGE 282

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

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

_____ in Mason County, West Virginia, for the term of said office commencing on the 17 TH day of AUGUST, 2004, to the best of my skill and judgment. So help me God.

Curtis M Hunt

Subscribed and sworn to before the undersigned this 17TH day of AUGUST, 2004.

COUNTY COMMISSION WEST VIRGINIA MASON COUNTY

Diana N. Cromley

Clerk of the County Commission

DIANA N CROMLEY
MASON County 12:24:48 PM
Instrument No 92817
Recorded Date 08/20/2004
Document Type OATH
Book-Page -

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 27th day of August, 2004
Diana N. Cromley, County Clerk of Mason County
By Rice Larkett Deputy

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

I, DORSEL 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 PUBLIC SERVICE DISTRICT BOARD MEMBER

_____

_____

_____ in Mason County, West Virginia, for the term of said office commencing on the 16TH day of MARCH, XX 2005, to the best of my skill and Judgment. So help me God.

Dorsel F Keefer

Subscribed and sworn to before the undersigned this 16TH day of MARCH, 20 2005.

XXXXXXXXXXXXXXXXXXXXXXXX
NOTARY PUBLIC

OFFICIAL SEAL
NOTARY PUBLIC, STATE OF WEST VIRGINIA
JOHN D. GERLACH
MASON COUNTY COMMISSION
200 6TH STREET
POINT PLEASANT, WV 25550
My Commission Expires July 8, 2012

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 Department of Environmental Protection and the West Virginia Bureau for Public Health.

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

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

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

ARTICLE IV

MEETINGS OF THE BOARD

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

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

Section 3. Unless otherwise waived, notice to members of regular meetings shall be by letter or telephone. Unless otherwise waived, notice to members of each special meeting shall be by letter or telephone not less than 72 hours before the date fixed for such special meeting. The notice of any special meeting shall state briefly the purposes of such meeting and the nature of the business to be transacted at such meeting, and no business other than that stated in the notice shall be transacted at such special meeting.

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

Rule No. 1. Notice of Regularly Scheduled Meetings. Immediately after adoption of these Rules of Procedure and in July of each year thereafter, the Board shall instruct the Secretary to, and the Secretary shall, post, and leave posted throughout the year to which it applies, at the regular meeting place of the Board and at the 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 72 hours before such regular meeting is to be held.

The Board shall also instruct the Secretary to, and the Secretary shall, distribute to each of the newspapers and other news media listed below a notice identical to that posted:

News Media	Address
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 72 hours before such regular meeting is to be held.

In the event of any modification to the date, time, place or agenda of a regularly scheduled meeting of the Board, notice of such modification shall immediately be given to the public and news media by posting at the places and distributing to the news media in the manner set forth above not less than 48 hours before such regular meeting is to be held. A copy of the notice of such modification shall be attached to and made a part of the minutes of the meeting for which such notice was given.

Rule No. 2. Notice of Special Meetings. Not less than 72 hours prior to the date set for any special meeting of the Board, the Board shall instruct the Secretary to, and the Secretary shall, post at the regular meeting place of the Board and at the 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 72 hours prior to the date set for such special meeting, the Secretary shall distribute to each of the newspapers and other news media listed in Rule No. 1 hereof, a notice identical to that posted. Amendments made to such news media list, as provided for in said Rule No. 1, shall be incorporated by reference in this Rule No. 2. A notice shall be considered distributed to a news medium when it has been addressed to such news medium at the address listed in said Rule No. 1, or at such other address as the news medium has in writing requested be used, marked or stamped with first class postage and deposited in the United States mail.

A copy of such notice posted and distributed pursuant to this Rule No. 2 shall be attached to and made a part of the minutes of the meeting for which such notice was given.

Rule No. 3. Emergency Meetings. The Board may hold a meeting without providing the notice to the public and news media required by Rule No. 1 and Rule No. 2 hereof only in the event of an emergency requiring immediate official action. The existence for such an emergency requiring immediate official action shall be determined by the Board and shall be attested to in a certificate by the Secretary describing such emergency and setting forth the reason or reasons immediate official action is required, which certificate shall be attached to and made a part of the minutes of such emergency meeting.

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

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

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

Rule No. 6. No Actions by Reference. Except as otherwise expressly provided by law, the Board may not deliberate, vote, or otherwise take official action upon any matter by reference to a letter, number or other designation or other secret device or method, which may render it difficult for persons attending a meeting to understand what is being deliberated,

voted or acted upon. However, this rule does not prohibit the Board from deliberating, voting or otherwise taking action by reference to an agenda, if copies of the agenda, sufficiently worded to enable the public to understand what is being deliberated, voted or acted upon, are available for public inspection at the meeting. The Board may not vote by secret or written ballot.

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

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

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

ARTICLE V

OFFICERS

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

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

next annual organizational meeting of the Board when their successors shall be elected as hereinabove provided.

ARTICLE VI

DUTIES OF OFFICERS

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

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

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

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

Section 5. No money may be paid out by the District except upon an order signed by the Chairperson and Secretary, or such other person or persons authorized by the Chairperson or the Secretary, as the case may be, to sign such orders on their behalf. Each order for the payment of money shall specify the purposes for which the amount thereof is to be paid, with sufficient clearness to indicate the purpose for which the order is issued, and there shall be endorsed thereon the name of the particular fund out of which it is payable and it shall be payable from the fund constituted for such purpose, and no other. All such orders shall be reflected in the minutes of the next meeting of the Board.

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

ARTICLE VII

AMENDMENTS TO RULES OF PROCEDURE

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

Adopted this 3rd day of June, 2004.

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 3, 2004.

Dated this 8th day of June, 2004.

[SEAL]

Mary L. Smith
Secretary

05/07/04
100424/00307

MINUTES

MASON COUNTY PUBLIC SERVICE DISTRICT

February 17, 2005

The February 17, 2005 Board of Directors meeting was held at 101 Camden Avenue, Point Pleasant at 6.00 p.m. o'clock and attended by Charles Lanier, Curtis Hunt, Randy Grinstead, David Nibert, Dorsel Keefer, Vicki Pullin, Laura Bachelor, Bill Tomblin, Warren Kimble, David Spears, Jamie Pierce and Ray Vanmeter. Absent were Chairman William Hughes and Secretary Mary Smith.

By unanimous consent of Treasurer Charles Lanier and Member Curtis Hunt, Mr. Hunt was appointed acting Chairman.

Mr. Hunt called the meeting to order.

Motion made by Mr. Lanier to appoint David Nibert acting Secretary of the Board until the return of Mary Smith. Motion was seconded by Mr. Hunt. Motion passed unanimously.

Randy Grinstead presented a letter from the Mason County Commission informing the Board of the resignation of Chairman William Hughes and the appointment of Mr. Dorsel Keefer to Mr. Hughes unexpired term effective February 9, 2005.

Item 1.

Reorganization of the Board of Directors. Motion made by Mr. Lanier to open nominations for Officers of the Board. Motion seconded by Mr. Hunt. Passed unanimously.

Motion made by Mr. Lanier to nominate Mr. Keefer as Chairman. Second by Mr. Hunt. Motion passed unanimously.

Motion made by Mr Hunt to nominate Mr. Lanier as Treasurer. Second by Mr. Keefer. Motion passed unanimously.

Several PSD employees approached the Board concerning the new Employee handbook adopted at a prior meeting. The employees were encouraged to put their concerns in writing for review by the manager.

Item 2.

Motion made by Mr. Lanier to approve the minutes from the January 20, 2005 regular meeting. Second by My Hunt. Motion passed unanimously.

Item 3.

Motion made by Mr. Keefer to approve expenditures. Second by Mr. Lanier. Motion passed unanimously.

Item 4.

Motion made by Mr. Lanier to direct Mr. Keefer to sign the Right-of-Way Certificate for the Conglomo I Water Project. Second by Mr. Hunt. Motion passed unanimously.

Item 5

Discussion of the status of various agreements needed for the Conglomo II Water Project Proposals have been solicited from Smith, Cochran and Hicks for accounting services and Jackson-Kelly, PLLC for Bond Counsel. The Attorney agreement was secured by prior action. Engineering services will be obtained in conjunction with the Lakin Lagoon Upgrade Project. ARC funding was also discussed as an alternative to STAG. Mr. Grinstead was directed to investigate the opportunity for ARC funding.

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PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
12-12-04

Entered: November 22, 2004

CASE NO. 04-0950-PWD-CN-42T

MASON COUNTY PUBLIC SERVICE DISTRICT
Application for a certificate of convenience and necessity to construct the Conglomo Water Line Project and a Rule 42T application to increase water rates and charges.

RECOMMENDED DECISION ON CERTIFICATE CASE ISSUES

On June 18, 2004, the Mason County Public Service District (Utility) filed an application for a certificate of convenience and necessity to construct a project to serve 328 new customers. The project involves constructing 41.6 miles of lines, a storage tank and a booster station. The proposed financing for the project is a $1,000,000 grant from the United States Department of Agriculture's Rural Utilities Services (RUS) and a $3,222,000 loan from the RUS for 40 years at 4.75% interest. The Utility is projecting a 4.5% rate increase associated with the costs of the project.

The June 18, 2004 filing also encompassed an application for a general rate increase for the Utility. The Recommended Decision on the general rate case issues was entered on November 12, 2004.

The Commission docketed the matter as Case No. 04-0950-PWD-CN-42T. The Commission established separate Staff report dates for the certificate project and project-related rates (CN issues) and for the general rate increase (42T issues). The Commission required Staff to issue its report on the CN issues by October 18, 1004. The Commission established a January 14, 2005 decision due deadline for the CN issues.

The Utility filing was protested.

By Procedural Order issued August 24, 2004, the CN issues were set for hearing on November 4, 2004.[1] The Utility was ordered to publish notice of the hearing.[2]

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[1]A separate hearing was held on the 42T issues. All references to the transcript in this order are to the transcript of the November 4, 2004 hearing.

[2]The Utility failed to send notice of the filing in the mail to its customers until September 21, 2004. (Tr. 8). There were no protests as

The hearing was held as scheduled. James V. Kelsh, Esquire, appeared on behalf of the Utility. The Staff attorney failed to appear because of traffic conditions on I-64 caused by an automobile accident.[3] When no members of the public appeared at the hearing and it appeared that the Utility and Staff had come to terms on all the CN issues, the hearing was held without the presence of the Staff attorney.[4]

FIN

FINDINGS OF FACT

1. On June 18, 2004, the Utility filed an application for a certificate of convenience and necessity to construct a project to serve 328 new customers who are presently without public water service. (See filing and Staff Memorandum filed October 18, 2004).

2. The project involves constructing 41.6 miles of lines, a storage tank and a booster station. (Id.).

3. The proposed financing for the project is a $1,000,000 grant from the RUS and a $3,222,000 loan from the RUS for 40 years at 4.75% interest. (Id.).

4. The Staff-recommended rates will provide the Utility with sufficient revenue to cover the Utility's operating cash requirements of $967,628 and debt service requirements of $650,176 and provide a cash surplus of $257,151. (See Staff Memorandum filed October 18, 2004).

5. The Staff-recommended rates will generate 152.87% coverage of the debt service requirement. (Id.).

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a result of the mailing. (See file generally). Additionally, the Utility failed to publish any notice in Cabell County until November 8, 2004, when it first published its notice of filing in Cabell County. (See publication affidavit filed November 15, 2004). It first published its notice of hearing in Cabell County on November 2, 2004. (Id.). The Utility only has about 100 customers in Cabell County which were apparently overlooked when notice was first made. (Tr. 41, 42; Utility Ex. 1, 2, 3). No individuals appeared at the second hearing to protest and no written protest was filed with the Commission. (See file generally and Transcript from the November 4, 2004 hearing). Although the notice was not in accordance with the Commission's rules, it should be deemed to be in substantial compliance.

[3]The hearing was called twenty minutes late in an effort to wait for the Staff attorney. (Tr. 5). Calls were made to the Commission's Legal Division, but it was unaware of the traffic problems on I-64 at the time. (Tr. 5).

[4]Thomas Sprinkle, the Staff financial analyst, confirmed that Staff and the Utility had come to terms regarding the proper rates upon completion of the project. (Tr. 10). The Utility indicated that it was in agreement with all other Staff recommendations made in Staff's October 18, 2004 filing. (Tr. 11).

6. The Staff-recommended rates increase the connection charge from $15.00 to $25.00, the return check charge from $15.00 to $25.00 and the leak adjustment rate to $0.49. (Id.).

7. The Staff-recommended rate increase associated with the project amounts to an approximate 5.5% increase in the Utility's rates. (Id.).

8. On June 11, 2003, the W.Va. Office of Environmental Health Services issued a permit approving the proposed project. (Id.).

9. The cost per new customer is estimated to be $12,871, which Staff views as high, but not prohibitive. (Id.).

10. The customer density is very low at 7.88 customers per mile of new line, but Staff views it as acceptable since there is a large existing customer base to help support the cost of the project. (Id.).

11. Staff views it as reasonable to have the existing customer base help support the project given that they were the beneficiaries of previous projects which had large amounts of grant funding. (Id.).

12. The Staff-recommended rates provide for a post-construction minimum bill of $20.04 a month and an average (4,500 gallon) bill of $30.06 a month. (Id.).

13. The Utility has adequate capacity to serve the project. (Id.).

14. The proposed customers in the project area suffer very poor quality well water or must haul water from acceptable sources. (Id.).

15. Staff recommended that the Utility be required to review the use of 2 and 4-inch lines and only use small lines in areas where the small capacity can meet all reasonably expected future growth requirements. (Id.).

16. Staff recommended that the Utility be required to review the project and add valving and check meter taps at all creek crossings and consider adding branch meters at all large branches of the system. (Id.).

17. Staff and the Utility agree on the proper rates to charge upon substantial competition of the project. (Tr. 10; Utility Ex. 16).

18. The Utility agrees with all of the other Staff recommendations in the Memorandum of October 18, 2004. (Tr. 11).

CONCLUSIONS OF LAW

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

2. The application for a certificate should be approved upon the following conditions: the Utility shall review the use of 2 and 4-inch

Public Service Commission
of West Virginia
Charleston

lines and only use small lines in areas where the small capacity lines can meet all reasonably expected future growth requirements and the Utility shall review the project and add valving and check meter taps at all creek crossings and consider adding branch meters at all large branches of the system.

3. The proposed financing is reasonable and should be approved.

4. The Utility provided adequate notice to its customers of the proceeding and its efforts at providing notice substantially complied with the Commission's rules.

5. The project plans and specifications are in general conformance with the Commission's rules and regulations.

ORDER

IT IS, THEREFORE, ORDERED that application for a certificate of convenience and necessity filed by the Mason County Public Service District on June 18, 2004, be, and hereby is, approved subject to the conditions set forth below.

IT IS FURTHER ORDERED that the Mason County Public Service District shall review the use of 2 and 4-inch lines and only use small lines in areas where the small capacity lines can meet all reasonably expected future growth requirements.

IT IS FURTHER ORDERED that the Mason County Public Service District review the project and add valving and check meters taps at all creek crossings and consider adding branch meters at all large branches of the system.

IT IS FURTHER ORDERED that the Mason County Public Service District file a copy of the project bids as soon as they are tabulated.

IT IS FURTHER ORDERED that, if the plans, scope or terms of financing of the project are modified, the Mason County Public Service District petition the Commission to reopen this proceeding to review and approve the modifications.

IT IS FURTHER ORDERED that the proposed financing, consisting of a $1,000,000 grant from the United States Department of Agriculture's Rural Utilities Services and a $3,222,000 loan from the RUS for 40 years at 4.75% interest, be, and hereby is approved.

IT IS FURTHER ORDERED that the attached rates be, and hereby are, approved for use by the Mason County Public Service District for all service rendered after the substantial completion of the project approved in this Order.

IT IS FURTHER ORDERED that the Mason County Public Service District file an original and five (5) copies of a proper tariff reflecting the approved rates within thirty (30) days of the date that this Order becomes final.

01/12/04

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

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

If no exceptions are filed, this order shall become the order of the Commission, without further action, five (5) days following the expiration of the fifteen (15) day time period, unless it is ordered stayed by the Commission. 01/01/04

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

K. A. George

Keith A. George
Administrative Law Judge

KAG:s
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Public Service Commission
of West Virginia
Charleston

MASON COUNTY PUBLIC SERVICE DISTRICT
CASE NO. 04-0950-PWD-CN-42T
APPROVED RATES
SCHEDULE I

APPLICABILITY
Applicable in entire territory served.

AVAILABILITY
Available for general domestic, commercial and industrial service.

METERED RATES

First	6,000 gallons	bimonthly	$6.68 per 1,000 gallons
Next	14,000 gallons	bimonthly	$4.88 per 1,000 gallons
Next	20,000 gallons	bimonthly	$4.47 per 1,000 gallons
Next	60,000 gallons	bimonthly	$3.51 per 1,000 gallons
All Over	100,000 gallons	bimonthly	$3.24 per 1,000 gallons

For 4,500 gallons = $27.36

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

5/8-inch meter	$ 40.08 bimonthly
3/4-inch meter	$ 60.10 bimonthly
1 -inch meter	$ 100.20 bimonthly
1-1/4-inch meter	$ 146.30 bimonthly
1-1/2-inch meter	$ 200.40 bimonthly
2 -inch meter	$ 320.65 bimonthly
3 -inch meter	$ 601.20 bimonthly
4 -inch meter	$1,002.00 bimonthly
6 -inch meter	$2,004.00 bimonthly
10 -inch meter	$5,010.00 bimonthly
12 -inch meter	$8,216.40 bimonthly

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

TAP FEE
The following charge is to be made whenever the utility installs a new tap to serve an applicant.

A tap fee of $100.00 will be charged to customers applying for service before construction is completed adjacent to the customers premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to an applicant's premises that is associated with a certificate proceeding.

A tap fee of $300.00 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

Public Service Commission
of West Virginia
Charleston

RECONNECTION - $25.00

To be charged whenever the supply of water is turned off for violations of rules, non-payment of bills or fraudulent use of water.

LEAK ADJUSTMENT INCREMENT

$0.44 per M. gallon is 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 shall be applied to all such consumption above the customer's historical average usage.

RETURNED CHECK CHARGE

A service charge equal to the actual fee assessed to the District or a maximum of $25.00 will be imposed upon any customer whose check for payment of charges is returned by their bank due to insufficient funds.

RESALE RATE

$2.50 per 1,000 gallons.

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PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 7th day of June, 2005.

CASE NO. 04-0950-PWD-CN-42T (Reopened)

MASON COUNTY PUBLIC SERVICE DISTRICT
Petition to reopen certificate case for approval of revised financing.

COMMISSION ORDER

By Recommended Decision entered on November 22, 2004 (Final December 12, 2004), the Mason County Public Service District (District) was granted a certificate of convenience and necessity for its Conglomo I Project (Project). Among other things, the Recommended Decision approved the financing for the Project and directed that the District reopen this case for approval of any change in the financing terms.

On May 16, 2005, the District filed a petition to reopen for expedited approval of revised financing, due to a $536,000 bid overrun. The District elected to refrain from invoking any of the deductive alternates and has obtained an additional $239,900 United States Department of Agriculture Rural Utilities Service (USDA RUS) grant, and an additional $238,000 USDA RUS loan. The District stated that the total financing commitment for the Project is now $1,239,900 in grants and $3,460,000 in loans payable over 38 years. In order to obtain a lower interest rate of 4.25%, the District requested expedited treatment.

On May 27, 2005, Commission Staff filed an "Initial and Final Joint Staff Memorandum Regarding Petition to Reopen." Staff noted that both it and the District agree that there will be no change in the rates previously approved as a result of the additional funding. Thus, Staff recommended approval of the District's petition.

On June 1 and June 2, 2005, the District filed copies of correspondence from the USDA RUS relating to the additional funding.

DISCUSSION

Upon review of all of the foregoing, the Commission agrees with the Staff recommendations filed on May 27, 2005. The District's petition for revised funding should be granted, consisting of an additional $239,900 USDA RUS grant and an additional $238,000 USDA RUS loan at 4.25%.

FINDINGS OF FACT

1. On May 16, 2005, the District filed a petition to reopen for expedited approval of revised financing, due to a $536,000 bid overrun.

2. The District has obtained an additional $239,900 USDA RUS grant and an additional $238,000 USDA RUS loan. The District stated that the total financing commitment for the Project is now $1,239,900 in grants and $3,460,000 in loans payable over 38 years.

3. In order to obtain a lower interest rate of 4.25%, the District requested expedited treatment.

4. On May 27, 2005, Staff noted there will be no change in the rates previously approved as a result of the additional funding. Thus, Staff recommended approval of the District's petition.

5. On June 1 and June 2, 2005, the District filed copies of correspondence from the USDA RUS relating to the additional funding.

CONCLUSION OF LAW

The District's petition for approval of revised funding should be granted, consisting of an additional $239,900 USDA RUS grant and an additional $238,000 USDA RUS loan at 4.25%.

ORDER

IT IS, THEREFORE, ORDERED that the petition to reopen, filed by Mason County Public Service District on May 16, 2005, is hereby granted.

IT IS FURTHER ORDERED that Mason County Public Service District's petition for revised funding, consisting of an additional $239,900 USDA RUS grant and an additional $238,000 USDA RUS loan at 4.25%, is hereby approved.

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

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

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

E. H. Staats, Chairman

R. Michael Shaw, Commissioner

040950cd.wpd
TBS/klm

Public Service Commission
of West Virginia

USDA United States Department of Agriculture

Rural Development

Federal Building
75 High Street, Room 320
Morgantown, WV 26505-7500
Phone (304) 284-4888
FAX (304) 284-4892
TTY/TDD (304) 284-4836

June 17, 2002

Dorsel F. Keefer, Chairman
Mason County Public Service District
101 Camden Avenue
Point Pleasant, WV 25550

Dear Mr. Keefer:

This letter, with Attachments 1 through 14 and enclosures, establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan and grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an RUS loan in the amount of $3,222,000, an RUS grant in the amount of $1,000,000, for a total project cost of $4,222,000.

The loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you. The interest rate will be the lower of the rate in effect at the time of loan approval or the time of loan closing.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. The enclosures and attachments listed below are attached to the copies as noted. Enclosed are the following:

Attachment No. 1 - Project Construction Budget (All Copies)
Attachment No. 2 - Water and Waste Processing Checklist for Mason County PSD (All Copies)
Attachment No. 3 - RUS Instruction 1780, Subparts A and B (Applicant Copy)
Attachment No. 4 - RUS Instruction 1780, Subpart C (Engineer Copy)
Attachment No. 5 - RUS Instruction 1780, Subpart D (Attorney and Bond Counsel Copies)

USDA Rural Development is an Equal Opportunity Lender, Provider and Employer. Complaints of discrimination should be sent to: USDA, Director, Office of Civil Rights, Washington, DC 20250-9410.

Attachment No. 6 - RUS Supplemental General Conditions (Engineer Copy)
Attachment No. 7 - RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Project with RUS Financial Assistance"
Attachment No. 8 - Government Auditing Standards (Revision 1994) (Accountant Copy)
Attachment No. 9 - RUS Bulletin 1780-30, "Water Programs Audit Guide and Compliance Supplement "
Attachment No. 10 - RUS Bulletin 1780-31, "Water Programs Compliance Supplement for OMB Circular A-133 Audits"
Attachment No. 11 - Water Users Agreement (Applicant and Attorney Copies)
Attachment No. 12 - Declination Statement (Applicant and Attorney Copies)
Attachment No. 13 - Sample Credit Agreement (Applicant Copy)
Attachment No. 14 - Various other RD Forms as identified on Attachment No. 2

The conditions referred to above are as follows:

1. Loan Repayment - The loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. Payments for the remaining 456 months will be equal amortized monthly installments. For planning purposes use a 4.75% interest rate and a monthly amortization factor of .00475, which provides for a monthly payment of $15,305. You have the option of participating in the PREAUTHORIZED DEBIT (PAD) payment process. It will allow for your payment to be electronically debited from your account on the day your payment is due. Your authority must establish and fund monthly a debt service reserve account, which equals 10% of your monthly payment each month until you accumulate the equivalent of one annual installment on your loan.

   You are reminded that your authority may be required to refinance (graduate) the unpaid balance of its RUS loan, in whole or in part, upon the request of RUS if at any time it shall be determined the authority is able to obtain a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time.

2. Security - The loan must be secured by a statutory lien of equal priority with the District's existing bonds, a pledge of the system's revenues and other agreements between you and RUS as set forth in the bond resolution which must be properly adopted and executed by the appropriate officials of your organization. Additional security requirements are contained in RUS Bulletin 1780-12 and RUS Bulletin 1780-27 which are mentioned later.

3. Users - This conditional commitment is based upon you providing evidence that you will have at least 4,366 bona fide users on the proposed system when it has been completed and is placed in operation. This evidence will consist of 325 signed user agreements and a certification from you that identifies and attests to the number of users actually connected to and using the District's existing water system, which is to be partially replaced by the new system, at the time you request authorization to advertise the proposed project for construction bids.

   The enclosed Water Users Agreement (RUS Bulletin 1780-9) will be used. Each user signing an agreement must make a user contribution of $100. Each potential user who is located along planned lines and declines the offered service will be provided an opportunity to sign a "Service Declination Statement." A guide "Service Declination Statement" is attached for your use. If a potential user refuses to sign either a user agreement or a declination statement, the individual making the contact for the District should complete the declination statement for that potential user and note thereon his/her visit with the potential user, the potential user's refusal to sign, and the reason therefore. The declination statement should also be dated and signed by the individual making the contact.

   Before RUS can agree to the project being advertised for construction bids, you must provide evidence that the total required number of bona fide users has been acquired and that all potential users have been offered the proposed service. Information and material evidencing compliance with this requirement must consist of (1) your certification (written) as to the number of users connected to and using the water service of the existing system (paying monthly bills), (2) signed user agreements, (3) signed service declination statements, (4) records evidencing user contributions having been paid, (5) a map locating each potential user's property in the new service area identifying it by number, (6) a list of all signed bona fide users numbered so as to be a cross-reference with the map, and (7) a list of all declination statements numbered so as to be a cross-reference with the map.

4. Bond Counsel - The services of a recognized bond counsel are required. The bond counsel will prepare the form of resolution to be used, in accordance with Subpart D of RUS Instruction 1780. You should immediately provide your bond counsel with a copy of this letter of conditions, its attachments and enclosures.

5. Engineering Services - It will be necessary for you to obtain the services of an engineer. EJCDC No. 1910-1-FA, "Standard Form of Agreement between Owner and Engineer for Professional Services" (Funding Agency Edition) should be used to obtain the services of an engineer. The EJCDC document is issued under copyright and cannot be provided by RUS.

   Prior to loan and grant closing, you must provide RUS with documentation that the West Virginia Public Service Commission has reviewed and approved the engineering agreement.

6. Legal Services – It will be necessary for you to obtain the services of a local attorney.

7. Accounting Services – It will be necessary for you to obtain the services of a qualified accountant. The accountant must agree to develop and provide the following:

   a. All necessary accounting material required by the Public Service Commission of West Virginia (Rule 42 Exhibit).

   b. Prior to the advertisement of bids, your accountant must certify that the accounts and records as required by your bond resolution have been established and are operational.

   The Accountant's Agreement should be submitted to RUS for review. Compensation in the contract should include only those services identified above and not include payment for construction management services from the accountant unless RUS concurrence is obtained.

   RUS regulations (Attachment No. 3) outline requirements for the submission of management reports and audits. Appropriate state statutes place certain audit requirements on the District. The attached booklets, "Government Auditing Standards (Revised 1994)" (Attachment No. 8), and RUS Bulletins 1780-30 and 1780-31 (Attachment Nos. 9 and 10) outline audit requirements.

   You are reminded that certain provisions of the Office of Management and Budget Circular A-133 are applicable to any public body or nonprofit association that expends $300,000 or more in federal funds in any one fiscal year. You must enter into an agreement annually with an accountant (or the State Tax Department) to perform the audit. The agreement must be in accordance with the requirements of the State Tax Commissioner of West Virginia. Compensation for preparation of the A-133 audit or your annual audit are not included in project funds and should be paid from the operational revenues generated from your system operation.

8. Facility Control - Prior to advertisement for construction bids, you must furnish satisfactory evidence that you have or can obtain adequate continuous and valid control over the lands and rights needed for the project. Such evidence must be in the following form:

   a. A right-of-way map showing clearly the location of all lands and rights needed for the project. The map must designate public and private lands and rights and the appropriate legal ownership thereof.

   b. A copy of deeds, contracts or options for any lands needed other than rights-of-way, along with a preliminary title opinion covering such lands. Form RD 1927-9, "Preliminary Title Opinion" may be used. In the case of your

existing system or where the District already acquired real property (land or facilities), a preliminary title opinion(s) concerning all such property(s) will be provided.

c. A narrative opinion from your attorney concerning all permits, certifications and other items necessary to show that all legal requirements can be met and stating how they will be met. This narrative should also identify any condemnation proceedings that are anticipated and state how they will be handled.

d. A certification and legal opinion relative to title to rights-of-way and easements. Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way," may be used. This form may contain a few exceptions such as properties that must be condemned; however, prior to the start of construction or loan closing, whichever occurs first, a new Form RD 442-22, must be provided which does not provide for any exceptions.

e. On the day of loan closing, the District's attorney must furnish final title opinions on all land(s) being acquired. Form RD 1927-10, "Final Title Opinion" may be used. In the case of your existing system or where the District has already acquired real property(s) (land or facilities), the District's attorney will provide a separate final title opinion(s) covering such property(s) on the day of loan closing.

9. Permits - Copies of all permits needed for the project must be provided for review prior to advertisement for construction bids. Such permits will include but are not limited to the following:

- West Virginia Department of Highways
- State Department of Health
- Department of Environmental Protection
- Corps of Engineers
- Public Land Corporation

10. Public Service Commission Approvals - You must obtain the following from the Public Service Commission of West Virginia:

a. A Certificate of Convenience and Necessity.

b. Approval of user charges that are acceptable to you and the Rural Utilities Service.

c. Approval of financing for the project's proposed financing arrangements.

The "Rule 42" Exhibit to be attached to the Public Service Commission

application must contain at least the information shown in Attachment No. 1. A copy of the Public Service Commission application and its "Rule 42" Exhibit must be provided for review.

11. Insurance and Bonding Requirements - Prior to preliminary loan closing, you must acquire the following insurance and bond coverage:

    a. Liability Insurance - Personal Liability - $500,000; Property Damage - $200,000 - $200,000. The limits of liability coverage noted herein should be considered as suggested amounts only. RUS recommends that you consider analyzing your actual needs in detail before you obtain coverage in a specific amount.

    b. Workers' Compensation - In accordance with appropriate State laws.

    c. Position Fidelity Bond(s) - All positions occupied by persons entrusted with the receipt and/or disbursement of funds must be bonded. As a good business practice you will probably wish to have each position bonded in an amount equal to the maximum amount of funds to be under the control of that position at any one time. The minimum coverage acceptable to RUS will be for each position to be bonded for an amount at least equal to one annual installment on your loan(s).

    d. National Flood Insurance - In addition to meeting the requirements for the type of assistance requested, the following requirements must be met for

       financial assistance for acquisition and/or construction in designated special flood or mudslide prone areas:

       (1) If flood insurance is available, you must purchase a flood insurance policy at the time of loan closing.

       (2) Applicants whose buildings, machinery or equipment are to be located in a community which has been notified as having special flood or mudslide prone areas will not receive financial assistance where flood insurance is not available.

    e. Real Property Insurance - Prior to the acceptance of the facility from the contractor(s), you must obtain real property insurance (fire and extended coverage) on all above-ground structures, to include machinery and equipment housed therein. This does not apply to water reservoirs, standpipes, elevated tanks or noncombustible materials used in treatment plants, clearwells, filters and the like.

12. Contract Documents, Final Plans and Specifications -

a. The contract documents should consist of the following:

(1) EJCDC Document No. 1910-8-A-1-FA, 1997 Edition, "Standard Form of Agreement between Owner and Contractor on the Basis of Stipulated Price" and EJCDC Document No. 1910-8-FA, "Standard General Conditions of the Construction Contract – Funding Agency Edition" and Attachments. The EJCDC document is issued under copyright and cannot be provided by RUS.

(2) "RUS Supplemental General Conditions."

b. The contract documents must provide, as a minimum, the following insurance:

(1) Liability Insurance - Personal Liability - $500,000; Property Damage - $200,000 - $200,000. This coverage must include indemnification of the District and its engineer. RUS Bulletin 1780-13, Attachment 9, suggests certain limits of liability for insurance coverage. Those limits should be considered as minimum requirements only. It is recommended you consider increasing the given limits of liability after analyzing your specific needs.

(2) Builder's Risk Insurance - On all structures and mechanical and electrical equipment in place or stored on the site to the full insurable value thereof.

(3) Workers' Compensation - In accordance with applicable State laws.

c. The contract documents and final plans and specifications must be submitted to RUS for approval.

d. The project must be designed in compliance with Section 504 of the Rehabilitation Act of 1973.

13. Interim Financing - Interim financing will be used for the RUS loan if it is available at reasonable rates and terms. You must provide RUS with a copy of the tentative agreement reached in connection with interim financing. A copy of the proposed agreement should be provided for RUS review. A Sample Credit Agreement is attached for your use in meeting this requirement (Attachment No. 13).

14. Disbursement of Funds - The RUS funds will be advanced as they are needed in the amount(s) necessary to cover the RUS proportionate share of any disbursements required of the District, over 30 day periods. Any grant funds not disbursed immediately upon receipt must be deposited in an interest bearing account.

Public Bodies – Interest earned on grant funds in excess of $100 per year will be submitted to RUS at least quarterly as required in 7 CFR 3016.

The District must assure that all project funds are expended only for the eligible items included in the final project budget or as may be later approved by RUS.

15. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided:

    Form RD 442-7 - "Operating Budget"
    Form RD 1940-1 - "Request for Obligation of Funds"
    RUS Bulletin 1780-12 - "Water or Waste System Grant Agreement"
    RUS Bulletin 1780-27 - "Loan Resolution (Public Bodies)"
    Form RD 400-1 - "Equal Opportunity Agreement"
    Form RD 400-4 - "Assurance Agreement"
    Form AD 1047 - "Certification Regarding Debarment - Primary"
    Form AD 1049 - "Certification Regarding Drug-Free Workplace"
    Form RD 1910-11 - "Applicant Certification, Federal Collection Policies"
    FmHA Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans"
    Form RD 1942-46, "Letter of Intent to Meet Conditions"

16. The enclosed Water and Waste Processing Checklist (Attachment No. 2) outlines the items needed to complete the loan and grant docket. All the items listed must be included in the loan and grant docket when it is forwarded to the USDA - Rural Development State Office with a request for loan closing instructions to be issued.

17. Upon receipt of the loan and grant docket, which contains all the items required above, RUS may authorize you to advertise the project for construction bids. Such advertisement must be in accordance with appropriate State statutes. Immediately after bid opening you must provide RUS with (a) a bid tabulation, (b) recommendations from you and your engineer as to the acceptability of the bids received, and (c) your recommendations for contract awards. If all parties then agree the construction bids received are acceptable, it is determined that adequate funds are available to cover the total facility costs, and that all the administrative conditions of loan approval have been satisfied, loan closing instructions will be issued. The closing instructions, a copy of which will be forwarded to you, will set forth any further requirements that must be met before the loan can be closed.

    When all parties agree that the closing requirements can be met, a mutually acceptable date for the loan closing will be scheduled.

Any applicant contribution shall be considered as the first funds expended. After providing for all authorized costs, any remaining RUS project funds will be considered to be RUS grant funds and refunded to RUS. If the amount of unused RUS project funds exceeds the RUS grant, that part would be RUS loan funds.

If the conditions set forth in this letter are not met within six (6) months from the date hereof, RUS reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the six-month period and it is determined the authority still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If during that review, it is determined the budget is no longer current and/or adequate, RUS reserves the right to require that it be revised or replaced.

We believe the information herein clearly sets forth the actions which must be taken; however, if you have any questions, please do not hesitate to contact me.

Sincerely yours,

JENNY N. PHILLIPS
State Director

Enclosures

cc: Rural Development Specialist
Parkersburg, WV

Cerrone Associates, Inc.
Wheeling, WV

Smith, Cochran & Hicks, PLLC
Charleston, WV

(Bond Counsel)

R. Craig Tatterson, Esquire
Point Pleasant, WV

Attachment No. 1 to Letter of Conditions
For: Mason County PSD
Date: June 17, 2002

PROJECT CONSTRUCTION BUDGET

PROJECT COST	RUS Grant	RUS Loan	TOTAL
CONSTRUCTION	$ 812,000	$ 2,441,100	$ 3,253,100
CONST. CONTINGENCY	$ 40,600	$ 122,100	$ 162,700
LAND & RIGHTS	$ 10,000	$ 30,000	$ 40,000
LEGAL FEES	$ 4,400	$ 13,100	$ 17,500
BOND COUNSEL	$ 6,200	$ 18,800	$ 25,000
ACCOUNTING	$ 1,000	$ 3,000	$ 4,000
ENGINEERING FEES	$ 108,000	$ 324,500	$ 432,500
Basic - $253,715			
Insp. - $146,000			
Special - $ 32,785			
INTEREST		$ 216,000	$ 216,000
EQUIPMENT	$ 5,000	$ 15,000	$ 20,000
PROJECT CONTG.	$ 12,800	$ 38,400	$ 51,200
TOTAL	**$ 1,000,000**	**$ 3,222,000**	**$ 4,222,000**

Rates

Available for general domestic, commercial, and industrial service.

First	6,000	gals.	@ $6.54 per M gals.
Next	14,000	gals.	@ $4.84 per M gals.
Next	20,000	gals.	@ $3.97 per M gals.
Next	60,000	gals.	@ $3.27 per M gals.
Over	100,000	gals.	@ $2.42 per M gals.

Minimum Charge

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

5/8" x 3/4" meter	$ 39.24	Bi-monthly
3/4" meter	$ 58.86	Bi-monthly
1" meter	$ 98.10	Bi-monthly
1 1/2" meter	$ 196.20	Bi-monthly
2" meter	$ 313.92	Bi-monthly
3" meter	$ 588.60	Bi-monthly
4" meter	$ 981.00	Bi-monthly
6" meter	$ 1,962.00	Bi-monthly
8" meter	$ 3,139.20	Bi-monthly

Minimum Bi-Monthly Bill - $39.24 for 6,000 gallons

Delayed Payment Penalty

The above tariff is net. On all accounts not paid in full within twenty (20) days of date of bill, ten percent (10%) will be added to net amount shown.

If any bill is not paid within sixty (60) days after date, water service to the customer will be discontinued. Water service will not be restored until all past due water bills have been paid in full and all accrued penalties plus a reconnection charge have been paid.

Connection Charge

Prior to Construction - $100.00

After the start of construction, there shall be a charge of $300.00 for connection to the system.

Reconnection Charge

$20.00

Use and Income Analysis - See Attached

Cash Flow Analysis - See Attached

Attachment No. 1 to Letter of Conditions
For: Mason County Public Service District
Date:

MASON COUNTY PUBLIC SERVICE DISTRICT
USE AND INCOME ANALYSIS
EXISTING SYSTEM

Blocking	Cust.	Gallons	Minimum Bills	First 6,000	Next 14,000	Next 20,000	Next 60,000	Over 100,000	TOTAL REVENUE
0 - 6,000	1,751	6,226.69	1,751						
6,001 - 20,000	2,076	21,687.62		12,456.00	9,231.62				
20,001 - 40,000	163	4,238.71		978.00	2,282.00	978.71			
40,001 - 100,000	35	2,312.81		210.00	490.00	700.00	912.81		
Over 100,000	16	3,360.62		96.00	224.00	320.00	960.00	1,760.62	
Bi-Monthly Total	4,041	37,826.45	1,751	13,740.00	12,227.62	1,998.71	1,872.81	1,760.62	
Proposed Rates			$39.24	$ 6.54	$ 4.84	$ 3.97	$ 3.27	$ 2.42	
Bi-Monthly Revenues			$68,709.24	$ 89,859.60	$ 59,181.68	$ 7,934.88	$ 6,124.09	$ 4,260.70	**$236,070.19**
Annual Revenues			$412,255.44	$ 539,157.60	$ 355,090.08	$ 47,609.27	$ 36,744.53	$ 25,564.20	**$1,416,421.13**

TOTAL ANNUAL REVENUES

Existing System Users	$1,416,421
Extension System Users	$110,059
Resale Customers	$67,464
Total	$1,593,944

MASON COUNTY PUBLIC SERVICE DISTRICT
USE AND INCOME ANALYSIS
ROUTE 35 WATER EXTENSION PROJECT

Blocking	Cust.	Gallons	Minimum Bills	FIRST 6,000	NEXT 14,000	NEXT 20,000	NEXT 60,000	OVER 100,000	TOTAL REVENUE
0 - 6,000	163	978	163						
6,001 - 20,000	162	2127		972	1155				
20,001 - 40,000	0								
40,001 - 100,000	0								
Over 100,000	0								
Bi-Monthly Total	325	3105	163	972	1155	0		0	
Proposed Rates			$39.24	$ 6.54	$ 4.84	$ 3.97	$ 3.27	$ 2.42	
Bi-Monthly Revenues			$6,396.12	$ 6,356.88	$ 5,590.20	$ -			**$18,343.20**
Annual Revenues			$38,376.72	$ 38,141.28	$33,541.20	$ -			**$110,059.20**

RESALE CUSTOMERS

Evans Public Service District	30,852 M Gallons @ $1.41 per M Gallons = $43,501
Gallipolis Ferry Water Association	13,313 M Gallons @ $1.41 per M Gallons = $18,771
J-2-Y-35 Water Association	1,607 M Gallons @ $1.41 per M Gallons = $2,266
WV American Water Company	2,075 M Gallons @ $1.41 per M Gallons = $2,926

Annual Revenues from Resale Customers = $67,464

MASON COUNTY PUBLIC SERVICE DISTRICT
OPERATING BUDGET

OPERATING INCOME	
Metered Sales	
Penalties	
Other Income	
Reconnect Fees	
TOTAL OPERATING INCOME	$1,593,944
NON OPERATING INCOME	
Interest income	
TOTAL NON OPERATING INCOME	$0
TOTAL INCOME	$1,593,944
EXPENSES	
O & M	$919,308
Plant Improvements	$27,500
Taxes	$34,597
TOTAL EXPENSES	$981,405
INCOME AVAILABLE FOR D/S (A)	$612,539
DEBT SERVICE	
Existing Bond P & I (B)	$346,774
Proposed Bond P & I (B)	$183,660
TOTAL DEBT SERVICE	$530,434
DEBT SERVICE RESERVE	
Existing	$21,064
Proposed	$18,366
TOTAL DEBT SERVICE RESERVE	$39,430
SURPLUS (DEFICIT)	$42,675
DEBT COVERAGE (A/B)	1.15

Attachment No. 2 to Letter of Conditions
For: Mason County PSD
Date: June 17, 2002

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE
Water and Waste Processing Checklist

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
SF 424.2	Application for Federal Assistance	3	1780.31(b)	Applicant		HAVE	3
	Public Notice of Intent to File App./ Env. Notice	3	1780.19(a) 1794	Applicant		HAVE	3
Bulletin 1780-22	Applicant Eligibility Certification/ Other Credit Certification	1	1780.33(d)	Applicant		HAVE	3
	Bond Ordn. or Resol. On Outstanding Debts	1	1780.33(e)	Applicant/ Attorney		HAVE	5
	Bonds or Notes Outstanding Debt	1	1780.33(e)	Applicant/ Attorney		HAVE	5
	Audit for last year of operation	1	1780.33(e)	Applicant/ Accountant		HAVE	1
	Staff Review Financial Statements	1	S.I. 1780.2	RUS		HAVE	1
EJCDC No. 1910-1-FA	Agreement between Owner & Engineer	3	1780.39(b)	Applicant/ Engineer		HAVE	6
Bulletin 1780-7 or other approved	Legal Services Agreement with Local Attorney	3	1780.39 (b)(2)	Applicant/ Attorney		HAVE	5

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	Site Visit		S.I. 1780-2	RUS		HAVE	3
	Processing Conference	1	1780.39(a)	RUS		HAVE	3
	Environmental Report	2	1794	Applicant		HAVE	3
	Environmental Assessment	2	1794	RUS/ Engineer		HAVE	3
	FONSI/ Evidence of Publication	1	Exhibit 1 RUS 1794 News Ad	RUS/ Applicant		HAVE	3
Bulletins 1780-2 1780-3	Preliminary Engineering Report	2	1780.33(c)	Engineer		HAVE	6
	Staff Engineer PER Review	1	1780.33(c)	RUS		HAVE	3
	Bill Analysis for existing system(s)	2	1780.33(c)	Applicant/ Engineer		HAVE	8
	Projected Bill Analysis for New Users	2	1780.33(c)	Applicant/ Engineer		HAVE	8
	Statement reporting the total number of potential users		1780.33(c)	Applicant/ Engineer		HAVE	8

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	Copy of Existing Rate Tariff	2	1780.33	Applicant		HAVE	8
	Applicant's IRS Tax Number(TIN)	1	1780.33(g)	Applicant		HAVE	3
	Agency Determination on the Availability of "Other Credit" with Documentation	1	1780.7(d)	RUS		HAVE	3
	Documentation on Service Area	1	1780.11	RUS		HAVE	3
Bulletin 1780-1	Project Selection Criteria	2	1780.17	RUS		HAVE	3
Automated Form	Grant Determination	3	1780.35(b)	RUS		HAVE	2
	Letter of Conditions	7	1780.41 (a)(5)	RUS		HAVE	3
AD 1049	Certification Regarding Drug-Free Workplace	1	1780.33(h)	Applicant		HAVE	5
	Minutes Adopting Drug-Free Workplace Program	1	LOC	Applicant		HAVE	5

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
Exhibit A / A-1	Certifications Regarding Lobbying	2	1780.33(h)	Applicant		HAVE	2
RD 1942-45	Project Summary	3	1780.41(a)	RUS		HAVE	1
RD 442-7	Operating Budget	3	1780.33(h)	Applicant		HAVE	3
RD 1942-14	Project Fund Analysis	3	1780.41(a)	RUS		HAVE	2
RD 1940-1	Request for Obligation of Funds	4	1780.41(a)	RUS/ Applicant		HAVE	2
Bulletin 1780-12	Association Water or Sewer System Grant Agreement	2	1780.45(c)	RUS/ Applicant		HAVE	2
RD 1942-46	Letter of Intent to Meet Conditions	2	1780.41 (a)(6)	Applicant		HAVE	3
AD 1047	Certification Regarding Debarment (Primary)	1	1780.33(h)	Applicant		HAVE	5
	Relationships/ Associations with Agency Employees	1	1780.1(f)	RUS		HAVE	3
RD 1910-11	Applicant Certification, Federal Collect-ion Policies	1	1780.33(h)	Applicant		HAVE	3
Bulletin 1780-27	Loan Resolution	1	1780.45 (a)(2)	Applicant		HAVE	5

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
RD 400-1	Equal Opportunity Agreement	1	1901-E	Applicant		HAVE	6
RD 400-4	Assurance Agreement	1	1901-E	Applicant		HAVE	3
	Legal Services Agreement with Bond Counsel	1	1780.39 (b)(3)	Applicant/ Bond Counsel		HAVE	5
	Agreement for Accounting Services	1	1780.39 (b)(2)	Applicant/ Accountant		HAVE	5
	Water Users Agreement (Copy)	1	1780.39 (c)(3)	Applicant		HAVE	5
	Evidence of Users:						
1.	Map of Users with each identified by number	1	LOC	Applicant			Separate File
2.	List of Signed Users Numbered to Map	1	LOC	Applicant			5

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	3. List of Declination Statements Numbered to Map	1	LOC	Applicant			5
	4. Evidence of Tap Fees Being Paid	1	LOC	Applicant		HAVE	5
	5. Having Users Agreements and Declination Statements Available		LOC	Applicant			
	6. Certification Relative to Existing Users	1	LOC	Applicant			5
	Verification of Users	1	1780.44(b)	RUS		HAVE	3
	Accoutnant's Certification	1	LOC	Applicant/ Accountant			6
	RUS Review of Accounting Records	1	S.I. 1780-4 (1)(ii)	RUS			3
	Copy of PSC Rule 42 Exhibit	1	State	Attorney/ Accountant			3
Lender Agreement/ Bulletin 1780-10/ 1780-10a	Interim Financing Documenta-tion	1	1780.39(d)	Applicant/ RUS			1

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	DOH Permit	1	1780.15(d)	Applicant			6
	Public Land Corp. Permit	1	1780.15(d)	Applicant			6
	Corps of Engineers Permit	1	1780.15(d)	Applicant			6
	Dept. of Health Approval	1	1780.15(d)	Engineer			6
	Dept. of Environmental Protection Permit	1	1780.15(d)	Engineer			6
	Contract Documents, Plans & Specifications	2	1780.61(a)	Engineer			Separate File
	Preliminary Bond Transcript Documents w/o Defeasance Provisions	2	1780.83	Bond Counsel			5
	Right-of-Way Map	1	1780.44(g)	Engineer			Separate File
	Deeds and/or Options		1780.44.(g)	Applicant/ Attorney			5
RD 1927-9	Preliminary Title Opinion	1	1780.44 (g)(2)	Applicant/ Attorney			5
	Narrative Opinion from Attorney	1	1780.44(g)	Attorney			5

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
RD 442-22	Opinion of Counsel Relative to R/Ways		1780.44 (g)(1)	Attorney			5
SF 3881	Electronic Funds Transfer Payment Enrollment Form	1	31 CFR 208	Applicant/ Financial Institution			2
	Positive Program to Encourage Connections when Completed	1	1780.39 (c)(5)	Applicant	HAVE		5
	PSC Approval	1	1780.15(b)	Applicant/ Attorney			5

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	Bid Tabulation	1	1780.61(b)	Engineer			6
	OGC Closing Instructions	1	1780.44(h)	RUS			5
	S/O Closing Instructions	1	1780.44(h)	RUS			5
RD 1927-10	Final Title Opinion	1	1780.44 (g)(2)	Applicant/ Attorney			5
	Bond Transcript Documents w/o Defeasance Provisions	3	1780.83	Bond Counsel			Separate File
RD 400-8	Compliance Review	1	1780.44(c)	RUS			5
	Liability Insurance	1	1780.39(g)	Applicant			7
	Workers' Compensation Certificate	1	1780.39(g)	Applicant			7
	Flood Insurance Policy	1	1780.39(g)	Applicant			7
440-24	Fidelity Bond	1	1780.39(g)	Applicant			7
1924-16	Record of Pre-Construction Conference	1	1780.76(a)	RUS/ Engineer			6
AD 1048	Certification Regarding Debarment (Contractor)	1 each	1780.33(h)	All Appropriate Vendors			5
	OGC Final Opinion	1	1780.45(g)	RUS			5

United States Department of Agriculture
Rural Development
West Virginia State Office

May 17, 2005

Dorsel F. Keefer, Chairman
Mason County Public Service District
332 Viand Street
Point Pleasant, WV 25550

RE: Amendment No. 1 to
Letter of Conditions

Dear Mr. Keefer:

This letter, with Attachment No. 1 amends the letter of conditions dated June 17, 2002 and further establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan and grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an initial RUS loan in the amount of $3,222,000, a subsequent RUS loan in the amount of $238,000, an initial RUS grant in the amount of $1,000,000, a subsequent RUS grant in the amount of $239,900, and other funding in the amount of $4,699,900.

Subject to the requirements noted herein, all of the conditions of the June 17, 2002 letter of conditions remain in effect and must be satisfied prior to loan and grant closing.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. The enclosures and attachments listed below are attached to the copies as noted.

Enclosed are the following:

Attachment No. 1 - Project Construction Budget (All Copies)

75 High Street • Suite 320 • Morgantown, WV 26505-7500
Phone: (304) 284-4860 • Fax: (304) 284-4893 • TDD: (304) 284-4865 • Web: http://www.rurdev.usda.gov/wv

Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."
To file a complaint of discrimination write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice or TDD).

The conditions referred to above are as follows:

1. Loan Repayment – The subsequent loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. The remaining 456 months will be equal amortized monthly installments. For planning purposes, use a 4.25% interest rate and monthly amortization factor of 0.00443 which provides for a monthly payment of $1,055.00 on the subsequent loan. (The monthly payment for the initial $3,222,000 loan is $15,305.00 and the monthly payment for the subsequent $238,000 loan is $1,055.00, for a total loan of $3,460,000 and a total monthly payment of $16,360.00.

   The bond for the $238,000 subsequent loan will need to be a separate bond and it will include the interest rate determined applicable prior to loan closing. It will be satisfactory for the subsequent loan bond to be described in the same loan resolution as the $3,222,000 initial loan and for all other information and items of the loan resolution and bond transcript to reflect a $3,460,000 total issue consisting of two or more bonds. A copy of this letter should be provided to your bond counsel immediately.

2. Public Service Commission Approval - You must obtain PSC approval of the project's proposed financing and user rates as may result from this amendment to the letter of conditions.

3. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided (you must also provide us with a copy of the minutes showing the adoption of the forms associated with the original letter of conditions):

   RUS Bulletin 1780-12 - "Water or Waste System Grant Agreement"
   Form 1940-1 – "Request for Obligation of Funds"
   RUS Bulletin 1780-27 – "Loan Resolution"
   Form RD 1942-46 - "Letter of Intent to Meet Conditions"

If the conditions set forth in this letter are not met within six (6) months from the date hereof, RUS reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the six-month period and it is determined the Public Service District still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If, during that review, it is determined the budget is no longer current and/or adequate, RUS reserves the right to require that it be revised or replaced.

We believe the information herein clearly sets forth the actions which must be taken; however, if you have any questions, please do not hesitate to contact me.

Sincerely,

ROBERT M. STEPTOE III
State Director

Enclosures

cc: Page 3

cc: Area Director, Parkersburg
ATTN: RUS Rural Development Specialist

Smith, Cochran and Hicks, CPAs
Charleston, WV

Francesca Tan, Esquire
Jackson and Kelly
Morgantown, WV

Barry Casto, Esquire
Point Pleasant, WV

Cerrone and Associates, Inc.
Wheeling, WV

Attachment No. 1 to Amended Letter of Conditions
For: Mason County Public Service District
Date: May 17, 2005

POST-BID PROJECT CONSTRUCTION BUDGET
Mason County Public Service District

PROJECT COST	RUS Grant	RUS Sub. Loan Overrun	RUS Sub. Grant Overrun	RUS Loan	TOTAL
CONSTRUCTION	$ 817,000	$ 225,000	$ 224,191	$ 2,504,100	$ 3,770,291
CONST. CONTINGENCY	$ 55,600			$ 124,400	$ 180,000
LAND & RIGHTS				$ 10,000	$ 10,000
LEGAL FEES	$ 4,400			$ 13,100	$ 17,500
BOND COUNSEL	$ 1,200			$ 18,800	$ 20,000
ACCOUNTING	$ 1,000			$ 3,000	$ 4,000
ENGINEERING FEES	$ 108,000			$ 351,300	$ 459,300
Basic - $253,715					
Insp. - $146,000					
Special - $ 59,585					
Interest - $32,000		$ 13,000	$ 10,694	$ 8,306	$ 32,000
INTEREST				$ 110,300	$ 110,300
PSC ATTORNEY				$ 7,500	$ 7,500
PROJECT CONTG.	$ 12,800		$ 5,015	$ 71,194	$ 89,009
TOTAL	**$ 1,000,000**	**$ 238,000**	**$ 239,900**	**$ 3,222,000**	**$ 4,699,900**

USDA UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT

Federal Building, 425 Juliana Street, Room 2701, P.O. Box 303, Parkersburg, WV 26102
304.420.6666 • fax 304.420.6876 • TTY/TDD 304.284.4836

May 18, 2005

Dorsel F. Keefer, Chairman
Mason County Public Service District
332 Viand Street
Pt. Pleasant, WV 25550

Dear Mr. Keefer:

The pre-closing for the District's Rural Utilities Service loans will be held on June 22, 2005, at 10:00 AM at the District's office in Pt. Pleasant, West Virginia. The preconstruction conference will follow at 11:00 AM. The official loan closing date for the District's U.S. Route 35 Waterline Extensions Project will be June 24, 2005.

Reference is made to our Letter of Conditions dated June 17, 2002, and amended May 17, 2005. All of the requirements of these letters must be met and in addition, the loan must be closed in accordance with RUS Instruction 1780 and "Closing Guidelines for Community Facilities Loans to Public Bodies."

The RUS loan of $3,222,000 and the subsequent loan of $238,000 will be closed utilizing an interest rate of 4.25%, resulting in payments of $14,274 and $1,055 per month, respectively. The District will establish and fund monthly a debt service reserve account which equals 10% of the monthly payments until you accumulate the equivalent of one annual installment on the loans.

The following items should be submitted to our office as soon as possible but not later than June 15, 2005:

1. The District's engineer must provide a resume of the proposed inspector(s).

2. The District must provide a letter accepting the proposed inspector(s).

3. The District must provide evidence that it has acquired insurance and bond coverage in accordance with Item 11 of the Letter of Conditions.

4. The District must furnish evidence that it provides State Workers' Compensation Insurance. A certificate of good standing will be satisfactory.

5. The permit from the West Virginia Department of Highways. The District should proceed to obtain the necessary bond and forward same to the WVDOH requesting the permit be issued. At the very latest, this permit must be available on June 22, 2005

6. An advance copy of the first drawdown.

On the day of preclosing, the following documents must be provided:

1. The District's attorney will need to provide Form RD 442-22 "Opinion of Counsel Relative to Rights of Way," showing no exceptions. This form should be dated June 24, 2005.

2. The District's attorney must furnish a Form RD 1927-10 "Final Title Opinion," on all land(s) being acquired. In addition, the attorney must provide a separate final title opinion(s) covering all existing property owned by the District. The opinion(s) should be dated June 24, 2005.

3. The District must furnish evidence that the West Virginia Public Service Commission has approved the project's proposed financing.

If you have any questions regarding these or any other matters pertaining to your loan, please contact our office at your earliest convenience.

Sincerely,

VIRGINIA M. McDONALD
Rural Development Specialist

Enclosure

cc: State Director
USDA-Rural Development
Morgantown, WV

Manning P. Frymier, P.E.
Cerrone Associates, Inc..
Parkersburg, WV

Barry Casto, Esquire
Pt. Pleasant, WV

Francesca Tan, Esquire
Jackson & Kelly, PLLC
Morgantown, WV

Smith, Cochran & Hicks
Charleston, WV

CLOSING GUIDELINES FOR COMMUNITY FACILITY LOANS TO PUBLIC BODIES

At or before the closing for the financing, the following conditions must be satisfied:

1. General Requirements. There must be full compliance with all requirements specified in (a) applicable Farmers Home Administration Instructions, (b) correspondence from OGC, (c) any applicable correspondence from the Administrator's office, (d) FmHA letter of conditions, (e) clearinghouse comments, and (f) any state office memorandum of approval.

2. Loan Resolution. Confirm that the Applicant has duly adopted the fully executed Form FmHA 1942-47, Loan Resolution (Public Bodies).

3. Grant Agreement. In the event that a grant is also to be made to the Applicant, then the grant may be closed in accordance with FmHA Instructions provided that these Closing Instructions have also been complied with and duly authorized officials of the Applicant have fully executed Form FmHA 1942-31, Grant Agreement.

4. Civil Rights. Confirm that the following fully executed civil rights forms are in the docket:

   a. Form RD 400-1, Equal Opportunity Agreement.

   b. Form RD 400-4, Assurance Agreement.

   c. Form FmHA 400-8, Compliance Review (Pre-loan closing).

5. Environmental Impact. Confirm that a completed and executed Environmental Impact Assessment, is in the docket. If the Assessment indicates that an Environmental Impact Statement must be filed, this must be accomplished prior to loan closing.

6. Clearinghouse Comments. Confirm that A-95 approvals have been received from both state and regional clearinghouses. Note any comments received and confirm that the Applicant intends to comply with such comments. If the Applicant expresses a contrary intention, the State Office should be notified immediately in detail. The State Office should consult OGC with respect to the legal ramification of any such noncompliance.

7. Specimen Bond(s). Prior to closing, confirm that the terms of the specimen bond(s) are consistent with FmHA Instructions, the FmHA Letter of Conditions and other obligating documents. Amortization schedules and maturity dates should be checked very carefully.

8. Certification of Payment. If FmHA loan proceeds will be used to retire interim indebtedness, the Applicant must provide FmHA with written statements in accordance with FmHA Instruction 1942-A, 1942.17(n)(2) [7 C.F.R. 1942.17].

9. Examination of Executed Bond(s). The Rural Development Specialist should examine the executed original Bond(s) at the closing to determine the following:

   a. That the repayment and other terms of the Bond(s) are consistent with the FmHA Letter of Conditions and obligating documents.

   b. That the Bond(s) has been fully executed by the proper officials of the Applicant as recited on the face of the Bond(s).

   c. That the persons executing the Bond(s) are officials of the Applicant as shown on the General Incumbency Certificate.

   d. That the Applicant's seal is on the Bond(s).

   e. That any authentication certificate contained on the Bond(s) has been properly executed.

   f. That the Bond(s) is fully registered in the name of the United States of America/Farmers Home Administration.

   g. That the place of payment shown on the face of the Bond is correct and administratively acceptable.

   h. That the Bond(s) is dated the date of closing.

10. Dates, Seals and Signatures. All certifications and opinions furnished by the Applicant, Local Counsel or Bond Counsel should be dated as of the date of Loan Closing. Wherever appropriate, the seal of the Applicant should be impressed on materials being furnished by the Applicant. Bond transcript items "b," "i," "k," and "m" listed below should be manually-executed originals. For the remaining Bond transcript documents, an original manual attestation by the Applicant's Clerk or Secretary will suffice.

11. Bond Transcript. A bond transcript should be compiled by Bond Counsel in accordance with the requirements contained in FmHA Instructions 1942-A, 1942.19(c) [7 C.F.R. 1942.19]. Confirm that the bond transcript contains each of the following items:

   a. Certified copies of all organizational documents, i.e., special acts, charter, by-laws.

   b. General Incumbency Certificate (may sometimes be referred to as Signature Certificate).

   c. Certified copies of minutes or excerpts therefrom of all meetings of the Applicant's governing body at which action was taken in connection with the authorization and issuance of the Bond(s).

   d. Certified copies of documents evidencing that the Applicant has complied fully with all statutory requirements incident to the calling and holding of a favorable bond election unless Bond Counsel advises you this is not applicable.

e. Certified documents evidencing that the Applicant has complied fully with all statutory requirements incident to advertising the consideration and/or adoption of the bond ordinance unless Bond Counsel advises you that this is not applicable.

f. Certified copies of the resolutions or ordinances or other documents, such as the bond authorizing resolution or ordinance and any resolution establishing rates and regulating the use of the improvements, if such documents are not included in the minutes furnished.

g. Copies of official Notice of Sale and Affidavit of Publication of Notice of Sale unless Bond Counsel advises you that this is not applicable.

h. Specimen Bond (of each denomination), with any attached coupons.

i. No Litigation Certificate of Local Counsel (See Item 12 below).

j. Certified copies of resolutions or other documents pertaining to the award of the Bond(s).

k. Non-Arbitrage Certificate.

l. Any additional or supporting documents required by Bond Counsel.

m. Preliminary approving opinion, if any, and final unqualified approving opinion of Bond Counsel, including opinion regarding interest on bonds being exempt from Federal and any State income taxes.

Any omissions from the Bond transcript should be supplied by the Rural Development Specialist with the assistance of the Applicant and Bond Counsel. Obviously, certain of the documents listed above will normally be delivered prior to the closing.

12. Attorney's No-Litigation Certificate. Local Counsel should deliver a manually-executed original attorney's no-litigation certificate dated the date of closing.

13. Evidence of Title. In all cases, confirm that Local Counsel has supplied FmHA with his or her title opinion regarding the sites for any project structures such as treatment plants and community buildings. The opinion should be on Form FmHA 1927-10 with any changes necessary to reflect the circumstances of this financing. In the case of utility-type financings, confirm that executed Form FmHA 442-21 and 442-22 concerning rights-of-way are also in the docket. Any title exceptions should either be removed prior to closing or be specifically cleared through OGC.

14. Additional Instructions. OGC will normally issue additional closing instructions on a case-by-case basis containing special requirements for specific loans. The District Director should review the Closing Instructions prepared by OGC relating to the specific case and close the loan in accordance with those instructions.

RUS BULLETIN 1780-27
(Automated 8-97)

Position 5

JUL 2 3 2002

FORM APPROVED
OMB. No. 0575-0015

COPY

LOAN RESOLUTION
(Public Bodies)

A RESOLUTION OF THE **Board**

OF THE **Mason County Public Service District**

AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS **Water** FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the **Mason County Public Service District** *(Public Body)* (herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of

THREE MILLION TWO HUNDRED TWENTY-TWO THOUSAND AND XX / 100

pursuant to the provisions of **Chapter 16, Article 13A, West Virginia Code** ; and

WHEREAS, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

NOW THEREFORE, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of $10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legally permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to Department of Agriculture, Clearance Officer, OIRM, Room 404-W, Washington, DC 20250; and to the Office of Management and Budget, Paperwork Reduction Project (OMB No. 0575-0015), Washington, DC 20503.

11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government.
12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities, and replacement of short lived assets.
15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
17. To accept a grant in an amount not to exceed $ **$ 1,000,000.00**

under the terms offered by the Government; that the **Chairman**

and **Secretary** of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

The vote was: Yeas 3 Nays 0 Absent 0

IN WITNESS WHEREOF, the **Board** of the

Mason County Public Service District has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this 27th day of June, 2002

Mason County Public Service District

(SEAL)

By Dorsel F. Keefer
Dorsel F. Keefer, Chairman

Attest:

Title Chairman

Mary L. Smith
Mary L. Smith
Title Secretary

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as Secretary of the **Mason County Public Service District**

hereby certify that the **Board** of such Association is composed of

3 members, of whom 3 constituting a quorum, were present at a meeting thereof duly called and

held on the 27th day of June, 2002 ; and that the foregoing resolution was adopted at such meeting

by the vote shown above, I further certify that as of June 24, 2005 ,
the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been rescinded or amended in any way.

Dated, this 24th day of June, 2005

Mary L. Smith

Mary L. Smith

Title **Secretary**

Position 5

JUN 2 0 2005

RUS BULLETIN 1780-27
(Automated 8-97

FORM APPROVED
OMB. No. 0575-0015

COPY

LOAN RESOLUTION
(Public Bodies)

A RESOLUTION OF THE **Board**

OF THE **Mason County Public Service District**

AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS **Route 35 and Various Extensions Project**

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO

WHEREAS, it is necessary for the **Mason County Public Service District**
(Public Body)
(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of

TWO HUNDRED THIRTY-EIGHT THOUSAND AND XX / 100 DOLLARS ($238,000.00)

pursuant to the provisions of **Chapter 16, Article 13A, West Virginia Code** ; and

WHEREAS, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

NOW THEREFORE, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of $10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legally permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to Department of Agriculture, Clearance Officer, OIRM, Room 404-W, Washington, DC 20250; and to the Office of Management and Budget, Paperwork Reduction Project (OMB No 0575-0015), Washington, DC 20503.

11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government.
12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities, and replacement of short lived assets.
15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
17. To accept a grant in an amount not to exceed **$ 239,900.00**

    under the terms offered by the Government; that **Chairman**

    and **Secretary** of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

Yeas 2 Nays 0 Absent 1

IN WITNESS WHEREOF, the **Board** of the

Mason County Public Service District has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this 16 day of June, 2005

Mason County Public Service District

(SEAL)

By Dorsel F. Keefer

Dorsel F. Keefer

Attest:

Title **Chairman**

Mary L. Smith

Mary L. Smith

Title **Secretary**

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as Secretary of the **Mason County Public Service District**

hereby certify that the **Board** of such Association is composed of

3 members, of whom 2 constituting a quorum, were present at a meeting thereof duly called and

held on the 16th day of June, 2005 ; and that the foregoing resolution was adopted at such meeting

by the vote shown above. I further certify that as of June 24, 2005 ,
the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been rescinded or amended in any way.

Dated, this 24th day of June, 2005

Mary L. Smith

Mary L. Smith

Title **Secretary**

M I N U T E S

MASON COUNTY PUBLIC SERVICE DISTRICT

June 27, 2002

The monthly Board meeting was held in Pt. Pleasant on June 27, 2002. Dorsel Keefer, William Hughes, Charles Lanier, David Nibert and Mary Smith attended. Mr. Randy Grinstead was attending a County Commission meeting being held simultaneouly.

Expenditures were presented and were approved by a motion made by Mr. Lanier. Mr. Hughes seconded.

A Developer's Agreement for the Rollyson/Dunkle extension was signed. The two proposals from Howard Cloke for accounting services for FY 2001-02 were signed.

The FY 2002-03 budget was presented for approval. The motion approving the budget was made by Mr. Lanier and seconded by Mr. Hughes.

The new PSD tariff, which is effective September 18, 2002 was discussed.

A requisition (No. 11) for the Lakin Nitrate Plant in the amount of $600, payable to Cerrone Associates, was presented for approval. Mr. Lanier made the motion; Mr. Hughes seconded.

Requisition No. 12 for the Jeffers Ridge project was discussed again this month. RUS has agreed to pay the $595 to Ohio Valley Bank in behalf of Holley Brothers Construction with only verbal approval from Mid-State Surety Company and with Board approval. Mr. Hughes made a motion to pay Requisition No. 12, which was seconded by Mr. Lanier.

The new form of the RUS agreement for engineering services for the Route 35 Misc. Water Project was approved, with the provision that our attorney be consulted as to what steps to take since we already have a PSC-approved agreement in place. The motion was made by Mr. Lanier; Mr. Hughes seconded.

The next item of business was approval and signing of documents required to process the RUS loan/grant for the Route 35 Misc. Water Extensions project. A motion was made by Mr. Lanier to accept and approve the documents. It was seconded by Mr. Hughes.

Mr. Lanier made a motion to accept the revised engineering agreement for the Wadsworth Avenue sewer project. Mr. Nibert gave a summary of the IJDC Council meeting, where the Wadsworth project was discussed and funded.

The final Adjustment Change Order and the State Tax Department release for the Route 62 Sewer project were discussed and approved. Mr. Lanier made the motion; Mr. Hughes seconded.

Mr. Lanier made a motion to approve Requisition No. 5 for the Route 62 Sewer project. The motion was seconded by Mr. Hughes.

MASON COUNTY PUBLIC SERVICE DISTRICT 2.4
WATER REVENUE BONDS, SERIES 2005 A AND SERIES 2005 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

BOND RESOLUTION

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EXHIBIT A - PROJECT DESCRIPTION

MASON COUNTY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATER FACILITIES 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 $3,222,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2005 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT MORE THAN $238,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2005 B (UNITED STATES DEPARTMENT OF AGRICULTURE); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF 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 Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended and in effect on the date of adoption of this Resolution.

"Bond Registrar" means the Issuer, which shall so serve by the Secretary of the Issuer.

"Bonds" means, collectively, the Series 2005 Bonds, the Prior Bonds and any Parity Bonds hereafter issued within the terms, restrictions and conditions contained in this Resolution.

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

"Closing Date" means the date upon which there is an exchange of the Series 2005 Bonds for all or a portion of the proceeds of the Series 2005 Bonds.

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

"Consulting Engineers" means Cerrone 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 Code of West Virginia, 1931, as amended.

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

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

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

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

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

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

"Government" means the United States of America, United States Department of Agriculture, Rural Utilities Service, which is expected to be the original purchaser of the Series 2005 Bonds.

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

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

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

"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.

"Letter of Conditions" means, collectively, the Letter of Conditions of the Government dated June 17, 2002, the amended Letter of Conditions of the Government dated May 17, 2005, and all amendments thereto.

"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 as hereinafter defined and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, fees and expenses of fiscal agents, depository banks, registrars, paying agents and trustees, 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 Section 10.01 hereof; and (iv) for purposes of consents, notices or other action by a specified percentage of Registered Owners, any Bonds registered to the Issuer.

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

"Prior Bonds" means, collectively, the Series 1981 Bonds, the Series 1987 Bonds, the Series 1997 A Bonds, the Series 1997 B Bonds, the Series 1999 A Bonds, the Series 2000 A Bonds, the Series 2001 A Bonds and the Series 2004 A Bonds.

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

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

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

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

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

(a) Government Obligations;

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

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

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

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the owner of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

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

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

(j) Advanced-Refunded Municipal Bonds.

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

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

"Reserve Accounts" means, collectively, the respective reserve accounts of the Series 2005 Bonds and the Prior Bonds.

"Reserve Requirements" means, collectively, the respective reserve requirements of the Series 2005 Bonds and the Prior Bonds.

"Resolution" means this Bond Resolution and all orders and resolutions supplemental hereto or amendatory hereof.

"Revenue Fund" means the Revenue 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 2000A (West Virginia DWTRF Program), dated June 28, 2000, issued in the original aggregate principal amount of $960,000.

"Series 2001 A Bonds" means the Issuer's Water Revenue Bonds, Series 2001 A (United States Department of Agriculture), dated March 16, 2001, issued in the original aggregate principal amount of $375,000.

"Series 2004 A Bonds" means the Issuer's Water Revenue Bonds, Series 2004 A (West Virginia DWTRF Program), dated June 8, 2004, issued in the original aggregate principal amount of $602,000.

"Series 2005 Bonds" means, collectively, the Series 2005 A Bonds and the Series 2005 B Bonds.

"Series 2005 Bonds Construction Trust Fund" means the Series 2005 Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2005 A Bonds" means the Water Revenue Bonds, Series 2005 A (United States Department of Agriculture), of the Issuer, authorized to be issued hereby.

"Series 2005 A Bonds Reserve Account" means the Series 2005 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2005 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 2005 A Bonds in the then current or any succeeding year.

"Series 2005 A Bonds Sinking Fund" means the Series 2005 A Bonds Sinking Fund established by Section 5.03A(2) hereof.

"Series 2005 B Bonds" means the Water Revenue Bonds, Series 2005 B (United States Department of Agriculture), of the Issuer, authorized to be issued hereby.

"Series 2005 B Bonds Reserve Account" means the Series 2005 B Bonds Reserve Account established by Section 5.02 hereof.

"Series 2005 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2005 B Bonds in the then current or any succeeding year.

"Series 2005 B Bonds Sinking Fund" means the Series 2005 B Bonds Sinking Fund established by Section 5.03A(2) hereof.

"Sinking Funds" means, collectively, the respective sinking funds of the Series 2005 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 2005 Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2005 Bonds and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by this Resolution to be set aside and held for the payment of or security for the Series 2005 Bonds and the Prior Bonds, including the Sinking Funds, the Reserve Accounts, the Depreciation Account and the Renewal and Replacement Fund.

"System" means the complete public service properties of the Issuer for the diversion, development, pumping, impounding, treatment, storage, distribution or furnishing of water to or for the public for industrial, public, private or other uses as presently existing in its entirety or any integral part thereof, and shall include the Project and any additions, improvements and extensions thereto hereafter constructed or acquired for the System from any sources whatsoever.

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

Additional terms and phrases are defined in this Resolution as they are used. Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender; and any requirement for execution or attestation of the Bonds or any certificate or other document by the Chairperson or the Secretary shall mean that such Bonds, certificate or other document may be executed or attested by an Acting Chairperson or Acting Secretary.

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 water system. However, the Issuer deems it necessary and desirable for the health, welfare and safety of the inhabitants of the Issuer that there be acquired and constructed the Project, in accordance with the plans and specifications prepared by the Consulting Engineer, which plans and specifications have been approved by the Government and the Issuer.

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

C. The estimated maximum cost of acquisition and construction of the Project is $4,699,900, of which $3,222,000 will be obtained from the Series 2005 A Bonds, $238,000 will be obtained form the Series 2005 B Bonds and $1,239,900 will be obtained from a grant from the Government.

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 2005 Bonds and to make payments into all funds and accounts provided for in this Resolution and the Prior Resolutions.

E. It is deemed necessary for the Issuer to issue the Series 2005 A Bonds in the aggregate principal amount of not more than $3,222,000, and the Series 2005 B Bonds in the aggregate principal amount of not more than $238,000, to permanently finance a portion of the costs of acquisition and construction of the Project. Such costs shall be deemed to include the cost of acquisition or construction of any public service properties and any improvements and extensions thereto, the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest on the Series 2005 Bonds prior to and during acquisition or construction and for six months after completion of acquisition or construction of the Project; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense and such other expenses as may be necessary or incident to the financing herein authorized, the acquisition or construction of the Project and the placing of the same in operation, and the performance of the things herein required or permitted, in connection with any thereof.

F. The Series 2005 Bonds shall be issued on a parity with each other and with the Prior Bonds with respect 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 2005 Bonds, the Issuer will obtain (1) the certificate of an Independent Certified Public Accountant stating that the parity and coverage tests of the Prior Bonds have been met; and (2) the written consent of the Registered Owners of the Prior Bonds to the issuance of the Series 2005 Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or

obligations of the Issuer which are secured by revenues or assets of the System.

G. The period of usefulness of the System after completion of the Project is not less than 40 years.

H. It is in the best interests of the Issuer that the Series 2005 Bonds be sold to the Government pursuant to the terms and provisions of the Letter of Conditions.

I. The Issuer has complied with all requirements of West Virginia law and the Letter of Conditions relating to authorization of the acquisition, construction and operation of the Project and issuance of the Series 2005 Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the approval of the Project and the financing thereof by the West Virginia Infrastructure and Jobs Development 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 2005 Bonds.

Section 1.04. Resolution Constitutes Contract. In consideration of the acceptance of the Series 2005 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 Registered Owners, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such 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 $4,699,900, in accordance with the plans and specifications prepared by the Consulting Engineers, approved by the Government and the Issuer and heretofore filed in the office of the Governing Body. The proceeds of the Series 2005 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 financing plan submitted to the Government.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS

Section 3.01. Authorization of Bonds. For the purposes of paying a portion of the costs of the Project and paying the costs of issuance of the Series 2005 Bonds and related costs, there shall be and hereby are authorized to be issued negotiable Series 2005 Bonds of the Issuer. The Series 2005 Bonds shall be issued in 2 series, each as a single bond, designated respectively as "Water Revenue Bonds, Series 2005 A (United States Department of Agriculture)," in the aggregate principal amount of not more than $3,222,000, and "Water Revenue Bonds, Series 2005 B (United States Department of Agriculture)," in the aggregate principal amount of not more than $238,000, and shall have such terms as are set forth hereinafter or in the Supplemental Resolution.

Section 3.02. Terms of Bonds. The Series 2005 Bonds shall be issued in such principal amounts; shall bear interest at such rate or rates, not exceeding the legal maximum rate, payable monthly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in the Supplemental Resolution or as specifically provided in the Series 2005 Bonds.

The Series 2005 Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, shall be payable as provided in the respective Bond form hereinafter set forth, and shall have such other terms not inconsistent with this Resolution, as shall be set forth in the Supplemental Resolution and such Bond form.

Section 3.03. Execution of Bonds. The Series 2005 Bonds shall be executed in the name of the Issuer by the manual or facsimile signature of the Chairperson, and the seal of the Issuer shall be impressed thereon and attested by the manual or facsimile signature of the Secretary. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Negotiability, Transfer and Registration. The Series 2005 Bonds

shall be and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State , but the Bonds, and the right to principal of and stated interest on the Bonds, may only be transferred by transfer of the registration thereof upon the books of the Bond Registrar, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Bonds for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Bond Registrar.

Whenever the Series 2005 Bonds shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Bond Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

No registration of transfer of the Series 2005 Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on such Bonds.

The Issuer shall be the Bond Registrar and will keep, or cause to be kept by its agent, at its office, books for the registration and transfer of the Series 2005 Bonds and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2005 Bonds for registration or transfer only if ownership thereof is to be registered in the name of the Government, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Series 2005 Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Series 2005 Bonds shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be National Finance Office, 1520 Market Street, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2005 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue and deliver a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon

surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Registered Owner's furnishing the Issuer proof of ownership and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer may incur. All Bonds so surrendered shall be canceled and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.06. Bonds not to be Indebtedness of the Issuer. The Series 2005 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System, as herein provided. No Registered Owner of the Series 2005 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2005 Bonds or the interest thereon.

Section 3.07. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2005 Bonds shall be secured by a first lien on the Net Revenues on a parity with the lien on the Net Revenues in favor of the Registered Owners of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 2005 Bonds and the Prior Bonds and to make the payments into all funds and accounts provided for in this Resolution and the Prior Resolutions, are hereby irrevocably pledged to such payments as they become due.

Section 3.08. Form of Bonds. The text of each series of the Series 2005 Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2005 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
MASON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2005 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. AR-1 $_____

FOR VALUE RECEIVED, on this ___ day of _____, 200_, MASON COUNTY PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Mason County of said State (the "Issuer"), promises to pay to the order of the UNITED STATES OF AMERICA (the "Government"), at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, and in the manner provided below, the principal sum of _____DOLLARS ($_____), or such lesser amount as is set forth on the Record of Advances attached hereto and incorporated herein by reference, plus interest on the unpaid principal balance at the rate of __% per annum.

The principal of and interest on this Bond shall be paid in the following installments on the following dates: Monthly installments of interest only on the amounts advanced hereunder, commencing 30 days following the date of delivery of this Bond and continuing on the corresponding day of each month thereafter for the first 24 months after the date hereof, and thereafter, on the corresponding day of each month in installments of principal and interest in the aggregate amount of $_____, except that the final installment shall be paid at the end of 40 years from the date of this Bond in the sum of the unpaid principal and interest due on the date thereof and except that prepayments may be made as provided below. This consideration shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to the Issuer as requested by the Issuer and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Issuer. Extra payments, as defined in the regulations of the

Government, shall, after payment of interest, be applied to the installment last to come due under this Bond and shall not affect the obligation of the Issuer to pay the remaining installments as scheduled herein.

Any amount advanced or expended by the Government for the collection hereof, or to preserve or to protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government, shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by the Issuer to the Government without demand. The Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Government. The Issuer has granted to the Government a lien on the proceeds of this Bond until such proceeds are expended for authorized purposes.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public water facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. The existing public water facilities of the Issuer, the Project and any further improvements and extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), a Bond Resolution duly adopted by the Issuer on _____, 200_, and a Supplemental Resolution duly adopted by the Issuer on _____, 200_ (collectively, the "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 this Bond under the Resolution.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT 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; (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; (6) WATER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA DWTRF PROGRAM), DATED JUNE 28, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $960,000; (7) WATER REVENUE BONDS, SERIES 2001 A (UNITED STATES DEPARTMENT OF

AGRICULTURE), DATED MARCH 16, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $375,000; (8) WATER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA DWTRF PROGRAM), DATED JUNE 8, 2004, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $602,000; AND (9) WATER REVENUE BONDS, SERIES 2005 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED ____, 2005, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (COLLECTIVELY, THE "FIRST LIEN 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 System, on a parity with the pledge of Net Revenues in favor of the registered owners of the First Lien Bonds, and from moneys in the reserve account created under the Resolution for this Bond (the "Series 2005 A Bonds Reserve Account") and unexpended proceeds of this Bond. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2005 A Bonds Reserve Account and unexpended proceeds of this Bond. Pursuant to the Resolution, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on this Bond and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the First Lien Bonds; provided however, that so long as there exists in the Series 2005 A Bonds Reserve Account, an amount equal to the maximum amount of principal and interest which will become due on this Bond in any year, and in the respective reserve accounts for any other obligations outstanding on a parity with this Bond, including the First Lien Bonds, an amount equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owner of this Bond for the terms of which reference is made to the Resolution. Remedies provided the Registered Owner of this Bond are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof.

Subject to the registration requirements in the Resolution, this Bond is transferable, as provided in the Resolution, only upon the books of the Secretary of the Issuer, as registrar (the "Registrar"), which shall be kept for that purpose at the office of the Registrar, by the Registered Owner or by its attorney or legal representative duly authorized in writing, upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the Registered Owner or its attorney or legal representative duly authorized in writing.

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Resolution, shall be applied solely to payment of the costs of acquisition and construction of the Project and the costs of issuance hereof as 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.

The Issuer hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for such purposes and periods of time.

If at any time it so appears to the Government that the Issuer may be able to obtain a loan from a responsible cooperative or private creditor at reasonable rates and terms for loans for such purposes and period of time, the Issuer will at the Government's request apply for and accept such loan in sufficient amount to repay the Government.

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

This Bond is given as evidence of a loan to the Issuer made or insured by the Government pursuant to the Rural Development Act of 1972. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

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

All provisions of the Resolution, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, 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 as of the date first written above.

_____
Chairperson

[SEAL]

ATTEST:

_____
Secretary

(Form of)

RECORD OF ADVANCES

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

TOTAL $

(Form of)

ASSIGNMENT

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

Dated: _____, ___.

_____

In the presence of:

_____

(FORM OF SERIES 2005 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
MASON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2005 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. BR-1 $_____

FOR VALUE RECEIVED, on this ___ day of _____, 200_, MASON COUNTY PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Mason County of said State (the "Issuer"), promises to pay to the order of the UNITED STATES OF AMERICA (the "Government"), at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, and in the manner provided below, the principal sum of _____DOLLARS ($_____), or such lesser amount as is set forth on the Record of Advances attached hereto and incorporated herein by reference, plus interest on the unpaid principal balance at the rate of __% per annum.

The principal of and interest on this Bond shall be paid in the following installments on the following dates: Monthly installments of interest only on the amounts advanced hereunder, commencing 30 days following the date of delivery of this Bond and continuing on the corresponding day of each month thereafter for the first 24 months after the date hereof, and thereafter, on the corresponding day of each month in installments of principal and interest in the aggregate amount of $_____, except that the final installment shall be paid at the end of 40 years from the date of this Bond in the sum of the unpaid principal and interest due on the date thereof and except that prepayments may be made as provided below. This consideration shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to the Issuer as requested by the Issuer and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at

any time at the option of the Issuer. Extra payments, as defined in the regulations of the Government, shall, after payment of interest, be applied to the installment last to come due under this Bond and shall not affect the obligation of the Issuer to pay the remaining installments as scheduled herein.

Any amount advanced or expended by the Government for the collection hereof, or to preserve or to protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government, shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by the Issuer to the Government without demand. The Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Government. The Issuer has granted to the Government a lien on the proceeds of this Bond until such proceeds are expended for authorized purposes.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public water facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. The existing public water facilities of the Issuer, the Project and any further improvements and extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), a Bond Resolution duly adopted by the Issuer on _____, 200_, and a Supplemental Resolution duly adopted by the Issuer on _____, 200_ (collectively, the "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 this Bond under the Resolution.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT 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; (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; (6) WATER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA DWTRF PROGRAM), DATED JUNE 28, 2000,

ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $960,000; (7) WATER REVENUE BONDS, SERIES 2001 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 16, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $375,000; (8) WATER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA DWTRF PROGRAM), DATED JUNE 8, 2004, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $602,000; AND (9) WATER REVENUE BONDS, SERIES 2005 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED ____, 2005, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (COLLECTIVELY, THE "FIRST LIEN 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 System, on a parity with the pledge of Net Revenues in favor of the registered owners of the First Lien Bonds, and from moneys in the reserve account created under the Resolution for this Bond (the "Series 2005 B Bonds Reserve Account") and unexpended proceeds of this Bond. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2005 B Bonds Reserve Account and unexpended proceeds of this Bond. Pursuant to the Resolution, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on this Bond and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the First Lien Bonds; provided however, that so long as there exists in the Series 2005 B Bonds Reserve Account, an amount equal to the maximum amount of principal and interest which will become due on this Bond in any year, and in the respective reserve accounts for any other obligations outstanding on a parity with this Bond, including the First Lien Bonds, an amount equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owner of this Bond for the terms of which reference is made to the Resolution. Remedies provided the Registered Owner of this Bond are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof.

Subject to the registration requirements in the Resolution, this Bond is transferable, as provided in the Resolution, only upon the books of the Secretary of the Issuer, as registrar (the "Registrar"), which shall be kept for that purpose at the office of the Registrar, by the Registered Owner or by its attorney or legal representative duly authorized in writing,

upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the Registered Owner or its attorney or legal representative duly authorized in writing.

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Resolution, shall be applied solely to payment of the costs of acquisition and construction of the Project and the costs of issuance hereof as 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.

The Issuer hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for such purposes and periods of time.

If at any time it so appears to the Government that the Issuer may be able to obtain a loan from a responsible cooperative or private creditor at reasonable rates and terms for loans for such purposes and period of time, the Issuer will at the Government's request apply for and accept such loan in sufficient amount to repay the Government.

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

This Bond is given as evidence of a loan to the Issuer made or insured by the Government pursuant to the Rural Development Act of 1972. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

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

pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

All provisions of the Resolution, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, 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 as of the date first written above.

_____
Chairperson

[SEAL]

ATTEST:

_____
Secretary

(Form of)

RECORD OF ADVANCES

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

TOTAL $

(Form of)

ASSIGNMENT

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

Dated: _____, ___.

_____

In the presence of:

_____

Section 3.09. Sale of Bonds. The Series 2005 Bonds shall be sold to the Government pursuant to the terms and conditions of the Letter of Conditions. The Letter of Conditions is hereby approved and the provisions of the Letter of Conditions are specifically incorporated in this Resolution.

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 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 the Prior Resolutions);

(2) Depreciation Account (established by the Prior Resolutions);

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

(4) Series 2005 Bonds Construction Trust Fund.

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

(1) Series 2005 A Bonds Reserve Account; and

(2) Series 2005 B 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. 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) The Issuer shall next, each month, from the moneys in the Revenue Fund, (i) make the interest payments on the Prior Bonds in the amounts and on the dates required by the Prior Resolutions; (ii) commencing on the day which is 30 days following the date of delivery of the Series 2005 A Bonds and continuing on the corresponding day of each month, remit to the National Finance Office for deposit in the Series 2005 A Bonds Sinking Fund hereby established at the National Finance Office, the amount of interest set forth in the Series 2005 A Bonds; and (iii) commencing on the day which is 30 days following the date of delivery

of the Series 2005 B Bonds and continuing on the corresponding day of each month, remit to the National Finance Office for deposit in the Series 2005 B Bonds Sinking Fund hereby established at the National Finance Office, the amount of interest set forth in the Series 2005 B Bonds.

(3) The Issuer shall next, each month, from the moneys in the Revenue Fund, (i) make the principal payments of the Prior Bonds in the amounts and on the dates required by the Prior Resolutions; (ii) commencing on the day which is 24 months following the date of delivery of the Series 2005 A Bonds and continuing on the corresponding day of each month, remit to the National Finance Office for deposit in the Series 2005 A Bonds Sinking Fund, the amount of principal set forth in the Series 2005 A Bonds; and (iii) commencing on the day which is 24 months following the date of delivery of the Series 2005 B Bonds and continuing on the corresponding day of each month, remit to the National Finance Office for deposit in the Series 2005 B Bonds Sinking Fund, the amount of principal set forth in the Series 2005 B Bonds.

The deposits into the Series 2005 A Bonds Sinking Fund and the Series 2005 B Bonds Sinking Fund provided in this paragraph and in Section 5.03A (2) above, constitute actual payments of principal of and interest on the Series 2005 A Bonds and the Series 2005 B Bonds to the Government.

(4) The Issuer shall next, each month, from the moneys in the Revenue Fund, (i) make the reserve account payments into the Reserve Accounts of the Prior Bonds in the amounts and on the dates required by the Prior Resolutions; (ii) commencing on the day which is 24 months following the date of delivery of the Series 2005 A Bonds and continuing on the corresponding day of each month, remit to the Commission for deposit in the Series 2005 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2005 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2005 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 2005 A Bonds Reserve Requirement; and (iii) commencing on the day which is 24 months following the date of delivery of the Series 2005 B Bonds and continuing on the corresponding day of each month, remit to the Commission for deposit in the Series 2005 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2005 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2005 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2005 B Bonds Reserve Requirement.

(5) The Issuer shall next, each month, from the moneys in the Revenue Fund, make the payments into the Depreciation Account in the amounts and on the dates required by the Prior Resolutions.

(6) The Issuer shall next, each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, an amount equal to 2 1/2% of the Gross Revenues each month (as previously set forth in the Prior Resolutions and not in addition thereto), exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided that, any deficiencies in any Reserve Account, except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof, shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(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, improvements, or extensions 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 2005 A Bonds Sinking Fund and the Series 2005 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2005 A Bonds and the Series 2005 B Bonds, respectively, as the same shall become due. Moneys in the Series 2005 A Bonds Reserve Account and the Series 2005 B Bonds Reserve Account shall be used only for the purposes of paying principal of and interest on the Series 2005 A Bonds and the Series 2005 B Bonds, respectively, as the same shall come due, when other moneys in the respective Sinking Funds are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2005 A Bonds Reserve Account and the Series 2005 B Bonds Reserve Account (if fully funded) shall be transferred, not less than once each year, to the Series 2005 Bonds Construction Trust Fund during construction of the Project and thereafter, to the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2005 Bonds and then to the next ensuing principal payment due thereon on a pro rata basis.

Any withdrawals from the Series 2005 A Bonds Reserve Account and the Series 2005 B Bonds Reserve Account which result in a reduction in the balance therein to below the respective Reserve Requirement shall be subsequently restored from the first Net Revenues

available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2005 Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay any interest on such 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.

Interest, principal, or reserve account payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2005 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 2005 A Bonds Reserve Account and the Series 2005 B Bonds Reserve Account created hereunder, and all amounts required for such account shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Government, the Issuer shall make the necessary arrangements whereby required payments into the Series 2005 A Bonds Reserve Account and the Series 2005 B 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 2005 A Bonds Reserve Account and the Series 2005 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2005 A Bonds Sinking Fund, the Series 2005 B Bonds Sinking Fund, the Series 2005 A Bonds Reserve Account and the Series 2005 B Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2005 Bonds, respectively, under the conditions and restrictions set forth herein.

B. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

C. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent, or the Depository Bank, on such dates as the respective parties shall require, such additional sums as shall be necessary to pay their respective charges and the fees then due. If required by the Government, the Issuer shall make the necessary arrangements whereby payments to the Commission under this paragraph shall be automatically

debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

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

E. If, on any monthly payment date, the revenues are insufficient to place the required amount in any of the funds and accounts as herein above provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, that all deposits, including on account of deficiencies, shall be made in the order of priority set forth in Section 5.03A hereof, and no payment of lower priority shall be made if there exists a deficiency in a fund or account of higher priority.

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

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

ARTICLE VI

APPLICATION OF BOND PROCEEDS

Section 6.01. Application of Bond Proceeds. All moneys received from time to time from the sale of the Series 2005 Bonds shall be deposited in the Series 2005 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 2005 Bonds.

Section 6.02. Disbursements from Bond Construction Trust Fund. The Series 2005 Bonds Construction Trust Fund shall be kept separate and apart from all other funds of the Issuer, and shall be drawn out, used and applied by the Issuer solely for the payment of the costs of the Project and purposes incidental thereto, including payment of any borrowings by the Issuer made for the purpose of temporarily financing a portion of the costs of the Project and payment of interest on the Series 2005 Bonds prior to and during construction and for a period up to six months after completion of construction and for no other purposes whatsoever. If approved by the Government, the moneys in said fund shall be secured at all times by Government Obligations having a fair market value at least equal to the balance in said fund in excess of the amount insured by the FDIC. If for any reason the amounts on deposit in the Series 2005 Bonds Construction Trust Fund are not necessary for, or are not applied to, such purposes, then such unapplied amounts shall be deposited by the Issuer as determined by the rules and regulations of the Government. All such proceeds shall constitute a trust fund for such purposes, and there is hereby created a lien upon such moneys, until so applied, in favor of the Registered Owners of the Series 2005 Bonds.

Expenditures or disbursements from the Series 2005 Bonds Construction Trust Fund shall be made only after such expenditures or disbursements have been approved in writing by the Governing Body, the Consulting Engineers and the Government.

The Issuer shall coordinate with the Government on the monthly payment of the costs of the Project and shall submit invoices and requisitions as directed by the Government.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Resolution shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Registered Owner of the Series 2005 Bonds. In addition to the other covenants, agreements and provisions of this Resolution, the Issuer hereby covenants and agrees with the Registered Owner of the Series 2005 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 2005 Bonds or the interest thereon are Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2005 Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Resolution. No Registered Owner of the Series 2005 Bonds shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay the Series 2005 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 2005 Bonds shall be secured by a first lien on the Net Revenues on a parity with the lien on the Net Revenues in favor of the Registered Owners 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 2005 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 such payments 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 this Resolution and the Prior Resolutions. 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.

So long as the Series 2005 Bonds are Outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in

this Resolution. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2005 Bonds shall prove to be insufficient to produce the required sums set forth in this Resolution, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Resolution.

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 2005 Bonds are Outstanding and except as otherwise required by law or with the written consent of the Government, the System may not be sold, transferred, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Section 10.01 hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2005 Bonds, immediately be remitted to the Government for payment of principal of and interest on the Series 2005 Bonds. Any balance, remaining after the payment of principal of and interest on the Series 2005 Bonds, shall be remitted to the Issuer unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution, 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 Government and 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 at par, then in the Depreciation Account and the Renewal and Replacement Fund, pro rata, 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 Registered Owners of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Registered Owners of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. So long as the Series 2005 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 2005 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 2005 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 2005 Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2005 Bonds and the interest thereon in this Resolution, or upon the System or any part thereof.

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

All Parity Bonds issued hereunder shall be on a parity in all respects with the Prior Bonds and the Series 2005 Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the design, acquisition or construction of extensions or improvements to the System or refunding any Bonds Outstanding, or both such purposes.

So long as the Series 2005 Bonds are Outstanding, no Parity Bonds shall be issued at any time, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

(1) The Bonds then Outstanding;

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

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

The foregoing limitation may be waived or modified by the written consent of the Registered Owners of the Series 2005 Bonds, representing 75% of the then-outstanding principal indebtedness. In the event the foregoing limitation is waived or when the Series 2005 Bonds are no longer Outstanding, the following parity requirement shall be met:

No Parity Bonds shall be issued at any time, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the three succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

(1) The Bonds then Outstanding;

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

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

The "estimated average increased annual Net Revenues to be received in each of the three succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Parity Bonds and any increase in rates adopted by the Issuer and approved by the PSC, the period for appeal of which has expired prior to the date of issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Secretary prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer and approved by the PSC, the period for appeal of which has expired prior to issuance of 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 Registered Owners of the Series 2005 Bonds and the Registered Owners 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 2005 Bonds.

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

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

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

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Registered Owner of the Series 2005 Bonds issued pursuant to this Resolution shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles in accordance with the rules and regulations of the PSC and the Act. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body.

The Issuer shall provide the Government each year or any Registered Owner of the Series 2005 Bonds requesting the same, with 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.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Registered Owner of the Series 2005 Bonds and shall submit said report to the Government. Such audit report submitted to the Government shall include a statement that the Issuer is in compliance with the terms and provisions of the Act and this Resolution and that the Gross Revenues are adequate to meet the Operating Expenses and debt service and reserve requirements.

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

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

Section 7.09. Rates. Prior to issuance of the Series 2005 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 2005 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2005 Bonds, including the Prior Bonds;

provided that, in the event that amounts equal to or in excess of the Reserve Requirements are on deposit respectively in the Series 2005 A Bonds Reserve Account, the Series 2005 B Bonds Reserve Account and the Reserve Accounts for obligations on a parity with the Series 2005 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 2005 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2005 Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

Section 7.10. Operating Budget. The Issuer shall annually, at least 30 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Government within 30 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 Government and to any Registered Owner of the Series 2005 Bonds who shall file his address with the Issuer within 30 days of adoption thereof and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Government and any Registered Owner of the Series 2005 Bonds or anyone acting for and on behalf of such Registered Owner.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain the certificate of the Consulting Engineers, certifying that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Government, the Project will be adequate for the purposes for which it was designed, the funding plan as submitted to the Government is sufficient to pay the costs of the acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained. The Issuer shall provide and maintain competent and adequate engineering services satisfactory to the Government, covering the supervision and inspection of the development and construction of the Project. The Issuer shall employ qualified operating personnel properly certified by the State to operate the System so long as the Series 2005 Bonds are Outstanding.

Section 7.12. 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, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals, or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent, to the full extent permitted or authorized by the Act, the rules and regulations of the PSC and other laws of the State.

Whenever any fees, rates, rentals or other charges for the services or facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the PSC, 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 the rules and regulations of the PSC, discontinue and shut off the services of the System to all delinquent users of the services of the System, and will not restore such services of the System until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid, and shall take all further actions to enforce collections to the maximum extent permitted by law.

Section 7.14. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and, in the event the Issuer or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the Issuer shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.15. Insurance and Construction Bonds. The Issuer hereby covenants and agrees that, so long as the Series 2005 Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following

amounts:

(A) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured prior to acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground insurable portions of the System, including machinery and equipment housed therein, in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(B) Public Liability Insurance, with limits of not less than $1,000,000 for personal liability to protect the Issuer from claims for bodily injury and/or death and not less than $500,000 from claims for damage to property of others which may arise from the operation of the System.

(C) Vehicular Public Liability Insurance, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated for the benefit of the Issuer, with limits of not less than $1,000,000 for personal liability to protect the Issuer from claims for bodily injury and/or death and not less than $500,000 from claims for damage to property of others which may arise from such operation of vehicles.

(D) Workers' Compensation Coverage for All Employees of the System Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each contractor dealing directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with Chapter 38, Article 2, Section 39 of the Code of West Virginia, 1931, as amended.

(E) Fidelity Bonds will be provided as to every member, officer and employee of the Issuer having custody of the Revenue Fund or of any other funds or property of the System in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount required by the Government and to be increased thereafter as necessary to cover the maximum amount of funds under control of that position at any one time.

(F) Flood Insurance will be obtained by the Issuer if available; however, if the System is located in a community which has been notified as having special flood or mudslide

prone areas, flood insurance must be obtained.

(G) Construction Bonds. The Issuer shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to 100% of the contract price of the portion of the Project covered by the particular contract as security for the faithful performance of such contract. The Issuer shall verify such bonds prior to commencement of construction. The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project. The Issuer shall verify such insurance prior to commencement of construction.

Section 7.16. Connections. To the extent permitted by the laws of the State and rules and regulations of the PSC, the Issuer shall require every owner, tenant or occupant of any house, dwelling or building intended to be served by the System to connect thereto.

Section 7.17. Completion and Operation of Project; Permits and Orders. The Issuer shall complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

The Issuer has obtained all permits required by state and federal laws for the acquisition and construction of the Project, all orders and approvals from the PSC and other state agencies necessary for the acquisition and construction of the Project and the operation of the System and all approvals for the issuance of the Series 2005 Bonds required by state law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Statutory Mortgage Lien. For the further protection of the Registered Owners of the Series 2005 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, and shall take effect immediately upon delivery of the Series 2005 Bonds; provided however, that the statutory mortgage lien in favor of the Registered Owners of the Series 2005 Bonds shall be on a parity with the statutory mortgage lien in favor of the Registered Owners of the Prior Bonds.

Section 7.19. Compliance with Letter of Conditions and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Letter of Conditions, this Resolution and the Act. The Issuer shall also comply with all applicable laws, rules and regulations issued by the Government or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

Section 7.20. Contracts. The Issuer shall, simultaneously with the delivery of the Series 2005 Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

ARTICLE VIII

INVESTMENT OF FUNDS

Section 8.01. Investment of Funds. Any moneys held as a part of the funds and accounts created by this 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.

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 owner, including the value of accrued interest and giving effect to the amortization of discount or at par if such investment is held in the "Consolidated Fund." The Commission shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank may make any and all investments permitted by this Section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2005 Bonds are Outstanding.

Notwithstanding the foregoing, any investments made pursuant to this Resolution shall comply with the guidelines of the Government.

ARTICLE IX

DEFAULTS AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2005 Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest on any Series 2005 Bonds; or

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2005 Bonds set forth in this Resolution, any Supplemental Resolution or the Series 2005 Bonds and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Government, the Depository Bank, the Bond Registrar, any Paying Agent or a Registered Owner of a Bond; or

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

(D) If 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 the Series 2005 Bonds may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and this Resolution relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Series 2005 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 Series 2005 Bonds, and (v) by action at law or bill in equity enjoin any acts in violation of the Resolution with respect to the Series 2005 Bonds, or the rights of such Registered Owners; provided however, that all rights and remedies of the Registered Owners of the Series 2005 Bonds shall be on a parity with those of the Registered Owners of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of the Series 2005 Bonds may, by proper legal action, compel the performance of the duties of the Issuer under this Resolution and the Act, including, the completion of the Project, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default, with

respect to the Bonds, the Registered Owner shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project, or both, on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and any interest thereon and the deposits into the funds and accounts herein provided and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Resolution and the Act.

The receiver so appointed shall forthwith, directly or by his agents and attorneys, enter into and upon and take possession of all facilities of the System and shall hold, operate and maintain, manage and control the System, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to the System as the Issuer itself might do.

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this Resolution for any reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Resolution shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent Event of Default, any Registered Owner of Bonds issued pursuant to this Resolution shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers herein above conferred upon him, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby, and a successor receiver may be appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of Bonds issued pursuant to this Resolution. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System, for the sole purpose of the protection of both the Issuer and Registered Owners, and the curing and making good of any default under the provisions of this Resolution, and the title to and ownership of the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage, or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay, or there shall otherwise be paid, to the Registered Owners of the Series 2005 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 this Resolution and 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 2005 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Modification or Amendment of Resolution. Prior to the issuance of the Series 2005 Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2005 Bonds, no material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto that would materially and adversely affect the rights of Registered Owners of the Series 2005 Bonds shall be made without the consent in writing of the Registered Owners of the Series 2005 Bonds then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2005 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 2005 Bonds and no change, variation or alteration of any kind of the provisions of the Resolution shall be made in any manner, except as in this Resolution provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Resolution, any Supplemental Resolution or the Series 2005 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 its adoption.

Adopted this 22nd day of June, 2005.

Chairperson

Curtis M Hunt
Member

Charles R Lanier
Member

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of Mason County Public Service District on the 22nd day of June, 2005.

Dated this 24th day of June, 2005.

[SEAL]

Mary L. Smith
Secretary

05/12/05
100424/00306

EXHIBIT A

PROJECT DESCRIPTION

The Project consists of construction of 41.6 miles of lines, a storage tank and a booster station to serve approximately 328 new customers, together with all appurtenant facilities.

MASON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2005 A AND SERIES 2005 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE MASON COUNTY PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 2005 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND WATER REVENUE BONDS, SERIES 2005 B (UNITED STATES DEPARTMENT OF AGRICULTURE); DESIGNATING A DEPOSITORY BANK 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 22, 2005 (the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATER FACILITIES 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 $3,222,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2005 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT MORE THAN $238,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2005 B (UNITED STATES DEPARTMENT OF AGRICULTURE); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF 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 2005 A (United States Department of Agriculture), and the Water Revenue Bonds, Series 2005 B (United States Department of Agriculture), of the Issuer, in the respective aggregate principal amounts not to exceed $3,222,000 and $238,000 (collectively, the "Bonds"or individually, the "Series 2005 A Bonds" and the "Series 2005 B Bonds"), all in accordance with Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), and in the Resolution it is provided that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds should be established by a supplemental resolution, and that other matters relating to the Bonds be therein provided for;

WHEREAS, the Bonds are proposed to be purchased by the Government; and

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

NOW, THEREFORE, BE IT RESOLVED BY THE 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 following bonds of the Issuer:

A. Water Revenue Bonds, Series 2005 A (United States Department of Agriculture), of the Issuer, in the original aggregate principal amount of $3,222,000. The Series 2005 A Bonds shall be issued in the form of one Bond, shall be dated the date of delivery, shall mature forty years from the date thereof, shall be numbered AR-1, and the principal amount advanced under the Series 2005 A Bonds shall bear interest at the rate of 4.25% per annum. Monthly installments of interest only on the amounts advanced under the Series 2005 A Bonds are payable 30 days following the date of delivery of the Series 2005 A Bonds and on the corresponding day of each month thereafter for the first 24 months after the date of delivery of the Series 2005 A Bonds, and thereafter, monthly installments of principal of and interest on the Series 2005 A Bonds, in the aggregate amount of $14,274, are payable on the corresponding day of each month, except that the final installment on the Series 2005 A Bonds shall be paid at the end of 40 years from the date of the Series 2005 A Bonds in the

sum of the unpaid principal and interest due on the date thereof. The Series 2005 A Bonds are subject to prepayment as set forth in the Resolution and the Series 2005 A Bonds. All principal and interest payments on the Series 2005 A Bonds will be paid by the Issuer directly to the order of the United States of America at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103.

B. Water Revenue Bonds, Series 2005 B (United States Department of Agriculture), of the Issuer, in the original aggregate principal amount of $238,000. The Series 2005 B Bonds shall be issued in the form of one Bond, shall be dated the date of delivery, shall mature forty years from the date thereof, shall be numbered BR-1, and the principal amount advanced under the Series 2005 B Bonds shall bear interest at the rate of 4.25% per annum. Monthly installments of interest only on the amounts advanced under the Series 2005 B Bonds are payable 30 days following the date of delivery of the Series 2005 B Bonds and on the corresponding day of each month thereafter for the first 24 months after the date of delivery of the Series 2005 B Bonds, and thereafter, monthly installments of principal of and interest on the Series 2005 B Bonds, in the aggregate amount of $1,055, are payable on the corresponding day of each month, except that the final installment on the Series 2005 B Bonds shall be paid at the end of 40 years from the date of the Series 2005 B Bonds in the sum of the unpaid principal and interest due on the date thereof. The Series 2005 B Bonds are subject to prepayment as set forth in the Resolution and the Series 2005 B Bonds. All principal and interest payments on the Series 2005 B Bonds will be paid by the Issuer directly to the order of the United States of America at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103.

Section 2. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the form provided in the Resolution.

Section 3. The Issuer hereby approves and accepts the Letter of Conditions and all amendments thereto, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer hereby appoints and designates The Ohio Valley Bank Company, Point Pleasant, West Virginia, to serve as the Depository Bank under the Resolution.

Section 5. The proceeds of the Bonds, as advanced from time to time, shall be deposited in the Series 2005 Bonds Construction Trust Fund for payment of the costs of the Project and the costs of issuance of the Bonds and related costs.

Section 6. The Chairperson and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Resolution approved and provided for, to the end that the Bonds may be delivered to the Government on or about June 24, 2005.

Section 7. 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 8. The Issuer hereby determines to invest all moneys in the funds and accounts established by the Resolution held by the Depository Bank until expended, in money market accounts secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to invest all moneys in such money market accounts until further directed in writing by the Issuer. Moneys in the Series 2005 A Bonds Reserve Account and the Series 2005 B Bonds Reserve Account shall be invested by the Commission in the West Virginia Consolidated Fund.

Section 9. The Issuer hereby approves the costs of issuance and authorizes the payment of the same.

Section 10. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project and the Chairperson is hereby authorized and directed to execute and deliver all such contracts.

Section 11. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 22nd day of June, 2005.

Chairperson

Member

Member

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Mason County Public Service District on the 22nd day of June, 2005.

Dated this 24th day of June, 2005.

[SEAL]

Mary L. Smith
Secretary

05/23/05
100424/00306

MASON COUNTY PUBLIC SERVICE DISTRICT 2.6
WATER REVENUE BONDS, SERIES 2005 A AND SERIES 2005 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

MINUTES ON ADOPTION OF BOND RESOLUTION
AND SUPPLEMENTAL RESOLUTION

On this 24th day of June, 2005, 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 special meeting of said Public Service Board:

*** *** ***

The Public Service Board of Mason County Public Service District met in special session, pursuant to notice duly posted, on the 22nd day of June, 2005, in Point Pleasant, West Virginia, at the hour of 10:00 a.m.

PRESENT:	Dorsel F. Keefer	-	Chairperson and Member
	Charles R. Lanier	-	Treasurer and Member
	Curtis Hunt	-	Member
	Mary L. Smith	-	Secretary

ABSENT: None

Dorsel F. 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 IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATER FACILITIES 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 $3,222,000 IN

AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2005 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT MORE THAN $238,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2005 B (UNITED STATES DEPARTMENT OF AGRICULTURE); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Upon motion duly made and seconded, it was unanimously ordered that said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

Next, the Chairperson presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE MASON COUNTY PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 2005 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND WATER REVENUE BONDS, SERIES 2005 B (UNITED STATES DEPARTMENT OF AGRICULTURE); DESIGNATING A DEPOSITORY BANK AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Upon motion duly made and seconded, it was unanimously ordered that said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

*** *** ***

Next, the Chairperson presented a proposed Resolution in writing approving the payment of invoices 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 be adjourned.

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 as of the date first written above.

Mary L. Smith
Secretary

05/16/05
100424/00306

STATE OF WEST VIRGINIA

MASON COUNTY TO_ WIT

Personally appeared before the undersigned authority in and for the said County of Mason, this 2nd day of July 2004, who being before me first duly sworn did depose and say that she Elizabeth 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 2 consecutive days/weeks, the first publication thera of having been made as aforesaid in the issue of the 25th day of June 2004, and the last issue on the 2nd day of July 20 04

Elizabeth M. Barnette

Taken subscribed and sworn to before me in my said County this 2 day of July, 20 04

My commission expires Jan 29, 2012

Notary Public

Publication Fee $ 307.13

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
BRIAN BILLINGS
604 27th STREET
POINT PLEASANT, WV 25550
My commission expires January 29, 2012

13

UBLIC SERVICE COMMISSION OF WEST VIRGINIA CHARLESTON

Entered at a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 18th day of June, 2004.

CASE NO. 04-0950-PWD-CN-442T

MASON COUNTY PUBLIC SERVICE DISTRICT, a public corporation, Application for a Certificate of Convenience and Necessity to construct the Congiamo Water Line Project and for a general increase to rates and charges.

NOTICE OF FILING

WHEREAS, on June 18, 2004, the Mason County Public Service District filed an application, duly verified, for a Certificate to construct certain additions and improvements to its water system in Mason County and a tariff containing a requested increase in rates, tolls, and charges for furnishing water service to approximately 4,428 users located in Mason, Putnam, and Jackson Counties. The application is on file with and available for public inspection at the Public Service Commission, 201 Brooks Street, in Charleston, West Virginia.

WHEREAS, the District is seeking approval of a non-project related rate increase, if approved, will make the rates of the customers of the former Camp Conley Public Service District system identical to those of the District's other customers.

WHEREAS, the proposed increased rates and charges will become effective July 18, 2004 unless otherwise ordered by the Public Service Commission and will produce $46,854 annually in additional revenues, or an overall increase in revenues of approximately 2.7%.

WHEREAS, the average monthly bill for the various classes of customers of the former Camp Conley PSD system will be changed by he District's proposed non-project related rate increase as follows:

($) INCREASE, (%) INCREASE

Residential, 0, 0
Commercial, 0, 0
Industrial, 0, 0
Resale, 0,0
Other 0, 0

The average monthly bill for the various classes of the District's customers other than customers of the former Camp Conley PSD system will be changed by the District's proposed non-project related rate increase as follows:

($) INCREASE, (%) INCREASE

Residential (9,000 gallons bimonthly), $1.56, 3%
Commercial (24,000 gallons bimonthly), $3.58, 3%
Industrial (40,000 gallons bimonthly) $3.50, 3%
Resale (100,000 gallons bimonthly) $70.00, 3%
Other, 0

Resale customers of Mason County Public Service District include Evans Public Service District, Gallipolis Ferry Water Association, J2Y35 Water Association, and the West Virginia American Water Company.

WHEREAS, the Mason County Public Service District estimates that construction will cost approximately $4,226,000. It is proposed that the construction will be financed by a grant form the U.S. Department of Agriculture, Rural Utilities Services ("RUS") in the amount of $1,000,000 and a $3,222,000 RUS loan, payable over 40 years at 4.75% interest. The utility will not need interim financing.

WHEREAS, the utility anticipated charging the following rates for all its customers after construction of the project:

METERED RATES

First 6,000 gallons bimonthly $8.66 per 1,000 gallons
Next 14,000 gallons bimonthly $4.88 per 1,000 gallons
Next 20,000 gallon bimonthly $4.47 per 1,000 gallons
Next 60,000 gallons bimonthly $3.51 per 1,000 gallons
All over 100,000 gallons bimonthly $3.24 per 1,000 gallons

MINIMUM CHARGE

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

5/8 inch meter, $40.06 bimonthly
3/4 inch meter, $60.12 bimonthly
1-inch meter, $100.20 bimonthly
1 1/4 inch meter, $146.29 bimonthly
1 1/2 inch meter, $200.40 bimonthly
2 inch meter, $320.64 bimonthly
3 inch meter, $601.20 bimonthly
4 inch meter, $1002.00 bimonthly
6 inch meter, $2004.00 bimonthly
10 inch meter, $5010.00 bimonthly
12 inch meter, $8216.40 bimonthly

INCREMENTAL LEAK ADJUSTMENT

$0.44 per M gallons. To be used when the bill reflects unusual consumption which can be attributed to eligible water leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage.

RESALE RATE- $2.50 per 1,000 gallons

DELAYED PAYMENT PENALTY

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

CONNECTION CHARGE (If applicable)

Prior to construction- $100.00
After construction passes the premises to be served, charge for connection to system- $500.00.

These rates represent the following increases for all District customers over the proposed non-project related rate increase:

($) INCREASE, (%) INCREASE

Residential 9,000 gallons bimonthly), $2.37, 4.5%
Commercial (24,000 gallons bimonthly), $5.44, 4.5%
Industrial (40,000 gallons bimonthly) $8.48, 4.5%
Resale (100,000 gallons bimonthly) $110.00, 4.5
5 Other

The proposed increased rates and charges post project will produce approximately $180,100 annually in additional revenue, an increase of 9.5%.

The increases shown are based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges are only a proposal and are subject to change (increases or decreases) by the Public Service Commission in its review of this filing.

A complete copy of this tariff, as well as a representative of the District to provide any information requested concerning it, is available to all customers, prospective customers, or their agents at the following office of the District:

Mason County Public Service District
101 Camden Avenue
Point pleasant, West Virginia 25550

A copy of this tariff is also available for public inspection at the office of the Executive Secretary of the Public Service Commission at 201 Brooks Street, Charleston, West Virginia.

Pursuant to §24-2-11, West Virginia Code, IT IS ORDERED that the o Mason County Public Service District give notice of the filing of said application, by publishing a copy of this order twice in newspapers duly qualified by the Secretary of State, published and of general circulation in Mason, Putnam, and Jackson Counties, making due return to this Commission of proper certification of publication immediately after publication. Anyone desiring to protest or intervene should file a written protest or notice of intervention within 30 days following the date of this publication unless otherwise modified by Commission order. Failure to timely protest or intervene can affect your right to protest aspects of this certificate case, including any associated rate increases, or to participate in future proceedings. All protests or requests to intervene should briefly state the reason for the protest or intervention. Requests to intervene must comply with the Commission's rules on intervention set forth in the Commission's Rules of Practice and Procedure. All protests and interventions should be addressed to Sandra Squire, Executive Secretary, P.O. Box 812, Charleston, West Virginia 25323.

IT IS FURTHER ORDERED that if no protests are received within said thirty (30) day period, the Commission may waive formal hearing and grant the application based on the evidence submitted with said application and its review thereof.

FOR THE COMMISSION: Sandra Squire
Executive Secretary
6/26, 7/2

50¢

ESTABLISHED 1900

COOKIE ALLEN
PUBLISHER

PHONE 304-562-9881

THE HURRICANE BREEZE

THE WEEKLY NEWSPAPER FOR ALL OF PUTNAM COUNTY
488 HURRICANE CREEK ROAD
P.O. BOX 310
HURRICANE, WEST VIRGINIA 25526

CERTIFICATE OF PUBLICATION

STATE OF WEST VIRGINIA,
COUNTY OF PUTNAM, To wit:

This day personally appeared before me, a Notary Public of said County of Putnam,.....Ron.Allen.....of The Hurricane Breeze, and after being duly sworn deposes and says that the attached legal publication was duly published in The Hurricane Breeze for..Two..(2) consecutive issues, in its issues dated .... June 24 & July 1, 2004..

Ron Allen
.....
The Hurricane Breeze

Subscribed and sworn to before me this..2nd.....day of.....July ....., 2004...

Lora V. Hart
.....
Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
LORIA V. HART
135 Willard Circle
Hurricane, WV 25526
My Commission Expires May 1, 2010

LEGAL ADVERTISEMENT LEGAL ADVERTISEMENT

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered at a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 18th day of June, 2004.

CASE NO. 04-0950-PWD-CN-42T

MASON COUNTY PUBLIC SERVICE DISTRICT, a public corporation,

Application for a Certificate of Convenience and Necessity to construct the Congoleum Waste Line Project and for a general increase in rates and charges.

NOTICE OF FILING

WHEREAS, on June 18, 2004, the Mason County Public Service District filed an application, duly verified, with the Commission to construct certain additions and improvements to its water system in Mason County and a tariff containing a requested increase in rates, tolls and charges for furnishing water service to approximately 4,428 users located in Mason, Putnam and Jackson Counties. The application is on file with and available for public inspection at the Public Service Commission, 201 Brooks Street, Charleston, West Virginia.

WHEREAS, the District is seeking approval of the non-project related rate increase to take effect prior to the completion of the proposed rate case. The non-project related rate increase, if approved, will affect the proposed rates of the former Camp Conley Public Service District system and all classes of the District's other customers.

WHEREAS, the requested rates and charges will become effective July 8, 2004 unless otherwise ordered by the Public Service Commission and will produce $46,854 annually, in additional revenue, or an increase of approximately 2.7%.

WHEREAS, the increase in rates and charges of customers of the former Camp Conley PSD system will be changed by the District's proposed non-project related rate increase as follows:

	($) INCREASE	(%) INCREASE
Residential	$ 0	0
Commercial	$ 0	0
Industrial	$ 0	0
Resale	$ 0	0
Other	$ 0	0

The average monthly bill for the various classes of the District's customers other than customers of the former Camp Conley PSD system will be changed by the District's proposed non-project related rate increase as follows:

	($) INCREASE	(%) INCREASE
Residential (9,000 gallons bimonthly)	$ 1.56	3%
Commercial (24,000 gallons bimonthly)	$ 3.58	3%
Industrial (40,000 gallons bimonthly)	$ 5.50	3%
Resale (100,000 gallons bimonthly)	$70.00	3%
Other		

Resale customers of Mason County Public Service District include Evans Public Service District; Gallipolis Ferry Water Association; 12Y35 Water Association; and the West Virginia American Water Company.

WHEREAS, the Mason County Public Service District estimates that construction will cost approximately $4,225,000. It is proposed that the construction will be financed by a grant from the U.S. Department of Agriculture, Rural Utilities Services ("RUS") in the amount of $1,000,000 and a $3,225,000 RUS loan, payable over 40 years at 4.75% interest. The utility will also need interim financing.

WHEREAS, the utility anticipates charging the following rates for all its customers after construction of the project:

METERED RATES

First 6,000 gallons bimonthly	$8.68	per 1,000 gallons
Next 8,000 gallons bimonthly	$4.88	per 1,000 gallons
Next 20,000 gallons bimonthly	$4.47	per 1,000 gallons
Next 60,000 gallons bimonthly	$3.51	per 1,000 gallons
All over 100,000 gallons bimonthly	$3.24	per 1,000 gallons

MINIMUM CHARGE

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

5/8-inch meter	$ 40.08	bimonthly
3/4-inch meter	$ 60.12	bimonthly
1-inch meter	$ 100.20	bimonthly
1-1/4-inch meter	$ 146.29	bimonthly
1-1/2-inch meter	$ 200.40	bimonthly
2-inch meter	$ 320.64	bimonthly
3-inch meter	$ 601.20	bimonthly
4-inch meter	$ 1002.00	bimonthly
6-inch meter	$ 2004.00	bimonthly
10-inch meter	$ 5010.00	bimonthly
12-inch meter	$ 8216.40	bimonthly

INCREMENTAL LEAK ADJUSTMENT

$0.44 per M gallons. To be used when the bill reflects unusual consumption which can be attributed to eligible water leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average.

RESALE RATE - $7.50 per 1,000 gallons

DELAYED PAYMENT PENALTY

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

CONNECTION CHARGE (Refundable)

Prior to construction - $100.00.

After construction passes the premises to be served, charge for connection to system - $300.00

These rates represent the following increases for all District customers over the proposed non-project related rate increase:

	($) INCREASE	(%) INCREASE
Residential (9,000 gallons bimonthly)	$ 2.37	4.5%
Commercial (24,000 gallons bimonthly)	$ 5.44	4.5%
Industrial (40,000 gallons bimonthly)	$ 8.36	4.5%
Resale (100,000 gallons bimonthly)	$ 106.00	4.5%
Other		

The proposed increased rates and charges per project will produce approximately $150,100 annually, in additional revenue, an increase of 9.5%.

The increases shown are based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges are only a proposal and are subject to change (increases or decreases) by the Public Service Commission in its review of this filing.

A complete copy of this tariff, as well as representative of the District to provide any information requested concerning it, is available to all customers, prospective customers, or their agents at the following office of the District:

Mason County Public Service District
101 Camden Avenue
Point Pleasant, West Virginia 25550

A copy of this tariff is also available for public inspection at the office of the Executive Secretary of the Public Service Commission at 201 Brooks Street, Charleston, West Virginia.

Pursuant to §24-2-11, West Virginia Code, IT IS ORDERED that the Mason County Public Service District give notice of the filing of said application, by publishing a copy of this order in two newspapers duly qualified by the Secretary of State published and of general circulation in Mason, Putnam, and Jackson Counties, making direction to the Commission of proper certification of publication immediately after publication. Anyone desiring to protest or intervene should file a written protest or notice of intervention within 30 days following the date of this publication unless otherwise modified by Commission order. Failure to timely protest or intervene can affect your right to protest aspects of this certificate case, including any associated rate increases, or to participate in future proceedings. All protests or requests to intervene must comply with the Commission's rules on intervention set forth in the Commission's Rules of Practice and Procedure. All protests and intervention should be addressed to Sandra Squire, Executive Secretary, P.O. Box 812, Charleston, West Virginia 25323.

IT IS ORDERED that if no protests or notices of intervention are received within said thirty (30) day period, the Commission may waive formal hearing and grant the application based on the evidence submitted with said application and its review thereof.

FOR THE COMMISSION

SANDRA SQUIRE
Executive Secretary

6-24-31

AFFIDAVIT OF PUBLICATION Cost of Publication_____

State of West Virginia,
County of Jackson, to wit:

I, Gregory S. Matics, being first sworn upon my oath, do depose and say that I am publisher of the newspaper entitled THE JACKSON STAR NEWS, a Democratic newspaper that I have been duly authorized by the board of directors of such corporation to execute all affidavits of publication; that such newspaper has been published for more than one year prior to publication of the annexed notice described below; that such newspaper is regularly published once weekly on Wednesday for at least fifty weeks during the calendar year, in the Municipality of Ravenswood, Jackson County, West Virginia; that such newspaper is a newspaper of "general circulation," as that term is defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended, within the publication area or areas of the aforesaid municipality and county; that such newspaper averages in length four or more pages, exclusive of any cover per issue; that such newspaper is circulated to the general public at a definite price of consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, that the annexed

notice of Mason County PublicService District Notice

was duly published in said newspaper once a week for 2 successive weeks, commencing

with the issue of the 24th day of June 20 04

and ending with the issue of the 1st day of July 20 04, (and

was posted at the_____

on the_____ day of_____, 20_____).

/s/ Gregory S. Matics

Gregory S. Matics, Publisher
The Jackson Star News

Take, subscribed and sworn to before me in my said county this 21st day of July, 20 04.

My commission expires July 17, 2011

OFFICIAL SEAL
NOTARY PUBLIC, STATE OF WEST VIRGINIA
SALLY L. CARTER
JACKSON STAR NEWS
P. O. BOX 10 410 MAGE ST.
RAVENSWOOD, WV 26164
MY COMMISSION EXPIRES JULY 17, 2011

/s/ Sally L. Carter
Notary Public of Jackson County, West Virginia

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered by the Public Service Commission of West Virginia, in the City of Charleston on the 18th day of June, 2004.

CASE NO. 04-0950-PWD-CN-42T

MASON COUNTY PUBLIC SERVICE DISTRICT,
a public corporation,
Application for a Certificate of Convenience and
Necessity to construct the Conglomo Water Line
Project and for a general increase to rates and charges.

NOTICE OF FILING

WHEREAS, on June 18, 2004, the Mason County Public Service District filed an application, duly verified, for a Certificate to construct certain additions and improvements to its water system in Mason County and a tariff containing a requested increase in rates, tolls, and charges for furnishing water service to approximately 4,428 users located in Mason, Putnam, and Jackson Counties. The application is on file with and available for public inspection at the Public Service Commission, 201 Brooks Street, in Charleston, West Virginia.

WHEREAS, the District is seeking approval of a non-project related rate increase to take effect prior to implementation of the project related rates. The non-project related rate increase, if approved, will make the rates of the customers of the former Camp Conley Public Service District system identical to those of the District's other customers.

WHEREAS, the proposed increased rates and charges will become effective July 18, 2004 unless otherwise ordered by the Public Service Commission and will produce $46,854 annually in additional revenues, or an overall increase in revenues of approximately 2.7%

WHEREAS, the average monthly bill for the various classes of customers of the former Camp Conley PSD system will be changed by the District's proposed non-project related rate increase as follows :

	($)INCREASE	(%)INCREASE
Residential	0	0
Commercial	0	0
Industrial	0	0
Resale	0	0
Other	0	0

The average monthly bill for the various classes of the District's customers other than customers of the former Camp Conley PSD system will be changed by the District's proposed non-project related rate increase as follows :

	($)INCREASE	(%)INCREASE
Residential (9,000 gallons bimonthly)	$ 1.58	3%
Commercial (24,000 gallons bimonthly)	$ 3.58	3%
Industrial (40,000 gallons bimonthly)	$ 5.50	3%
Resale (100,000 gallons bimonthly)	$70.00	3%
Other		

Resale customers of Mason County Public Service District include Evans Public Service District, Gallipolis Ferry Water Association, J2Y35 Water Association, and the West Virginia American Water Company.

WHEREAS, the Mason County Public Service District estimates that construction will cost approximately $6,225,000. It is proposed that the construction will be financed by a grant from the U. S. Department of Agriculture, Rural Utilities Services ("RUS") in the amount of $1,000,000 and a $3,222,000 RUS loan, payable over 40 years at 4.75% interest. The utility will not need interim financing.

WHEREAS, the utility anticipates charging the following rates for all its customers after construction of the project:

METERED RATES

First	6,000	gallons	bimonthly	$6.68	per 1,000 gallons
Next	14,000	gallons	bimonthly	$4.86	per 1,000 gallons
Next	20,000	gallons	bimonthly	$4.47	per 1,000 gallons
Next	60,000	gallons	bimonthly	$3.51	per 1,000 gallons
All over 100,000		gallons	bimonthly	$3.24	per 1,000 gallons

MINIMUM CHARGE

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

5/8	-inch meter	$ 40.08	bimonthly
3/4	-inch meter	$ 50.12	bimonthly
1	-inch meter	$ 100.20	bimonthly
1-1/4	-inch meter	$ 146.29	bimonthly
1-1/2	-inch meter	$ 200.40	bimonthly
2	-inch meter	$ 320.64	bimonthly
3	-inch meter	$ 601.20	bimonthly
4	-inch meter	$ 1002.00	bimonthly
6	-inch meter	$ 2004.00	bimonthly
10	-inch meter	$ 5010.00	bimonthly
12	-inch meter	$ 8216.40	bimonthly

INCREMENTAL LEAK ADJUSTMENT

$0.44 per M gallons. To be used when the bill reflects unusual consumption which can be attributed to eligible water leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage.

RESALE RATE - $2.50 per 1,000 gallons

DELAYED PAYMENT PENALTY

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

CONNECTION CHARGE (if applicable)

Prior to construction - $100.00.

After construction passes the premises to be served, charge for connection to system - $300.00.

These rates represent the following increases for all District customers over the proposed non-project related rate increase:

		($)INCREASE	(%)INCREASE
Residential	(9,000 gallons bimonthly)	$2.37	4.5%
Commercial	(24,000 gallons bimonthly)	$5.44	4.5%
Industrial	(40,000 gallons bimonthly)	$8.48	4.5%
Resale	(100,000 gallons bimonthly).	$110.00	4.5%
Other			

The proposed increased rates and charges post project will produce approximately $250,100 annually in additional revenue, an increase of 9.5%.

The increases shown are based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges are only a proposal and are subject to change (increases or decreases) by the Public Service Commission in its review of this filing.

A complete copy of this tariff, as well as a representative of the District to provide any information requested concerning it, is available to all customers, prospective customers, or their agents at the following office of the District:

Mason County Public Service District
101 Caroden Avenue
Point Pleasant, West Virginia 25550

A copy of this tariff is also available for public inspection at the office of the Executive Secretary of the Public Service Commission at 201 Brooks Street, Charleston, West Virginia.

Pursuant to 24-2-11, West Virginia Code, IT IS ORDERED that the Mason County Public Service District give notice of the filing of said application, by publishing a copy of this order twice in newspapers duly qualified by the Secretary of State, published and of general circulation in Mason, Putnam, and Jackson Counties, making due return to this Commission of proper certification of publication immediately after publication. Anyone desiring to protest or intervene should file a written protest or notice of intervention within 30 days following the date of this publication unless otherwise modified by Commission order. Failure to timely protest or intervene can affect your right to protest aspects of this certificate case, including any associated rate increases, or to participate in future proceedings. All protests or requests to intervene should briefly state the reason for the protest or intervention. Requests to intervene must comply with the Commission's rules on intervention set forth in the Commission's Rules of Practice and Procedure. All protests and interventions should be addressed to Sandra Squire, Executive Secretary, P. O. Box 812, Charleston, West Virginia 25323.

IT IS FURTHER ORDERED that if no protests are received within said thirty (30) day period, the Commission may waive formal hearing and grant the application based on the evidence submitted with said application and its review thereof.

FOR THE COMMISSION

Sandra Squire
Executive Secretary

Notice of Filing

AFFIDAVIT OF PUBLICATION

#03/279

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

I, **Bryant, Kathie** being first duly sworn, depose and say that I am Legal Clerk for The Herald-Dispatch, a corporation, who publishes at Huntington, Cabell County, West Virginia, the newspaper: The Herald-Dispatch, an independent newspaper, in the morning seven days each week, Monday through Sunday including New Year's Day, Memorial Day, the Fourth of July, Labor Day, Thanksgiving and Christmas; that I have been duly authorized by the Board of Directors of such corporation to execute this affidavit of publication for and on behalf of such corporation and the newspaper mentioned herein; that the legal advertisement attached in the left margin of this affidavit and made a part hereof and bearing number **LH- 495401** was duly published in

The Herald-Dispatch

one time, once a week for 2 successive weeks, commencing with its issue of the **08** day of **10**, **2004** and ending with the issue of the **15** day of **10**, **2004** and was posted at the **East door of the Cabell County Courthouse on 08** day of **10**, **2004**: that said legal advertisement was published on the following dates:

10-8-15-04

that the cost of publishing said annexed advertisement as aforesaid was $625.63; that such newspaper in which such legal advertisement was published has been and is now published regularly, at least as frequently as once a week for at least fifty weeks during the calendar year as prescribed by its mailing permit, and has been so published in the municipality of Huntington, Cabell County, West Virginia, for at least one year immediately preceding the date on which the legal advertisement set forth herein was delivered to such newspaper for publication; that such newspaper is a newspaper of "general circulation" as defined in Article 3, Chapter 59, of the West Virginia Code, within the publication area or areas of the municipality of Huntington, Cabell and Wayne Counties, West Virginia, and that such newspaper is circulated to the general public at a definite price or consideration, that such newspaper on each date published consists of not less than four pages without a cover; and that it is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, advertisements and other notices.

Taken, subscribed and sworn to before me in my said county this **12** day of **10**, **2004**

My commission expires June 6, 2012

Constance S. Rappold

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
CONSTANCE S. RAPPOLD
4607 MAGAZINE AVENUE
HUNTINGTON, WV 25704
My commission expires June 6, 2012

Notary Public
Cabell County

Not. of Filing
Page 1 of 2

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

[illegible]

CASE NO. 04-1959-PWD-CN-27

MASON COUNTY PUBLIC SERVICE DISTRICT
a public corporation
Application for a Certificate of Convenience and
Necessity to operate the Cox Landing Water Line
Project and for a general increase in rates and charges.

NOTICE OF FILING

WHEREAS, on June 3, 2004 the Mason County Public Service District filed an application, duly verified, for a Certificate of Convenience and Necessity to construct certain additions and improvements to the water system in Mason County, and a tariff containing a proposed increase in rates, tolls, and charges for furnishing water service to approximately 1,428 users located in Mason, Putnam, and Jackson Counties. The application is on file with and available for public inspection at the Public Service Commission, 201 Brooks Street, in Charleston, West Virginia.

WHEREAS, the District is seeking approval of a temporary proposed related rate increase to take effect prior to implementation of the project related rates. The temporary related rate increase, if approved, will add to the rates of the customers of the former Camp Conley Public Service District system identical to those of the District's other customers.

WHEREAS, the proposed increase rates and charges will become effective July 18, 2004 unless otherwise ordered by the Public Service Commission and will produce $46,884 annually in additional revenues, or an overall increase in revenues of approximately 2.7%.

WHEREAS, the average monthly bill for the various classes of customers of the former Camp Conley PSD system will be changed by the District's proposed non-project related rate increase as follows:

	(1)INCREASE	(2)INCREASE
Residential	0	0
Commercial	0	0
Industrial	0	0
Resale	0	0
Other	0	0

The average monthly bill for the various classes of the District's customers, other than customers of the former Camp Conley PSD system, will be changed by the District's proposed non-project related rate increase as follows:

	(1)INCREASE	(2)INCREASE
Residential (6,000 gallons bimonthly)	$ 1.54	1%
Commercial (20,000 gallons bimonthly)	$ 1.54	1%
Industrial (40,000 gallons bimonthly)	$ 1.54	1%
Resale (100,000 gallons bimonthly)	$3.100	1%
Other	---	—

Resale customers of Mason County Public Service District include Gauley Public Service District, Gallipolis Ferry Water Association, PTTS Water Association, and the West Virginia American Water Company.

WHEREAS, the Mason County Public Service District estimates that construction will cost approximately $4,225,000. It is proposed that the construction will be financed by a grant from the U.S. Department of Agriculture, Rural Utilities Service ("RUS") in the amount of $1,000,000 and a $3,225,000 RUS loan, payable over 40 years at 4.75% interest. The utility will also need interim financing.

WHEREAS, the utility proposes charging the following rates for all its customers after construction of the project:

METERED RATES

First	6,000	gallons	bimonthly	$6.68	per	1,000 gallons
Next	14,000	gallons	bimonthly	$4.82	per	1,000 gallons
Next	20,000	gallons	bimonthly	$4.47	per	1,000 gallons
Next	60,000	gallons	bimonthly	$3.51	per	1,000 gallons
All over	100,000	gallons	bimonthly	$3.26	per	1,000 gallons

MINIMUM CHARGE

The bill will be rendered for less than the following amounts according to the size of the meter installed.

5/8	inch meter	$ 45.00	bimonthly
3/4	inch meter	$ 60.15	bimonthly
1	inch meter	$ 100.20	bimonthly
1-1/4	inch meter	$ 160.32	bimonthly
1 1/2	inch meter	$ 200.40	bimonthly
2	inch meter	$ 320.64	bimonthly
3	inch meter	$ 601.20	bimonthly
4	inch meter	$ 1002.00	bimonthly
6	inch meter	$ 2004.00	bimonthly
8	inch meter	$ 3010.00	bimonthly
12	inch meter	$ 6020.00	bimonthly

INCREMENTAL LEAK ADJUSTMENT

$0.64 per 1,000 gallons. To be used when the bill reflects abnormal consumption, which can be attributed to eligible water leakage in the customer's side of the meter. This rate shall be applied to all such abnormal consumption above the customer's historical average usage.

RESALE RATE $2.30 per 1,000 gallons

DELAYED PAYMENT PENALTY

The above tariff is net. On all accounts not paid in full within twenty (20) days of the billing date, an penalty (10%) will be added to the current amount owed. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

CONNECTION CHARGE (if applicable)

Prior to construction: $100.00.

After construction passes the premises to be served, charge for connection is current: $100.00.

These rates represent the following increases for all District customers, over the proposed non-project related rate increase:

	(1)INCREASE	(2)INCREASE
Residential (6,000 gallons bimonthly)	$ 2.25	4.2%
Commercial (20,000 gallons bimonthly)	$ 2.68	1.1%
Industrial (40,000 gallons bimonthly)	$ 4.25	1.1%
Resale (100,000 gallons bimonthly)	$10.00	1.5%
Other	—	—

The proposed increased rates and charges pose an overall annual increase of $ 50,110 annually in additional revenues, or an increase of 0.9%.

The increases shown are based on average of all customers in the individual class. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges are only a proposal and are subject to greater increases or decreases by the Public Service Commission in the course of this filing.

A complete copy of the tariff is on file in the office of the District to provide any information requested concerning it, is available to all customers, prospective customers, or their agents at the following office of the District:

Mason County Public Service District
[illegible]
Point Pleasant, West Virginia 25550

A copy of this notice is also available for public inspection at the office of the Executive Secretary of the Public Service Commission at 201 Brooks Street, Charleston, West Virginia.

Pursuant to §24-2-11, West Virginia Code, IT IS ORDERED that the Mason County Public Service District give notice of this filing and application by publishing a copy of this order twice in a newspaper duly qualified by the Secretary of State, published, and in general circulation in Mason, Putnam, and Jackson Counties, stating the nature of the application, including reference to the Commission's order of proper certification of publication in each county, the publication.

Anyone desiring to protest or intervene should file a written protest or notice of intervention within 30 days following the date of the publication of this notice and filed by Commission order. Failure to timely protest or intervene can affect your right to notice and to be heard in the certification case, including any subsequent administrative or judicial review of the Public Service Commission's order in these proceedings. All protests or requests to intervene should briefly state the reason for the protest or intervention. Requests to intervene must comply with the Commission's rules on intervention as found in the Commission's Rules of Practice and Procedure. All protests and interventions should be addressed to Sandra Squire, Executive Secretary, P.O. Box 812, Charleston, West Virginia 25323.

IT IS FURTHER ORDERED that if no protests or notices of intervention are received within the 30 day period, the Commission may review the financial filing and grant the application based on the evidence contained with said application and the tariff filing.

BY THE COMMISSION

Sandra Squire

Page 2 of 2
Not of Filing

PO Box 619
Morgantown WV
26507

Point Pleasant Register

POINT PLEASANT, WV

ID # 550516314
39 words per inch
$4.10/inch

PROOF OF PUBLICATION

The State of West Virginia,

Mason County, ss:

I, Elizabeth Barnette, Advertising

Point Pleasant Register

Make solemn oath that notice, of which the attached is a true copy, was published in The Point Pleasant Register, a newspaper printed in the City of Point Pleasant in said County of Mason, and of general circulation in said County, 1 times, beginning on June 10, 2005, and ending —, 2005.

Elizabeth Barnette

Point Pleasant, WV June 10, 2005

Sworn to and subscribed before me this day.

Printer's fees $ 34.85

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
BRIAN BILLINGS
524 27th STREET
POINT PLEASANT, WV 25550
My Commission Expires January 28, 2012

Public Notice

MASON COUNTY PUBLIC SERVICE DISTRICT NOTICE OF SPECIAL MEETING

The Public Service Board of Mason County Public Service District (the "District") will hold a special meeting on Wednesday, June 22, 2005, at 10:00 a.m., prevailing time, at the District's office at 101 Camden Avenue, Point Pleasant, West Virginia, for the following purposes:

1. To consider and adopt a proposed Bond Resolution authorizing its Water Revenue Bonds, Series 2005 A and Series 2005 B (United States Department of Agriculture), in the respective principal amounts of $3,222,000 and $238,000 (the "Bonds"), to pay the costs of acquisition and construction of extensions and improvements to the existing public water facilities of the District (the "Project") and the costs of issuance and related costs.
2. To consider and adopt a proposed Supplemental Resolution approving the terms and other provisions of the Bonds.
3. To consider and adopt a proposed Resolution approving the invoices in connection with the Project for payment with proceeds of the Bonds.
4. To consider and approve all other documents and matters in connection with the financing and construction of the Project.

This meeting is open to the press and the public and any person interested may attend such meeting.
Mary Smith
Secretary
6/10

13B

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UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
MASON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2005 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. AR-1 $3,222,000

FOR VALUE RECEIVED, on this 24th day of June, 2005, MASON COUNTY PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Mason County of said State (the "Issuer"), promises to pay to the order of the UNITED STATES OF AMERICA (the "Government"), at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, and in the manner provided below, the principal sum of THREE MILLION TWO HUNDRED TWENTY TWO THOUSAND DOLLARS ($3,222,000), or such lesser amount as is set forth on the Record of Advances attached hereto and incorporated herein by reference, plus interest on the unpaid principal balance at the rate of 4.25% per annum.

The principal of and interest on this Bond shall be paid in the following installments on the following dates: Monthly installments of interest only on the amounts advanced hereunder, commencing 30 days following the date of delivery of this Bond and continuing on the corresponding day of each month thereafter for the first 24 months after the date hereof, and thereafter, on the corresponding day of each month in installments of principal and interest in the aggregate amount of $14,274, except that the final installment shall be paid at the end of 40 years from the date of this Bond in the sum of the unpaid principal and interest due on the date thereof and except that prepayments may be made as provided below. This consideration shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to the Issuer as requested by the Issuer and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Issuer. Extra payments, as defined in the regulations of the Government, shall, after payment of interest, be applied to the installment last to come due under this Bond and shall not affect the obligation of the Issuer to pay the remaining installments as scheduled herein.

Any amount advanced or expended by the Government for the collection hereof, or to preserve or to protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government, shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by the Issuer to the Government without demand. The Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Government. The Issuer has granted to the Government a lien on the proceeds of this Bond until such proceeds are expended for authorized purposes.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public water facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. The existing public water facilities of the Issuer, the Project and any further improvements and extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), a Bond Resolution duly adopted by the Issuer on June 22, 2005, and a Supplemental Resolution duly adopted by the Issuer on June 22, 2005 (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 this Bond under the Resolution.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT 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

SPECIMEN

SEPTEMBER 25, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $818,000; (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; (6) WATER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA DWTRF PROGRAM), DATED JUNE 28, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $960,000; (7) WATER REVENUE BONDS, SERIES 2001 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 16, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $375,000; (8) WATER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA DWTRF PROGRAM), DATED JUNE 8, 2004, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $602,000; AND (9) WATER REVENUE BONDS, SERIES 2005 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 24, 2005, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $238,000 (COLLECTIVELY, THE "FIRST LIEN 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 System, on a parity with the pledge of Net Revenues in favor of the registered owners of the First Lien Bonds, and from moneys in the reserve account created under the Resolution for this Bond (the "Series 2005 A Bonds Reserve Account") and unexpended proceeds of this Bond. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2005 A Bonds Reserve Account and unexpended proceeds of this Bond. Pursuant to the Resolution, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on this Bond and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the First Lien Bonds; provided however, that so long as there exists in the Series 2005 A Bonds Reserve Account, an amount equal to the maximum amount of principal and interest which will become due on this Bond in any year, and in the respective reserve accounts for any other obligations outstanding on a parity with this Bond, including the First Lien Bonds, an amount equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owner of this Bond for the terms of which reference is made to the Resolution. Remedies provided the Registered Owner of this Bond are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof.

SPECIMEN

Subject to the registration requirements in the Resolution, this Bond is transferable, as provided in the Resolution, only upon the books of the Secretary of the Issuer, as registrar (the "Registrar"), which shall be kept for that purpose at the office of the Registrar, by the Registered Owner or by its attorney or legal representative duly authorized in writing, upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the Registered Owner or its attorney or legal representative duly authorized in writing.

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Resolution, shall be applied solely to payment of the costs of acquisition and construction of the Project and the costs of issuance hereof as 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.

The Issuer hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for such purposes and periods of time.

If at any time it so appears to the Government that the Issuer may be able to obtain a loan from a responsible cooperative or private creditor at reasonable rates and terms for loans for such purposes and period of time, the Issuer will at the Government's request apply for and accept such loan in sufficient amount to repay the Government.

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

This Bond is given as evidence of a loan to the Issuer made or insured by the Government pursuant to the Rural Development Act of 1972. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

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

All provisions of the 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.

AR-1

SPECIMEN

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $331,000	6/24/05	(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 $

AR-1

ASSIGNMENT SPECIMEN

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

Dated: _____, ___.

_____

In the presence of:

_____

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 as of the date first written above.

Chairperson

SPECIMEN

[SEAL]

ATTEST:

Mary E. Smith

Secretary

SPECIMEN

NUMBER

BR-1

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
MASON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2005 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. BR-1 $238,000

FOR VALUE RECEIVED, on this 24th day of June, 2005, MASON COUNTY PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Mason County of said State (the "Issuer"), promises to pay to the order of the UNITED STATES OF AMERICA (the "Government"), at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, and in the manner provided below, the principal sum of TWO HUNDRED THIRTY EIGHT THOUSAND DOLLARS ($238,000), or such lesser amount as is set forth on the Record of Advances attached hereto and incorporated herein by reference, plus interest on the unpaid principal balance at the rate of 4.25% per annum.

The principal of and interest on this Bond shall be paid in the following installments on the following dates: Monthly installments of interest only on the amounts advanced hereunder, commencing 30 days following the date of delivery of this Bond and continuing on the corresponding day of each month thereafter for the first 24 months after the date hereof, and thereafter, on the corresponding day of each month in installments of principal and interest in the aggregate amount of $1,055, except that the final installment shall be paid at the end of 40 years from the date of this Bond in the sum of the unpaid principal and interest due on the date thereof and except that prepayments may be made as provided below. This consideration shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to the Issuer as requested by the Issuer and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Issuer. Extra payments, as defined in the regulations of the Government, shall, after payment of interest, be applied to the installment last to come due under this Bond and shall not affect the obligation of the Issuer to pay the remaining installments as scheduled herein.

Any amount advanced or expended by the Government for the collection hereof, or to preserve or to protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government, shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by the Issuer to the Government without demand. The Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Government. The Issuer has granted to the Government a lien on the proceeds of this Bond until such proceeds are expended for authorized purposes.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public water facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. The existing public water facilities of the Issuer, the Project and any further improvements and extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), a Bond Resolution duly adopted by the Issuer on June 22, 2005, and a Supplemental Resolution duly adopted by the Issuer on June 22, 2005 (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 this Bond under the Resolution.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT 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

SPECIMEN

OF $818,000; (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; (6) WATER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA DWTRF PROGRAM), DATED JUNE 28, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $960,000; (7) WATER REVENUE BONDS, SERIES 2001 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 16, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $375,000; (8) WATER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA DWTRF PROGRAM), DATED JUNE 8, 2004, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $602,000; AND (9) WATER REVENUE BONDS, SERIES 2005 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 24, 2005, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,222,000 (COLLECTIVELY, THE "FIRST LIEN 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 System, on a parity with the pledge of Net Revenues in favor of the registered owners of the First Lien Bonds, and from moneys in the reserve account created under the Resolution for this Bond (the "Series 2005 B Bonds Reserve Account") and unexpended proceeds of this Bond. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2005 B Bonds Reserve Account and unexpended proceeds of this Bond. Pursuant to the Resolution, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on this Bond and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the First Lien Bonds; provided however, that so long as there exists in the Series 2005 B Bonds Reserve Account, an amount equal to the maximum amount of principal and interest which will become due on this Bond in any year, and in the respective reserve accounts for any other obligations outstanding on a parity with this Bond, including the First Lien Bonds, an amount equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owner of this Bond for the terms of which reference is made to the Resolution. Remedies provided the Registered Owner of this Bond are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof.

SPECIMEN

Subject to the registration requirements in the Resolution, this Bond is transferable, as provided in the Resolution, only upon the books of the Secretary of the Issuer, as registrar (the "Registrar"), which shall be kept for that purpose at the office of the Registrar, by the Registered Owner or by its attorney or legal representative duly authorized in writing, upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the Registered Owner or its attorney or legal representative duly authorized in writing.

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Resolution, shall be applied solely to payment of the costs of acquisition and construction of the Project and the costs of issuance hereof as 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.

The Issuer hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for such purposes and periods of time.

If at any time it so appears to the Government that the Issuer may be able to obtain a loan from a responsible cooperative or private creditor at reasonable rates and terms for loans for such purposes and period of time, the Issuer will at the Government's request apply for and accept such loan in sufficient amount to repay the Government.

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

This Bond is given as evidence of a loan to the Issuer made or insured by the Government pursuant to the Rural Development Act of 1972. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

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

All provisions of the 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.

NUMBER

BR-1

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 as of the date first written above.

Doris Ruby

Chairperson

SPECIMEN

[SEAL]

ATTEST:

Mary E. Smith

Secretary

SPECIMEN

NUMBER

BR-1

RECORD OF ADVANCES SPECIMEN

AMOUNT	DATE	AMOUNT	DATE
(1) $12,000	6/24/05	(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

BR-1

ASSIGNMENT SPECIMEN

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _

_____

_____the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____, ___.

_____

In the presence of:

_____

BOND REGISTER 2.9(A)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
MASON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2005 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

Bond Number	Principal Amount	Date of Bond
No. AR-1	$3,222,000	June 24, 2005

NO WRITING ON THIS BOND REGISTER EXCEPT BY THE REGISTRAR

Name of Registered Owner:	Signature of Registrar:
United States of America National Finance Office 1520 Market Street St. Louis, Missouri 63103	Mason County Public Service District Mary L. Smith Secretary
_____	_____
_____	_____
_____	_____

05/11/05
100424/00306

M0423655.1

BOND REGISTER

2.9(B)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
MASON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2005 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

Bond Number	Principal Amount	Date of Bond
No. BR-1	$238,000	June 24, 2005

NO WRITING ON THIS BOND REGISTER EXCEPT BY THE REGISTRAR

Name of Registered Owner:	Signature of Registrar:
United States of America National Finance Office 1520 Market Street St. Louis, Missouri 63103	Mason County Public Service District Mary L. Smith Secretary
_____	_____
_____	_____
_____	_____

05/11/05
100424/00306

M0456747.1

United States Department of Agriculture
Rural Development
West Virginia State Office

MASON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2005 A AND SERIES 2005 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

CONSENT TO ISSUANCE OF PARITY BONDS

The undersigned duly authorized representative of the United States of America, acting through the United States Department of Agriculture, Rural Development, the registered owner of the Prior Bonds, hereinafter defined and described, hereby (i) consents to the issuance of the Water Revenue Bonds, Series 2005 A (United States Department of Agriculture), in the original aggregate principal amount of $3,222,000, and the Water Revenue Bonds, Series 2005 B (United States Department of Agriculture), in the original aggregate principal amount of $238,000 (collectively, the "Series 2005 Bonds"), by Mason County Public Service District (the "Issuer"), under the terms of the resolutions authorizing the Series 2005 Bonds (collectively, the "Resolution"), on a parity with respect 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 1999 A (United States Department of Agriculture); and Water Revenue Bonds, Series 2001 A (United States Department of Agriculture) (collectively, the "Prior Bonds"); (ii) waives any requirements imposed by the Prior Bonds or the resolutions authorizing the Prior Bonds (the "Prior Resolutions"), regarding the issuance of parity bonds which are not met by the Series 2005 Bonds or the Resolution; and (iii) consents to any amendments made to the Prior Resolutions by the Resolution.

WITNESS my signature on this 24th day of June, 2005.

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

State Director

75 High Street Federal Building • Suite 320 • Morgantown, WV 26505-7500
Phone: (304) 284-4860 • Fax: (304) 284-4893 • TDD: (304) 284-4836 • Web: http://www.rurdev.usda.gov/wv

Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."
To file a complaint of discrimination write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice or TDD).

WEST VIRGINIA
Water Development Authority

Celebrating 31 Years of Service 1974 - 2005

MASON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2005 A AND SERIES 2005 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

CONSENT TO ISSUANCE OF PARITY BONDS

In reliance upon a certificate of an independent certified public accountant stating that the coverage and parity requirements have been met, the undersigned duly authorized representative of the West Virginia Water Development Authority, the registered owner of the Prior Bonds, hereinafter defined and described, hereby consents to the issuance of the Water Revenue Bonds, Series 2005 A (United States Department of Agriculture), in the original aggregate principal amount of $3,222,000, and the Water Revenue Bonds, Series 2005 B (United States Department of Agriculture), in the original aggregate principal amount of $238,000 (collectively, the "Series 2005 Bonds"), by Mason County Public Service District (the "Issuer"), under the terms of the resolutions authorizing the Series 2005 Bonds, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Water Revenue Bonds, Series 1997 B, Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program), and Water Revenue Bonds, Series 2004 A (West Virginia DWTRF Program) (collectively, the "Prior Bonds").

WITNESS my signature on this 24th day of June, 2005.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Authorized Representative

180 Association Drive, Charleston, WV 25311-1217
phone (304) 558-3612 / fax (304) 558-0299
www.wwda.org

MASON COUNTY PUBLIC SERVICE DISTRICT 3.1
WATER REVENUE BONDS, SERIES 2005 A AND SERIES 2005 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

GENERAL CERTIFICATE ON:

1. TERMS AND AWARD OF BONDS
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. SPECIMEN BOND
13. BOND PROCEEDS
14. USERS
15. GRANTS
16. CONFLICT OF INTEREST
17. PROCUREMENT OF ENGINEERING SERVICES
18. WETLANDS COVENANT
19. COUNTERPARTS

On this 24th day of June, 2005, 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 Issuer's Water Revenue Bonds, Series 2005 A and Series 2005 B (United States Department of Agriculture) (collectively, the "Bonds" or individually, the "Series 2005 A Bonds" and the "Series 2005 B Bonds"), dated the date hereof, as follows:

1. TERMS AND AWARD OF BONDS: The entire issue of the Bonds has been duly awarded to the United States of America, United States Department of Agriculture, Rural Utilities Service (the "Government"), pursuant to a letter of conditions dated June 17, 2002, an amended letter of conditions dated May 17, 2005 (collectively, the "Letter of Conditions"), a Bond Resolution duly adopted by the Issuer on June 22, 2005, and a Supplemental Resolution duly adopted by the Issuer on June 22, 2005 (collectively, the "Resolution"). All capitalized words and terms used in this Certificate and not otherwise defined herein shall have the same meaning as set forth in the Resolution.

2. NO LITIGATION: No controversy or litigation of any nature is now pending or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any manner the authorization, issuance, sale and delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection or use of the revenues of the System, or the pledge and security of the Net Revenues for the Bonds; nor affecting the validity of the Bonds or any provisions made or authorized for the payment thereof; nor questioning the existence of the Issuer or the title of the members or officers of the Issuer or the Board thereof to their respective offices; nor questioning any proceedings of the Issuer taken with respect to the authorization, issuance, sale or delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection or use of the revenues of the System, or the pledge and security of the Net Revenues for the Bonds.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals, licenses, orders, permits, exemptions, consents, authorizations, registrations and certificates required by law for the creation and existence of the Issuer, the acquisition and construction of the Project, the operation of the System, the imposition of rates and charges and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for construction of the Project have been solicited by the Issuer in accordance with Chapter 5, Article 22, Section 1 of the Code of West Virginia, 1931, as amended, which bids remain in full force and effect.

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

The Bonds shall be issued on a parity with each other and with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has met the parity and coverage requirements of the Prior Bonds and the Prior Resolutions and has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature. The Issuer has obtained (1) the certificate of an Independent Certified Public Accountant stating that the parity and coverage tests of the Prior Bonds have been met; and (2) the written consent of the Registered Owners of the Prior Bonds to the issuance of the Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

5. SIGNATURES AND DELIVERY: The undersigned Chairperson and Secretary are the duly elected or appointed, qualified and acting officers of the Issuer as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Bonds for the Issuer. The seal impressed upon the Bonds and this

Certificate is the duly authorized, proper and only seal of the Issuer. On the date hereof, the undersigned Chairperson did officially sign all of the Bonds, consisting upon original issuance of a single Bond for each series, dated the date hereof, by his or her manual signature; the undersigned Secretary did officially cause the seal of the Issuer to be affixed upon the Bonds and to be attested by his or her manual signature; and the Chairperson did deliver the Bonds to a representative of the Government as the original purchaser of the Bonds.

6. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the PSC Orders entered on November 22, 2004, and June 7, 2005, in Case No. 04-0950-PWD-CN-42T, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the rates for the System and the financing for the Project. The time for appeal of the November 22, 2004 Order has expired prior to the date hereof without any appeal having been filed. The time for appeal of the June 7, 2005 Order has not expired on the date hereof. However, the parties to such Order have stated that they do not intend to appeal such Order. The Issuer hereby certifies that it will not appeal such Order. Such Orders remain in full force and effect.

7. RATES: The rates of the System, as approved by the PSC Order entered on November 22, 2004, in Case No. 04-0950-PWD-CN-42T, will become effective when the Project is substantially complete.

8. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Mason County Public Service District." The Issuer is a public service district and a public corporation duly created by The County Commission of Mason County and presently existing under the laws of, and a political subdivision of, the State of West Virginia in Mason County of said State. The Issuer operates the System in Mason, Putnam, Jackson and Cabell Counties of said State. The governing body of the Issuer is its Public Service Board, consisting of three duly appointed, qualified and acting members, whose names and dates of termination of their current terms are as follows:

Name	Date Of Termination Of Office
Curtis Hunt	August, 2010
Dorsel F. Keefer	August, 2008
Charles R. Lanier	August, 2006

The duly elected or appointed officers of the Board for 2005 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 Casto & Casto, L.C., Point Pleasant, West Virginia. The duly appointed and acting PSC counsel for the Issuer is James V. Kelsh, Esquire, Charleston, West Virginia.

9. LAND AND RIGHTS-OF-WAY: All land, rights-of-way and easements necessary for the acquisition and construction of the Project and the operation and maintenance of the System have been acquired or can and will be acquired by purchase or, if necessary, by condemnation by the Issuer, and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions that would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties that may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bonds.

10. MEETINGS: All actions, resolutions, orders and agreements taken, adopted and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds, the acquisition, construction, and financing of the Project or the operation of 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 Letter of Conditions. All insurance for the System required by the Resolution and the Letter of Conditions are in full force and effect.

12. SPECIMEN BOND: Attached hereto as Exhibit A are specimens of the Bonds which, except as to execution, are identical in all respects with the Bonds this day delivered to the Government and being substantially in the form prescribed in the Resolution.

13. BOND PROCEEDS: On the date hereof, the Issuer received from the Government (i) the sum of $331,000, being a portion of the principal amount of the Series 2005 A Bonds, and (ii) the sum of $12,000, being a portion of the principal amount of the Series 2005 B 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.

14. USERS: The Issuer will serve at least 4,366 bona fide users upon the completion of the Project, in full compliance with the Letter of Conditions.

15. GRANTS: As of the date hereof, the grant from the Government in the amount of $1,239,000 is committed for the Project and in full force and effect.

16. CONFLICT 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.

17. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has complied with all the requirements of Chapter 5G, Article 1 of the Code of West Virginia, 1931, as amended, in the procurement of the engineering services of the Consulting Engineer.

18. 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 as of the date first written above.

[CORPORATE SEAL]

Signature	Official Title
Durel Kelly	Chairperson
Mary L. Smith	Secretary
[illegible]	Attorney

EXHIBIT A

Specimen Bonds (see Tab No. 16)

06/14/05
100424/00306

MASON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2005 A AND SERIES 2005 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

CERTIFICATE OF SECRETARY
AS TO TRUTH AND ACCURACY OF DOCUMENTS DELIVERED

On this 24th day of June, 2005, 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 Mason County Public Service District Water Revenue Bonds, Series 2005 A and Series 2005 B (United States Department of Agriculture), are, as of the date hereof, true and accurate copies of the originals of those documents maintained on file with the Issuer and delivered in the transcript of proceedings, that said documents have been duly adopted or approved by the Public Service Board (the "Board") of the Issuer and that said documents are still in full force and effect as of the date hereof and have not been repealed, rescinded, superseded, amended or modified in any way unless the document effecting such repeal, rescission, supersedence, amendment or modification is also listed below:

1. Orders of The County Commission of Mason County Creating and Enlarging 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. Public Service Commission Order.

7. USDA Letter of Conditions, Closing Letter and Loan Resolution.

8. Minutes of Board Meeting regarding Adoption of USDA Loan Resolution.

9. Bond Resolution.

10. Supplemental Resolution.

11. Minutes of Board Meeting regarding Adoption of Bond Resolution and Supplemental Resolution.

12. Affidavits of Publication regarding Notice of Borrowing and Notice of Meeting to Adopt Bond Resolution and Supplemental Resolution.

13. USDA Consent to Issuance of Bonds.

14. WDA Consent to Issuance of Bonds.

15. Environmental Health Services Permit.

16. USDA Grant Agreement.

17. Evidence of Insurance.

WITNESS my signature and the official seal of the Issuer as of the date first written above.

MASON COUNTY PUBLIC SERVICE DISTRICT

Mary L. Smith

[SEAL] Secretary

05/11/05
100424/00306

MASON COUNTY PUBLIC SERVICE DISTRICT 3.3
WATER REVENUE BONDS, SERIES 2005 A AND SERIES 2005 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

CERTIFICATE OF CONSULTING ENGINEER

On this 24th day of June, 2005, I, Manning Frymier, Registered Professional Engineer, West Virginia License No. 8497, of Cerrone Associates, Inc., Wheeling, West Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain improvements and extensions (the "Project") to the existing public water facilities (the "System") of Mason County Public Service District (the "Issuer"), to be constructed primarily in Mason County, West Virginia, which acquisition and construction are being permanently financed in part by the above-captioned bonds (collectively, the "Bonds") of the Issuer. All capitalized words used herein and not defined herein shall have the same meaning set forth in the Bond Resolution adopted by the Issuer on June 22, 2005 (as supplemented, the "Resolution"), the Letter of Conditions dated June 17, 2002, and the amended Letter of Conditions dated May 17, 2005 (collectively, the "Letter of Conditions"), from the United States of America, United States Department of Agriculture, Rural Utilities Service ("the Government").

2. The Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project; and (ii) paying costs of issuance and related costs.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the West Virginia Bureau for Public Health (the "BPH), and any change orders approved by the Issuer, the Government and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and will have a useful life of at least 40 years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Letter of Conditions, and in reliance upon the opinion of the Issuer's counsel, Casto & Casto, L.C., dated the date hereof, all successful bidders have made required provisions for all insurance and payment and performance bonds and

such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the Government 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 the operation of the System; (ix) in reliance upon the certificate of the Issuer's certified public accountant, Smith Cochran & Hicks, PLLC, dated the date hereof, 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 Resolution; and (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 irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the Government.

WITNESS my signature and seal as of the date first written above.

[SEAL]

CERRONE ASSOCIATES, INC.

Manning Frymier

Manning Frymier, P.E.
West Virginia License No. 8497

05/16/05
100424/00306

Smith, Cochran & Hicks, P.L.L.C.
Certified Public Accountants Beckley Bridgeport Charleston Montgomery
405 Capitol Street ● Suite 908 ● Charleston, West Virginia 25301 ● 304-345-1151 ● Fax 304-346-6731

June 24, 2005

MASON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2005 A AND SERIES 2005 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

Mason County Public Service District
Point Pleasant, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

United States Department of Agriculture
Rural Utilities Service
Parkersburg, West Virginia

Ladies and Gentlemen:

We have reviewed the water rates of Mason County Public Service District (the "Issuer"), as approved by the order of the Public Service Commission of West Virginia, entered November 22, 2004, in Case No. 04-0950-PWD-CN-42T, the projected operating expenses and the anticipated customer usage provided by Cerrone Associates, Inc., the consulting engineer of the Issuer. It is our opinion that such rates are sufficient (i) to provide for all operating expenses of the water facilities 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), Water Revenue Bonds, Series 2000A (West Virginia DWTRF Program), Water Revenue Bonds, Series 2001 A (United States Department of Agriculture), Water Revenue Bonds, Series 2004 A (West Virginia DWTRF Program) (collectively, the "Prior Bonds"), Water Revenue Bonds, Series 2005 A (United States Department of Agriculture), and Water

21

Revenue Bonds, Series 2005 B (United States Department of Agriculture) (collectively, the "Series 2005 Bonds").

It is further our opinion that (i) the Net Revenues for the fiscal year following the year in which the Series 2005 Bonds are to be issued will be at least 120% of the average annual debt service requirements on the Prior Bonds and the Series 2005 Bonds; and (ii) 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 2005 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 2005 Bonds, will 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 2005 Bonds.

Very truly yours,

Smith, Cochran & Hicks, P.L.L.C.

MASON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2005 A AND SERIES 2005 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

3.5

CERTIFICATE OF NO LITIGATION

On this 24th day of June, 2005, the undersigned hereby certifies that as of the date hereof, no controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the authorization, issuance, sale or delivery of the above-captioned Bonds ("the Bonds"), the acquisition and construction of the Project, the operation of the System, the receipt of the Gross Revenues, or in any way contesting or affecting the validity of the Bonds or any proceedings of Mason County Public Service District (the "Issuer") taken with respect to the authorization, issuance, sale or delivery of the Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, issuance, sale or delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection of the Gross Revenues or the pledge of the Net Revenues for payment of the Bonds.

All capitalized terms used herein shall have the same meaning set forth in the Bond Resolution, authorizing the Bonds, duly adopted by the Issuer on June 22, 2005.

WITNESS my signature as of the date first written above.

Casto & Casto, L.C.
Attorney for Mason County Public Service District

05/16/05
100424/00306

M0423703.1

MASON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2005 A AND SERIES 2005 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

RECEIPT FOR BONDS

On this 24th day of June, 2005, the undersigned authorized representative of the United States of America, United States Department of Agriculture, Rural Utilities Service (the "Government"), for and on behalf of the Government, hereby certifies as follows:

1. On the date hereof, the undersigned received for and on behalf of the Government, the Water Revenue Bonds, Series 2005 A (United States Department of Agriculture) (the "Series 2005 A Bonds"), of Mason County Public Service District (the "Issuer"), dated June 24, 2005, issued in the form of one bond in the principal amount of $3,222,000, and numbered AR-1. The Series 2005 A Bonds bear interest at the rate of 4.25% per annum, payable in monthly installments on the amounts advanced thereunder, commencing 30 days following the date of delivery of such Bonds and continuing on the corresponding day of each month for the first 24 months after the date of such Bonds, and thereafter, on the corresponding day of each month in installments of principal and interest on such Bonds in the aggregate amount of $14,274, except that the final installment on such Bonds shall be paid at the end of 40 years from the date of such Bonds in the sum of the unpaid principal and interest due on the date thereof.

2. On the date hereof, the undersigned received for and on behalf of the Government, the Water Revenue Bonds, Series 2005 B (United States Department of Agriculture) (the "Series 2005 B Bonds"), of the Issuer, dated June 24, 2005, issued in the form of one bond in the principal amount of $238,000, and numbered BR-1. The Series 2005 B Bonds bear interest at the rate of 4.25% per annum, payable in monthly installments on the amounts advanced thereunder, commencing 30 days following the date of delivery of such Bonds and continuing on the corresponding day of each month for the first 24 months after the date of such Bonds, and thereafter, on the corresponding day of each month in installments of principal and interest on such Bonds in the aggregate amount of $1,055, except that the final installment on such Bonds shall be paid at the end of 40 years from the date of such Bonds in the sum of the unpaid principal and interest due on the date thereof.

3. At the time of such receipt of the Series 2005 A Bonds and the Series 2005 B 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 such Bonds.

WITNESS my signature as of the date first written above.

UNITED STATES OF AMERICA,
UNITED STATES DEPARTMENT OF
AGRICULTURE, RURAL UTILITIES SERVICE

Virginia M McDonald

Authorized Representative

05/23/05
100424/00306

MASON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2005 A AND SERIES 2005 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

3.7

RECEIPT FOR BOND PROCEEDS

On this 24th day of June, 2005, the undersigned Chairperson of Mason County Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certifies that the Issuer has received on the date hereof from the United States of America, United States Department of Agriculture, Rural Utilities Service (the "Government"), (i) the sum of $331,000, being the first advance on the principal of the $3,222,000 Mason County Public Service District Water Revenue Bonds, Series 2005 A (United States Department of Agriculture), dated June 24, 2005, and (ii) the sum of $12,000, being the first advance on the principal of the $238,000 Mason County Public Service District Water Revenue Bonds, Series 2005 B (United States Department of Agriculture), dated June 24, 2005 (collectively, the "Bonds"). The Issuer understands that the remaining proceeds of the Bonds will be advanced to the Issuer by the Government from time to time as construction progresses.

WITNESS my signature as of the date first written above.

MASON COUNTY PUBLIC SERVICE DISTRICT

Chairperson

06/14/05
100424/00306

M0423707.1

MASON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2005 A AND SERIES 2005 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

3.8

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

On this 24th day of June, 2005, THE OHIO VALLEY BANK COMPANY, Point Pleasant, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Resolution and a Supplemental Resolution adopted by Mason County Public Service District (the "Issuer") on June 22, 2005 (collectively, the "Resolution"), authorizing the issuance of the Issuer's Water Revenue Bonds, Series 2005 A and Series 2005 B (United States Department of Agriculture), in the respective aggregate principal amounts of $3,222,000 and $238,000, dated June 24, 2005, and agrees to serve as Depository Bank, all as set forth in the Resolution.

WITNESS my signature as of the date first written above.

THE OHIO VALLEY BANK COMPANY

Mario P. Liberatore
Authorized Officer

05/16/05
100424/00306

M0423711.1

WEST VIRGINIA MUNICIPAL BOND COMMISSION
Suite 500
8 Capitol Street, Charleston, WV 25301
(304) 558-3971

3.9 (A)
NEW ISSUE REPORT FORM
Date of Report: June 24, 2005

ISSUE: Mason County Public Service District Water Revenue Bonds, Series 2005 A (United States Department of Agriculture)

ADDRESS: 101 Camden Avenue, Point Pleasant, WV 25550 COUNTY: Mason

PURPOSE OF ISSUE: New Money X
Refunding ___ Refunds issue(s) dated: _____

ISSUE DATE: June 24, 2005 CLOSING DATE: June 24, 2005

ISSUE AMOUNT: $3,222,000 RATE: 4.25%

1st DEBT SERVICE DUE: N/A 1st PRINCIPAL DUE: N/A

1st DEBT SERVICE AMOUNT: N/A PAYING AGENT: None (District pays USDA directly)

BOND COUNSEL: Jackson Kelly PLLC
Contact Person: Samme L. Gee, Esquire
Phone: (304) 340-1318

UNDERWRITERS COUNSEL: _____
Contact Person: _____
Phone: _____

CLOSING BANK: The Ohio Valley Bank Company
Contact Person: Mario P. Liberatore
Phone: (304) 675-8660

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT:
Contact Person: Randy Grinstead
Position: Manager
Phone: (304) 675-6399

OTHER: USDA, Rural Utilities Service
Contact Person: Virginia McDonald
Function: Rural Development Specialist
Phone: (304) 420-6666

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: The Bond Commission will only hold the Series 2005 A Bonds Reserve Account to be funded over 10 years. Debt service payments will be made by the District directly to the National Finance Office.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
Documents Required: _____
Transfers Required: _____

05/16/05
100424/00306

M0423714.1

WEST VIRGINIA MUNICIPAL BOND COMMISSION
Suite 500
8 Capitol Street, Charleston, WV 25301
(304) 558-3971

3.9 **(B)**
NEW ISSUE REPORT FORM
Date of Report: June 24, 2005

ISSUE: Mason County Public Service District Water Revenue Bonds, Series 2005 B (United States Department of Agriculture)

ADDRESS: 101 Camden Avenue, Point Pleasant, WV 25550 COUNTY: Mason

PURPOSE OF ISSUE: New Money X
Refunding ___ Refunds issue(s) dated: _____

ISSUE DATE: June 24, 2005 CLOSING DATE: June 24, 2005

ISSUE AMOUNT: $238,000 RATE: 4.25%

1st DEBT SERVICE DUE: N/A 1st PRINCIPAL DUE: N/A

1st DEBT SERVICE AMOUNT: N/A PAYING AGENT: None (District pays USDA directly)

BOND COUNSEL: Jackson Kelly PLLC
Contact Person: Samme L. Gee, Esquire
Phone: (304) 340-1318

UNDERWRITERS COUNSEL: _____
Contact Person: _____
Phone: _____

CLOSING BANK: The Ohio Valley Bank Company
Contact Person: Mario P. Liberatore
Phone: (304) 675-8660

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT:
Contact Person: Randy Grinstead
Position: Manager
Phone: (304) 675-6399

OTHER: USDA, Rural Utilities Service
Contact Person: Virginia McDonald
Function: Rural Development Specialist
Phone: (304) 420-6666

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: The Bond Commission will only hold the Series 2005 B Bonds Reserve Account to be funded over 10 years. Debt service payments will be made by the District directly to the National Finance Office.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
Documents Required: _____
Transfers Required: _____

05/16/05
100424/00306

M0456806.1

State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

815 QUARRIER STREET, SUITE 418 CHARLESTON, WEST VIRGINIA 25301-2616
TELEPHONE 304-558-2981

(Water) **PERMIT**

PROJECT: Route 35/Longdale Water Extensions PERMIT NO.: 15,664

LOCATION: Beech Hill, Longdale Leon and Glenwood COUNTY: Mason DATE: 6-11-2003

THIS IS TO CERTIFY that after reviewing plans, specifications, application forms, and other essential information that

Mason County Public Service District
101 Camden Avenue
Point Pleasant, West Virginia 25550

is hereby granted approval to: install approximately 12,600 LF of 10", 18,300 LF of 8", 88,200 LF of 6", 78,900 LF of 4" and 21,700 LF of 2" water line; one (1) 40 G.P.M. duplex hydro-pneumatic booster station; one (1) 117,000 gallon water storage tank (initially will be operated at a 93,000 gallon capacity for water quality reasons); and all necessary valves, controls and appurtenances.
Facilities will serve approximately 328 new customers along Route 33, Longdale, Debbie Road, Hannan Trace, Chandler Ridge, Route 35, and Lower Five Mile in Mason County.

NOTE: **This permit is contingent upon: 1) All new water lines and the water storage tank being disinfected, flushed and bacteriologically tested, prior to use; 2) Maintaining a minimum ten (10) feet horizontal separation between sewer and water lines and a minimum eighteen (18) inches vertical separation between crossing sewer and water lines, with the water line above the sewer line; 3) The installation of a minimum six (6) feet high fence with a locking gate around the new 117,000 gallon water storage tank; and 4) The 117,000 gallon water storage tank is to be operated at a 93,000 gallon maximum capacity until such time as daily turnover in the tank is equal to or exceeds 20%.**

The Environmental Engineering Division of the St. Albans District Office (304) 722-0611, is to be notified when construction begins.

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR

William S. Herold, Jr., P.E., Assistant Manager
Infrastructure and Capacity Development
Environmental Engineering Division

WSH:sec

pc: Cerrone Associates Inc.
James W. Ellars, P.E., PSC-Engineering Division
Amy Swann, Public Service Commission
Mason County Health Department
OEHS-EED St. Albans District Office

Water and Waste System Grant Agreement

United States Department of Agriculture

Rural Utilities Service

COPY

THIS AGREEMENT dated June 16, 2005, between

Mason County Public Service District

a public corporation organized and operating under

Chapter 16, Article 13A, West Virginia Code
(Authorizing Statute)

herein called ``Grantee," and the United States of America acting through the Rural Utilities Service, Department of Agriculture, herein called ``Grantor," WITNESSETH:

WHEREAS

Grantee has determined to undertake a project of acquisition, construction, enlargement, or capital improvement of a water system to serve the area under its jurisdiction at an estimated cost of $ 4,699,900 and has duly authorized the undertaking of such project.

Grantee is able to finance not more than $ 3,460,000 of the development costs through revenues, charges, taxes or assessments, or funds otherwise available to Grantee resulting in a reasonable user charge.

Said sum of $ 3,460,000 has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed $ 239,900 or 23.38 percent of said project development costs, whichever is the lesser, subject to the terms and conditions established by the Grantor. Provided, however, that the proportionate share of any grant funds actually advanced and not needed for grant purposes shall be returned immediately to the Grantor. The Grantor may terminate the grant in whole, or in part, at any time before the date of completion, whenever it is determined that the Grantee has failed to comply with the Conditions of the grant.

As a condition of this grant agreement, the Grantee assures and certifies that it is in compliance with and will comply in the course of the agreement with all applicable laws, regulations, Executive orders and other generally applicable requirements, including those set out in 7 CFR 3015.205(b), which hereby are incorporated into this agreement by reference, and such other statutory provisions as are specifically set forth herein.

NOW, THEREFORE, In consideration of said grant by Grantor to Grantee, to be made pursuant to Section 306(a) of the Consolidated Farm and Rural Development Act for the purpose only of defraying a part not to exceed 26.38 percent of the project development costs, as defined by applicable Rural Utilities Service instructions.

Grantee Agrees That Grantee Will:

A. Cause said project to be constructed within the total sums available to it, including said grant, in accordance with the project plans and specifications and any modifications thereof prepared by Grantee and approved by Grantor.

COPY

B. Permit periodic inspection of the construction by a representative of Grantor during construction.

C. Manage, operate and maintain the system, including this project if less than the whole of said system, continuously in an efficient and economical manner.

D. Make the services of said system available within its capacity to all persons in Grantee's service area without discrimination as to race, color, religion, sex, national origin, age, marital status, or physical or mental handicap (possess capacity to enter into legal contract for services) at reasonable charges, including assessments, taxes, or fees in accordance with a schedule of such charges, whether for one or more classes of service;* ~~adopted by resolution dated~~ as may be modified from time to time by Grantee. The initial rate schedule must be approved by Grantor. Thereafter, Grantee may make such modifications to the rate system as long as the rate schedule remains reasonable and nondiscriminatory.

E. Adjust its operating costs and service charges from time to time to provide for adequate operation and maintenance, emergency repair reserves, obsolescence reserves, debt service and debt service reserves.

F. Expand its system from time to time to meet reasonably anticipated growth or service requirements in the area within its jurisdiction.

G. Provide Grantor with such periodic reports as it may require and permit periodic inspection of its operations by a representative of the Grantor.

H. To execute any agreements required by Grantor which Grantee is legally authorized to execute. If any such agreement has been executed by Grantee as a result of a loan being made to Grantee by Grantor contemporaneously with the making of this grant, another agreement of the same type need not be executed in connection with this grant.

I. Upon any default under its representations or agreements set forth in this instrument, Grantee, at the option and demand of Grantor, will repay to Grantor forthwith the original principal amount of the grant stated herein above with the interest at the rate of 5 percentum per annum from the date of the default. Default by the Grantee will constitute termination of the grant thereby causing cancellation of Federal assistance under the grant. The provisions of this Grant Agreement may be enforced by Grantor, at its option and without regard to prior waivers by it previous defaults of Grantee, by judicial proceedings to require specific performance of the terms of this Grant Agreement or by such other proceedings in law or equity, in either Federal or State courts, as may be deemed necessary by Grantor to assure compliance with the provisions of this Grant Agreement and the laws and regulations under which this grant is made.

J. Return immediately to Grantor, as required by the regulations of Grantor, any grant funds actually advanced and not needed by Grantee for approved purposes.

K. Use the real property including land, land improvements, structures, and appurtenances thereto, for authorized purposes of the grant as long as needed.

1. Title to real property shall vest in the recipient subject to the condition that the Grantee shall use the real property for the authorized purpose of the original grant as long as needed.

2. The Grantee shall obtain approval by the Grantor agency for the use of the real property in other projects when the Grantee determines that the property is no longer needed for the original grant purposes. Use in other projects shall be limited to those under other Federal grant programs or programs that have purposes consistent with those authorized for support by the Grantor.

* as approved by the West Virginia Public Service Commission

3. When the real property is no longer needed as provided in 1 and 2 above, the Grantee shall request disposition instructions from the Grantor agency or its successor Federal agency. The Grantor agency shall observe the following rules in the disposition instructions:

(a) The Grantee may be permitted to retain title after it compensates the Federal Government in an amount computed by applying the Federal percentage of participation in the cost of the original project to the fair market value of the property.

(b) The Grantee may be directed to sell the property under guidelines provided by the Grantor agency. When the Grantee is authorized or required to sell the property, proper sales procedures shall be established that provide for competition to the extent practicable and result in the highest possible return.
[Revision 1, 04/17/1998]

(c) The Grantee may be directed to transfer title to the property to the Federal Government provided that in such cases the Grantee shall be entitled to compensation computed by applying the Grantee's percentage of participation in the cost of the program or project to the current fair market value of the property.

This Grant Agreement covers the following described real property (use continuation sheets as necessary).

Approximately 5,000 LF of two inch waterline, 25,800 LF of three inch waterline, 62,900 LF of four inch waterline, 72,100 LF of six inch waterline, 10,600 LF of eight inch waterline, and 23,000 LF of ten inch waterline, one booster station, one 125,000 gallon water storage tank, and necessary appurtenances to serve approximately 325 users in the areas of Route 35 and side roads, Route 33 and Longdale, Lower Five Mile, Hannan Trace and Chandlers Ridge, and Route 62 and Debbie Road in Mason County.

L. Abide by the following conditions pertaining to equipment which is furnished by the Grantor or acquired wholly or in part with grant funds. Equipment means tangible, non-expendable, personal property having a useful life of more than one year and an acquisition cost of $5,000 or more per unit. A grantee may use its own definition of equipment provided that such definition would at least include all equipment defined above.
[Revision 1, 04/17/1998]

1. Use of equipment.

(a) The Grantee shall use the equipment in the project for which it was acquired as long as needed. When no longer needed for the original project, the Grantee shall use the equipment in connection with its other Federally sponsored activities, if any, in the following order of priority:

(1) Activities sponsored by the Grantor.

(2) Activities sponsored by other Federal agencies.

(b) During the time that equipment is held for use on the property for which it was acquired, the Grantee shall make it available for use on other projects if such other use will not interfere with the work on the project for which the equipment was originally acquired. First preference for such other use shall be given to Grantor sponsored projects. Second preference will be given to other Federally sponsored projects.

2. Disposition of equipment. When the Grantee no longer needs the equipment as provided in paragraph (a) above, the equipment may be used for other activities in accordance with the following standards:

(a) Equipment with a current per unit fair market value of less than $5,000. The Grantee may use the equipment for other activities without reimbursement to the Federal Government or sell the equipment and retain the proceeds.

(b) Equipment with a current per unit fair market value of $5,000 or more. The Grantee may retain the equipment for other uses provided that compensation is made to the original Grantor agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value or proceeds from sale of the equipment. If the Grantee has no need for the equipment and the equipment has further use value, the Grantee shall request disposition instructions from the original Grantor agency.

The Grantor agency shall determine whether the equipment can be used to meet the agency's requirements. If no requirement exists within that agency, the availability of the equipment shall be reported, in accordance with the guidelines of the Federal Property Management Regulations (FPMR), to the General Services Administration by the Grantor agency to determine whether a requirement for the equipment exists in other Federal agencies. The Grantor agency shall issue instructions to the Grantee no later than 120 days after the Grantee requests and the following procedures shall govern:

(1) If so instructed or if disposition instructions are not issued within 120 calendar days after the Grantee's request, the Grantee shall sell the equipment and reimburse the Grantor agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the Grantee shall be permitted to deduct and retain from the Federal share ten percent of the proceeds for Grantee's selling and handling expenses.

(2) If the Grantee is instructed to ship the equipment elsewhere the Grantee shall be reimbursed by the benefiting Federal agency with an amount which is computed by applying the percentage of the Grantee participation in the cost of the original grant project or program to the current fair market value of the equipment, plus any reasonable shipping or interim storage costs incurred.

(3) If the Grantee is instructed to otherwise dispose of the equipment, the Grantee shall be reimbursed by the Grantor agency for such costs incurred in its disposition.

3. The Grantee's property management standards for equipment shall also include:

(a) Records which accurately provide for: a description of the equipment; manufacturer's serial number or other identification number; acquisition date and cost; source of the equipment; percentage (at the end of budget year) of Federal participation in the cost of the project for which the equipment was acquired; location, use and condition of the equipment and the date the information was reported; and ultimate disposition data including sales price or the method used to determine current fair market value if the Grantee reimburses the Grantor for its share.

(b) A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years to verify the existence, current utilization, and continued need for the equipment.

(c) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated and fully documented.

(d) Adequate maintenance procedures shall be implemented to keep the equipment in good condition.

(e) Proper sales procedures shall be established for unneeded equipment which would provide for competition to the extent practicable and result in the highest possible return.

This Grant Agreement covers the following described equipment(use continuation sheets as necessary).

None

M. Provide Financial Management Systems which will include:

1. Accurate, current, and complete disclosure of the financial results of each grant. Financial reporting will be on an accrual basis.

2. Records which identify adequately the source and application of funds for grant-supported activities. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.

3. Effective control over and accountability for all funds, property and other assets. Grantees shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes.

4. Accounting records supported by source documentation.

N. Retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least three years after grant closing except that the records shall be retained beyond the three-year period if audit findings have not been resolved. Microfilm or photo copies or similar methods may be substituted in lieu of original records. The Grantor and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the Grantee's government which are pertinent to the specific grant program for the purpose of making audits, examinations, excerpts and transcripts.

O. Provide information as requested by the Grantor to determine the need for and complete any necessary Environmental Impact Statements.

P. Provide an audit report prepared in accordance with Grantor regulations to allow the Grantor to determine that funds have been used in compliance with the proposal, any applicable laws and regulations and this Agreement.

Q. Agree to account for and to return to Grantor interest earned on grant funds pending their disbursement for program purposes when the Grantee is a unit of local government. States and agencies or instrumentality's of states shall not be held accountable for interest earned on grant funds pending their disbursement.

R. Not encumber, transfer or dispose of the property or any part thereof, furnished by the Grantor or acquired wholly or in part with Grantor funds without the written consent of the Grantor except as provided in item K above.

S. To include in all contracts for construction or repair a provision for compliance with the Copeland ``Anti-Kick Back" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR, Part 3). The Grantee shall report all suspected or reported violations to the Grantor.

T. To include in all contracts in excess of $100,000 a provision that the contractor agrees to comply with all the requirements of the Clean Air Act (42 U.S.C. §7414) and Section 308 of the Water Pollution Control Act (33 U.S.C. §1318) relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in Section 114 of the Clean Air Act and Section 308 of the Water Pollution Control Act and all regulations and guidelines issued thereunder after the award of the contract. In so doing the Contractor further agrees: ***[Revision 1, 11/20/1997]***

1. As a condition for the award of contract, to notify the Owner of the receipt of any communication from the Environmental Protection Agency (EPA) indicating that a facility to be utilized in the performance of the contract is under consideration to be listed on the EPA list of Violating Facilities. Prompt notification is required prior to contract award.

2. To certify that any facility to be utilized in the performance of any nonexempt contractor subcontract is not listed on the EPA list of Violating Facilities pursuant to 40 CFR Part 32 as of the date of contract award.
[Revision 1, 11/20/1997]

3. To include or cause to be included the above criteria and the requirements in every nonexempt subcontract and that the Contractor will take such action as the Government may direct as a means of enforcing such provisions.

As used in these paragraphs the term ``facility" means any building, plan, installation, structure, mine, vessel or other floating craft, location, or site of operations, owned, leased, or supervised by a Grantee, cooperator, contractor, or subcontractor, to be utilized in the performance of a grant, agreement, contract, subgrant, or subcontract. Where a location or site of operation contains or includes more than one building, plant, installation, or structure, the entire location shall be deemed to be a facility except where the Director, Office of Federal Activities, Environmental Protection Agency, determines that independent facilities are co-located in one geographical area.

Grantor Agrees That It:

A. Will make available to Grantee for the purpose of this Agreement not to exceed $ 1,000,000 which it will advance to Grantee to meet not to exceed 45 percent of the project development costs of the project in accordance with the actual needs of Grantee as determined by Grantor.

B. Will assist Grantee, within available appropriations, with such technical assistance as Grantor deems appropriate in planning the project and coordinating the plan with local official comprehensive plans for sewer and water and with any State or area plans for the area in which the project is located.

C. At its sole discretion and at any time may give any consent, deferment, subordination, release, satisfaction, or termination of any or all of Grantee's grant obligations, with or without valuable consideration, upon such terms and conditions as Grantor may determine to be (1) advisable to further the purpose of the grant or to protect Grantor's financial interest therein and (2) consistent with both the statutory purposes of the grant and the limitations of the statutory authority under which it is made.

Termination of This Agreement

This Agreement may be terminated for cause in the event of default on the part of the Grantee as provided in paragraph I above or for convenience of the Grantor and Grantee prior to the date of completion of the grant purpose. Termination for convenience will occur when both the Grantee and Grantor agree that the continuation of the project will not produce beneficial results commensurate with the further expenditure of funds.

In witness whereof Grantee on the date first above written has caused these presence to be executed by its duly authorized

Chairman

attested and its corporate seal affixed by its duly authorized

Secretary

Attest:

Mason County Public Service District

By Dorsel F. Keefer
Dorsel F. Keefer
(Title) Chairman

By Mary L. Smith
Mary L. Smith
(Title) Secretary

UNITED STATES OF AMERICA

RURAL UTILITIES SERVICE

By Virginia M. McDonald Rural Development Specialist
Virginia M. McDonald (Title)
6-24-05

JUN 2 0 2005

COPY

RUS Bulletin 1780-12
(Automated 11-97)

WATER OR WASTE SYSTEM GRANT AGREEMENT

UNITED STATES DEPARTMENT OF AGRICULTURE

RURAL UTILITIES SERVICE

THIS AGREEMENT dated June 16, 2005 between

Mason County Public Service District

a public corporation organized and operating under

Chapter 16, Article 13A, West Virginia Code
(Authorizing Statute)

herein called "Grantee," and the United States of America acting through the Rural Utilities Service, Department of Agriculture, herein called "Grantor," WITNESSETH:
WHEREAS

Grantee has determined to undertake a project of acquisition, construction, enlargement, or capital improvement of a (water) (sewer) system to serve the area under jurisdiction at an estimated cost of **$ 4,699,900** and has duly authorized the undertaking of such project.

Grantee is able to finance not more than **$ 3,460,000** of the development cost through revenues, charges, taxes or assessments, or funds otherwise available to Grantee resulting in a reasonable user charge.

Said sum of **$ 3,460,000** has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed **$ 1,239,900** or **26.38%** percent of said development costs, whichever is the lesser, subject to the terms and conditions established by the Grantor. Provided, however, that the proportionate share of any grant funds actually advanced and not needed for grant purposes shall be returned immediately to the Grantor. The Grantor may terminate the grant in whole, or in part, at any time before the date of completion, whenever it is determined that the Grantee has failed to comply with the conditions of the grant.

As a condition of this grant agreement, the Grantee assures and certifies that it is in compliance with and will comply in the course of the agreement with all applicable laws, regulations, Executive orders and other generally applicable requirements, including those set out in 7 CFR 3015.205(b), which hereby are incorporated into this agreement by reference, and such other statutory provisions as are specifically set forth herein.

NOW, THEREFORE, In consideration of said grant by Grantor to Grantee, to be made pursuant to Section 306 (a) of the Consolidated Farm and Rural Development Act the purpose only of defraying a part not to exceed **26.38%** percent of the development costs, as defined by applicable Rural Utilities Service Instructions.

GRANTEE AGREES THAT GRANTEE WILL:

A. Cause said project to be constructed within the total sums available to it, including said grant, in accordance with the project plans and specifications and any modifications thereof prepared by Grantee and approved by Grantor.

B. Permit periodic inspection of the construction by a representative of Grantor during construction.

C. Manage, operate and maintain the system, including this project if less than the whole of said system, continuously in an efficient and economical manner.

D. Make the services of said system available within its capacity to all persons in Grantee's service area without discrimination as to race, color, religion, sex, national origin, age, marital status, or physical or mental handicap (possess capacity to enter into legal contract for services) at reasonable charges, including assessments, taxes, or fees in accordance with a schedule of such charges, whether for one or more classes of service.* ~~adopted by resolution dated~~ xxxxxxxxxxxxxxxxxxxxxxxxxx, as may be modified from time to time by Grantee. The initial rate schedule must be approved by Grantor. Thereafter, Grantee may make such modifications to the rate system as long as the rate schedule remains reasonable and nondiscriminatory.

E. Adjust its operating costs and service charges from time to time to provide for adequate operation and maintenance, emergency repair reserves, obsolescence reserves, debt service and debt service reserves.

F. Expand its system from time to time to meet reasonably anticipated growth or service requirements in the area within its jurisdiction.

G. Provide Grantor with such periodic reports as it may require and permit periodic inspection of its operations by a representative of the Grantor.

H. To execute any agreements required by Grantor which Grantee is legally authorized to execute. If any such agreement has been executed by Grantee as a result of a loan being made to Grantee by Grantor contemporaneously with the making of this grant, another agreement of the same type need not be executed in connection with this grant.

I. Upon any default under its representations or agreements set forth in this instrument, Grantee, at the option and demand of Grantor, will repay to Grantor forthwith the original principal amount of the grant stated herein above with the interest at the rate of 5 percentum per annum from the date of the default. Default by the Grantee will constitute termination of the grant thereby causing cancellation of Federal assistance under the grant. The provisions of this Grant Agreement may be enforced by Grantor, at its option and without regard to prior waivers by it previous defaults of Grantee, by judicial proceedings to require specific performance of the terms of this Grant Agreement or by such other proceedings in law or equity, in either Federal or State courts, as may be deemed necessary by Grantor to assure compliance with the provisions of this Grant Agreement and the laws and regulations under which this grant is made.

J. Return immediately to Grantor, as required by the regulations of Grantor, any grant funds actually advanced and not needed by Grantee for approved purposes.

K. Use the real property including land, land improvements, structures, and appurtenances thereto, for authorized purposes of the grant as long as needed.

1. Title to real property shall vest in the recipient subject to the condition that the Grantee shall use the real property for the authorized purpose of the original grant as long as needed.

2. The Grantee shall obtain approval by the Grantor agency for the use of the real property in other projects when the Grantee determines that the property is no longer needed for the original grant purposes. Use in other projects shall be limited to those under other Federal grant programs or programs that have purposes consistent with those authorized for support by the Grantor.

* - as approved by the West Virginia Public Service Commission

3. When the real property is no longer needed as provided in 1 and 2 above, the Grantee shall request disposition instructions from the Grantor agency or its successor Federal agency. The Grantor agency shall observe the following rules in the disposition instructions:

(a) The Grantee may be permitted to retain title after it compensates the Federal Government in an amount computed by applying the Federal percentage of participation in the cost of the original project to the fair market value of the property.

(b) The Grantee may be directed to sell the property under guidelines provided by the Grantor agency. When the Grantee is authorized or required to sell the property, proper sales procedures shall be established that provide for competition to the extent practicable and result in the highest possible return.
[Revision 1, 04/17/1998]

(c) The Grantee may be directed to transfer title to the property to the Federal Government provided that in such cases the Grantee shall be entitled to compensation computed by applying the Grantee's percentage of participation in the cost of the program or project to the current fair market value of the property.

This Grant Agreement covers the following described real property **(use continuation sheets as necessary).**

Approximately 5,000 LF of two-inch waterling, 25,800 LF of three-inch waterline, 62,900 LF of four-inch waterline, 72,100 LF of six-inch waterline, 10,600 LF of eight-inch waterline, and 23,000 LF of ten-inch waterline; one booster station, one 125,000 gallon water storage tank; and necessarty appurtenances to serve approximately 325 users in the areas of U.S. Route 35 and side roads, WV Route 33 and Longdale, Lower Five Mile, Hannan Trace, and Chandler's Ridge, and WV Route 62 and Debbie Road in Mason County, West Virginia.

L. Abide by the following conditions pertaining to equipment which is furnished by the Grantor or acquired wholly or in part with grant funds. Equipment means tangible, non-expendable personal property having a useful life of more than one year and an acquisition cost of $5,000 or more per unit. A Grantee may use its own definition of equipment provided that such definition would at least include all equipment defined above.
[Revision 1, 04/17/1998]

1. Use of equipment.

(a) The Grantee shall use the equipment in the project for which it was acquired as long as needed. When no longer needed for the original project, the Grantee shall use the equipment in connection with its other Federally sponsored activities, if any, in the following order of priority:

(1) Activities sponsored by the Grantor.

(2) Activities sponsored by other Federal agencies.

(b) During the time that equipment is held for use on the project for which it was acquired, the Grantee shall make it available for use on other projects if such other use will not interfere with the work on the project for which the equipment was originally acquired. First preference for such other use shall be given to Grantor sponsored projects. Second preference will be given to other Federally sponsored projects.

2. Disposition of equipment. When the Grantee no longer needs the equipment as provided in paragraph (a) above, the equipment may be used for other activities in accordance with the following standards:

(a) Equipment with a current per unit fair market value of less than $5,000. The Grantee may use the equipment for other activities without reimbursement to the Federal Government or sell the equipment and retain the proceeds.

(b) Equipment with a current per unit fair market value of $5,000 or more. The Grantee may retain the equipment for other uses provided that compensation is made to the original Grantor agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value or proceeds from sale of the equipment. If the Grantee has no need for the equipment and the equipment has further use value, the Grantee shall request disposition instructions from the original Grantor agency.

The Grantor agency shall determine whether the equipment can be used to meet the agency's requirements. If no requirement exists within that agency, the availability of the equipment shall be reported, in accordance with the guidelines of the Federal Property Management Regulations (FPMR), to the General Services Administration by the Grantor agency to determine whether a requirement for the equipment exists in other Federal agencies. The Grantor agency shall issue instructions to the Grantee no later than 120 days after the Grantee requests and the following procedures shall govern:

(1) If so instructed or if disposition instructions are not issued within 120 calendar days after the Grantee's request, the Grantee shall sell the equipment and reimburse the Grantor agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the Grantee shall be permitted to deduct and retain from the Federal share ten percent of the proceeds, for Grantee's selling and handling expenses.

(2) If the Grantee is instructed to ship the equipment elsewhere the Grantee shall be reimbursed by the benefiting Federal agency with an amount which is computed by applying the percentage of the Grantee participation in the cost of the original grant project or program to the current fair market value of the equipment, plus any reasonable shipping or interim storage costs incurred.

(3) If the Grantee is instructed to otherwise dispose of the equipment, the Grantee shall be reimbursed by the Grantor agency for such costs incurred in its disposition.

3. The Grantee's property management standards for equipment shall also include:

(a) Records which accurately provide for: a description of the equipment; manufacturer's serial number or other identification number; acquisition date and cost; source of the equipment; percentage (at the end of budget year) of Federal participation in the cost of the project for which the equipment was acquired; location, use and condition of the equipment and the date the information was reported; and ultimate disposition data including sales price or the method used to determine current fair market value if the Grantee reimburses the Grantor for its share.

(b) A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years to verify the existence, current utilization, and continued need need for the equipment.

(c) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated an fully documented.

(d) Adequate maintenance procedures shall be implemented to keep the equipment in good condition.

(e) Proper sales procedures shall be established for unneeded equipment which would provide for competition to the extent practicable and result in the highest possible return.

This Grant Agreement covers the following described equipment (use continuation sheets as necessary).

none

M. Provide Financial Management Systems which will include:

1. Accurate, current, and complete disclosure of the financial results of each grant. Financial reporting will be on an accrual basis.

2. Records which identify adequately the source and application of funds for grant-supported activities. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.

3. Effective control over and accountability for all funds, property and other assets. Grantees shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes.

4. Accounting records supported by source documentation.

N. Retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least three years after grant closing except that the records shall be retained beyond the three-year period if audit findings have not been resolved. Microfilm or photo copies or similar methods may be substituted in lieu of original records. The Grantor and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the Grantee's government which are pertinent to the specific grant program for the purpose of making audits, examinations, excerpts and transcripts.

O. Provide information as requested by the Grantor to determine the need for and complete any necessary Environmental Impact Statements.

P. Provide an audit report prepared in accordance with Grantor regulations to allow the Grantor to determine that funds have been used in compliance with the proposal, any applicable laws and regulations and this Agreement.

Q. Agree to account for and to return to Grantor interest earned on grant funds pending their disbursement for program purposes when the Grantee is a unit of local government. States and agencies or instrumentality's of states shall not be held accountable for interest earned on grant funds pending their disbursement.

R. Not encumber, transfer or dispose of the property or any part thereof, furnished by the Grantor or acquired wholly or in part with Grantor funds without the written consent of the Grantor except as provided in item K above.

S. To include in all contracts for construction or repair a provision for compliance with the Copeland ``Anti-Kick Back" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR, Part 3). The Grantee shall report all suspected or reported violations to the Grantor.

T. To include in all contracts in excess of $100,000 a provision that the contractor agrees to comply with all the requirements of the Clean Air Act (42 U.S.C. §7414) and Section 308 of the Water Pollution Control Act (33 U.S.C. §1318) relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in Section 114 of the Clean Air Act and Section 308 of the Water Pollution Control Act and all regulations and guidelines issued thereunder after the award of the contract. In so doing the Contractor further agrees:
[Revision 1, 11/20/1997]

1. As a condition for the award of contract, to notify the Owner of the receipt of any communication from the Environmental Protection Agency (EPA) indicating that a facility to be utilized in the performance of the contract is under consideration to be listed on the EPA list of Violating Facilities. Prompt notification is required prior to contract award.

2. To certify that any facility to be utilized in the performance of any nonexempt contractor subcontract is not listed on the EPA list of Violating Facilities pursuant to 40 CFR Part 32 as of the date of contract award.

[Revision 1, 11/20/97]

3. To include or cause to be included the above criteria and the requirements in every nonexempt subcontract and that the Contractor will take such action as the Government may direct as a means of enforcing such provisions.

As used in these paragraphs the term ``facility" means any building, plan, installation, structure, mine, vessel or other floating craft, location, or site of operations, owned, leased, or supervised by a Grantee, cooperator, contractor, or subcontractor, to be utilized in the performance of a grant, agreement, contract, subgrant, or subcontract. Where a location or site of operation contains or includes more than one building, plant, installation, or structure, the entire location shall be deemed to be a facility except where the Director, Office of Federal Activities, Environmental Protection Agency, determines that independent facilities are co-located in one geographical area.

Grantor Agrees That It:

A. Will make available to Grantee for the purpose of this Agreement not to exceed **$1,239,900.00**, which it will advance to Grantee to meet not to exceed **26.38%** percent of the project development costs of the project in accordance with the actual needs of Grantee as determined by Grantor.

B. Will assist Grantee, within available appropriations, with such technical assistance as Grantor deems appropriate in planning the project and coordinating the plan with local official comprehensive plans for sewer and water and with any State or area plans for the area in which the project is located.

C. At its sole discretion and at any time may give any consent, deferment, subordination, release, satisfaction, or termination of any or all of Grantee's grant obligations, with or without valuable consideration, upon such terms and conditions as Grantor may determine to be (1) advisable to further the purpose of the grant or to protect Grantor's financial interest therein and (2) consistent with both the statutory purposes of the grant and the limitations of the statutory authority under which it is made.

Termination of This Agreement

This Agreement may be terminated for cause in the event of default on the part of the Grantee as provided in paragraph I above or for convenience of the Grantor and Grantee prior to the date of completion of the grant purpose. Termination for convenience will occur when both the Grantee and Grantor agree that the continuation of the project will not produce beneficial results commensurate with the further expenditure of funds.

In witness whereof Grantee on the date first above written has caused these presence to be executed by its duly authorized

Chairman

and attested and its corporate seal affixed by its duly authorized

Secretary

Attest:

By: Mary L. Smith
Mary L. Smith
(Title) **Secretary**

By: Dorsel F. Keefer
Dorsel F. Keefer
(Title) **Chairman**

UNITED STATES OF AMERICA

RURAL UTILITIES SERVICE

By: Virginia M. McDonald
Virginia M. McDonald

Rural Development Specialist
(Title) 6-24-05

CERTIFICATE OF PROPERTY INSURANCE

INSURED: MASON COUNTY PUBLIC SERVICE DISTRICT

101 CAMDEN AVE
POINT PLEASANT, WV 25550

CERTIFICATE NO: P 2621 - Dec 31, 1986

This certifies that the Additional Insured named above is insured for first party Property Coverages procured and/or administered by the West Virginia Board of Risk and Insurance Management (BRIM). The coverages are provided through a combination of custom designed and conventional commercial insurance products.

THE INSURANCE EVIDENCED BY THIS CERTIFICATE IS SUBJECT TO ALL OF THE TERMS, CONDITIONS, EXCLUSIONS AND DEFINITIONS CONTAINED IN THE POLICIES.

COVERAGE PERIOD: Jul 1, 2004 to Jul 1, 2005 12:01 a.m. Eastern Time

LIMIT OF LIABILITY: Stated values, for real and personal property, which have been declared to and accepted by BRIM, not to exceed the maximum coverage procured by BRIM.

Individual Faithful Performance Bonds are limited to the amount of coverage that is required by statute.

SPECIAL LIMITS: Each policy shall be governed by the special limits of liability contained therein.

DEDUCTIBLE: The State of West Virginia has a $1,000,000.00 deductible on coverages it procures. The above listed insured has a $2,500 deductible that is applicable to each loss.

CLAIM REPORTING: Claims should be reported to:
Claim Manager
West Virginia Board of Risk & Insurance Management
90 MacCorkle Avenue S.W.Suite 203
South Charleston, West Virginia 25303

BY: Bri Mills
AUTHORIZED REPRESENTATIVE

DATED: June 30, 2004

AGENT OF RECORD: MASON COUNTY INSURANCE AGENCY INC.

2415 JACKSON AVE.
POINT PLEASANT, WV 25550

CERTIFICATE OF PROPERTY INSURANCE

INSURED: MASON COUNTY PSD CAMP CONLEY DIVISION

101 CAMDEN AVENUE
POINT PLEASANT, WV 25550

CERTIFICATE NO: P 2750 - Nov 16, 1997

This certifies that the Additional Insured named above is insured for first party Property Coverages procured and/or administered by the West Virginia Board of Risk and Insurance Management (BRIM). The coverages are provided through a combination of custom designed and conventional commercial insurance products.

THE INSURANCE EVIDENCED BY THIS CERTIFICATE IS SUBJECT TO ALL OF THE TERMS, CONDITIONS, EXCLUSIONS AND DEFINITIONS CONTAINED IN THE POLICIES.

COVERAGE PERIOD: Jul 1, 2004 to Jul 1, 2005 12:01 a.m. Eastern Time

LIMIT OF LIABILITY: Stated values, for real and personal property, which have been declared to and accepted by BRIM, not to exceed the maximum coverage procured by BRIM.

Individual Faithful Performance Bonds are limited to the amount of coverage that is required by statute.

SPECIAL LIMITS: Each policy shall be governed by the special limits of liability contained therein.

DEDUCTIBLE: The State of West Virginia has a $1,000,000.00 deductible on coverages it procures. The above listed insured has a $2,500 deductible that is applicable to each loss.

CLAIM REPORTING: Claims should be reported to:
Claim Manager
West Virginia Board of Risk & Insurance Management
90 MacCorkle Avenue S.W.Suite 203
South Charleston, West Virginia 25303

BY: _____ DATED: June 30, 2004
AUTHORIZED REPRESENTATIVE

AGENT OF RECORD: JIM LIVELY INSURANCE INC.
POINT PLEASANT
PO BOX 36
POINT PLEASANT, WV 25550

CERTIFICATE OF LIABILITY INSURANCE

ADDITIONAL INSURED: MASON COUNTY PUBLIC SERVICE DISTRICT
101 CAMDEN AVE
POINT PLEASANT, WV 25550

CERTIFICATE NO: L 2621 - Dec 31, 1986

This certifies that the insured named above is an Additional Insured for the Coverage indicated below under General Liability Policy GL 4806295 and Automobile Policy CA 5189013 issued to the State of West Virginia by NATIONAL UNION FIRE INSURANCE CO. OF PITTSBURGH, PA.

COVERAGE PERIOD: Jul 1, 2004 to Jul 1, 2005 12:01 a.m. Eastern Time

COVERAGE AFFORDED: Comprehensive General Liability Insurance
Personal Injury Liability Insurance
Professional Liability Insurance
Stop Gap Liability Insurance
Wrongful Act Liability Coverage
Comprehensive Auto Liability Coverage
Auto Physical Damage Insurance
Garagekeepers Insurance

LIMIT OF LIABILITY: $1,000,000 each occurence* and is SUBJECT TO $2,500 DEDUCTIBLE. *For all coverages combined. This limit is not increased if a claim is insured under more than one coverage or if claim is made against more than one insured.

SPECIAL LIMITS: The auto physical damage limit is the actual cash value of each vehicle subject to a deductible of $1,000.

CLAIM REPORTING: Claims should be reported to:
Claim Manager
West Virginia Board of Risk & Insurance Management
90 MacCorkle Avenue S.W.Suite 203
South Charleston, West Virginia 25303

Claims Made Prior Acts Date:

THE INSURANCE EVIDENCED BY THIS CERTIFICATE IS SUBJECT TO ALL OF THE TERMS, CONDITIONS, EXCLUSIONS AND DEFINITIONS IN THE POLICIES. IT IS A CONDITION PRECEDENT OF COVERAGE UNDER THE POLICIES THAT THE ADDITIONAL INSURED DOES NOT WAIVE ANY STATUTORY OR COMMON LAW IMMUNITY CONFERRED UPON IT.

BY: Bob Mills DATED: June 30, 2004
AUTHORIZED REPRESENTATIVE

AGENT OF RECORD: MASON COUNTY INSURANCE AGENCY INC.

2415 JACKSON AVE.
POINT PLEASANT, WV 25550

CERTIFICATE OF LIABILITY INSURANCE

ADDITIONAL INSURED: MASON COUNTY PSD CAMP CONLEY DIVISION
101 CAMDEN AVENUE
POINT PLEASANT, WV 25550

CERTIFICATE NO: L 2750 - Nov 16, 1997

This certifies that the insured named above is an Additional Insured for the Coverage indicated below under General Liability Policy GL 4806295 and Automobile Policy CA 5189013 issued to the State of West Virginia by NATIONAL UNION FIRE INSURANCE CO. OF PITTSBURGH, PA.

COVERAGE PERIOD: Jul 1, 2004 to Jul 1, 2005 12:01 a.m. Eastern Time

COVERAGE AFFORDED: Comprehensive General Liability Insurance
Personal Injury Liability Insurance
Professional Liability Insurance
Stop Gap Liability Insurance
Wrongful Act Liability Coverage
Comprehensive Auto Liability Coverage
Auto Physical Damage Insurance
Garagekeepers Insurance

LIMIT OF LIABILITY: $1,000,000 each occurence* and is SUBJECT TO $2,500 DEDUCTIBLE. *For all coverages combined.
This limit is not increased if a claim is insured under more than one coverage or if claim is made against more than one insured.

SPECIAL LIMITS: The auto physical damage limit is the actual cash value of each vehicle subject to a deductible of $1,000.

CLAIM REPORTING: Claims should be reported to:
Claim Manager
West Virginia Board of Risk & Insurance Management
90 MacCorkle Avenue S.W.Suite 203
South Charleston, West Virginia 25303

Claims Made Prior Acts Date: November 16, 1997

THE INSURANCE EVIDENCED BY THIS CERTIFICATE IS SUBJECT TO ALL OF THE TERMS, CONDITIONS, EXCLUSIONS AND DEFINITIONS IN THE POLICIES. IT IS A CONDITION PRECEDENT OF COVERAGE UNDER THE POLICIES THAT THE ADDITIONAL INSURED DOES NOT WAIVE ANY STATUTORY OR COMMON LAW IMMUNITY CONFERRED UPON IT.

BY: Bob Mills DATED: June 30, 2004
AUTHORIZED REPRESENTATIVE

AGENT OF RECORD: JIM LIVELY INSURANCE INC.
POINT PLEASANT
PO BOX 36
POINT PLEASANT, WV 25550

CLOSING MEMORANDUM

To: **David Nibert**
Virginia McDonald
Samme Gee

From: **Francesca Tan**

Date: **June 24, 2005**

Re: **Mason County Public Service District Water Revenue Bonds, Series 2005 A (United States Department of Agriculture) and Series 2005 B (United States Department of Agriculture)**

---

1. DISBURSEMENTS TO DISTRICT

A.

Payor:	United States Department of Agriculture
Source:	Series 2005 A Bonds Proceeds
Amount:	$331,000
Date:	June 24, 2005
Form:	Electronic Funds Transfer
Payee:	Mason County Public Service District
Bank:	The Ohio Valley Bank Company
Routing No.:	044204370
Account No.:	0533025
Account:	Series 2005 Bonds Construction Trust Fund

B.

Payor:	United States Department of Agriculture
Source:	Series 2005 B Bonds Proceeds
Amount:	$12,000
Date:	June 24, 2005
Form:	Electronic Funds Transfer
Payee:	Mason County Public Service District
Bank:	The Ohio Valley Bank Company
Routing No.:	044204370
Account No.:	0533025
Account:	Series 2005 Bonds Construction Trust Fund

JACKSONKELLY
ATTORNEYS AT LAW PLLC
1600 LAIDLEY TOWER • P.O. BOX 553 • CHARLESTON, WEST VIRGINIA 25322 • TELEPHONE: 304-340-1000 • TELECOPIER: 304-340-1130
www.jacksonkelly.com

June 24, 2005

Mason County Public Service District
Point Pleasant, West Virginia

United States Department of Agriculture,
Rural Utilities Service
Parkersburg, West Virginia

Re: Mason County Public Service District Water Revenue Bonds,
Series 2005 A (United States Department of Agriculture)

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 2005 A (United States Department of Agriculture), dated the date hereof (the "Bonds").

We have examined certified copies of proceedings and other papers relating to the issuance of the Bonds. The Bonds are issued in the principal amount of $3,222,000, in the form of one bond and bear interest from the date hereof, on the amount advanced thereunder, at the rate of 4.25% per annum.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), and have been authorized by a Bond Resolution duly adopted by the Issuer on June 22, 2005, as supplemented by a Supplemental Resolution duly adopted by the Issuer on June 22, 2005 (collectively, the "Resolution"). The Bonds are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public water facilities of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Resolution when used herein.

Clarksburg, WV • Martinsburg, WV • Morgantown, WV • New Martinsville, WV • Parkersburg, WV • Wheeling, WV
Denver, CO • Lexington, KY • Pittsburgh, PA • Washington, D.C.

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

1. The Issuer is a duly created and validly existing public service district and is a public corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt the Resolution and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Issuer has legally and effectively adopted the Resolution and all other necessary resolutions in connection with the issuance and sale of the Bonds. The Resolution constitutes a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms thereof.

3. The Bonds have been duly authorized, issued, executed and delivered by the Issuer and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and a pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Prior Bonds and the Series 2005 B Bonds, all in accordance with the terms of the Bonds and the Resolution.

4. Under the Act, the Bonds and the interest thereon are exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

5. The Bonds have not been issued on the basis that the interest thereon is or will be excluded from the gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Bonds.

No opinion is given herein as to the effect upon the enforceability of the Bonds under any applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights or the exercise of judicial discretion or principles of equity in appropriate cases.

We have examined the executed Bond numbered AR-1 and in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,

Jackson Kelly PLLC

05/11/05
100424/00306

JACKSONKELLY
ATTORNEYS AT LAW PLLC

1600 LAIDLEY TOWER • P.O. BOX 553 • CHARLESTON, WEST VIRGINIA 25322 • TELEPHONE: 304-340-1000 • TELECOPIER: 304-340-1130
www.jacksonkelly.com

June 24, 2005

Mason County Public Service District
Point Pleasant, West Virginia

United States Department of Agriculture,
Rural Utilities Service
Parkersburg, West Virginia

Re: Mason County Public Service District Water Revenue Bonds,
Series 2005 B (United States Department of Agriculture)

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 2005 B (United States Department of Agriculture), dated the date hereof (the "Bonds").

We have examined certified copies of proceedings and other papers relating to the issuance of the Bonds. The Bonds are issued in the principal amount of $238,000, in the form of one bond and bear interest from the date hereof, on the amount advanced thereunder, at the rate of 4.25% per annum.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), and have been authorized by a Bond Resolution duly adopted by the Issuer on June 22, 2005, as supplemented by a Supplemental Resolution duly adopted by the Issuer on June 22, 2005 (collectively, the "Resolution"). The Bonds are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public water facilities of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Resolution when used herein.

Clarksburg, WV • Martinsburg, WV • Morgantown, WV • New Martinsville, WV • Parkersburg, WV • Wheeling, WV
Denver, CO • Lexington, KY • Pittsburgh, PA • Washington, D.C.

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

1. The Issuer is a duly created and validly existing public service district and is a public corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt the Resolution and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Issuer has legally and effectively adopted the Resolution and all other necessary resolutions in connection with the issuance and sale of the Bonds. The Resolution constitutes a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms thereof.

3. The Bonds have been duly authorized, issued, executed and delivered by the Issuer and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and a pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Prior Bonds and the Series 2005 A Bonds, all in accordance with the terms of the Bonds and the Resolution.

4. Under the Act, the Bonds and the interest thereon are exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

5. The Bonds have not been issued on the basis that the interest thereon is or will be excluded from the gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Bonds.

No opinion is given herein as to the effect upon the enforceability of the Bonds under any applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights or the exercise of judicial discretion or principles of equity in appropriate cases.

We have examined the executed Bond numbered BR-1 and in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,

Jackson Kelly PLLC

05/16/05
100424/00306

CASTO & CASTO, L.C.
214 Fourth St.
Pt. Pleasant, WV 25550

Phone 304 675-2050 *Facsimile 304 675-2003*
Carroll W. Casto (1925-1995) *Barry L. Casto*

June 24, 2005

Mason County Public Service District
Point Pleasant, WV

United States Department of Agriculture
USDA Rural Utility Service
P. O. Box 303
Parkersburg, WV

Jackson Kelly PLLC
Charleston, WV

Re: Mason County Public Service District Water Revenue Bonds
Series 2005 and Series 2005 B
(United States Department of Agriculture)

Ladies and Gentlemen:

I am counsel to Mason County Public Service District (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Jackson Kelly PLLC, as bond counsel, relating to the above-captioned bonds of the Issuer (collectively, the "Bonds"), the letter of conditions dated June 17, 2002, and the amended letter of conditions dated may 17, 2005, from the United States of America, United States Department of Agriculture, Rural Utilities Service (the "Government"), a Bond Resolutions duly adopted by the Public Service Board of the Issuer (the "Board) on June 22, 2005, as supplemented by a Supplemental Resolution duly adopted on June 22, 2004, (collectively, the "Resolution"), order of the County Commission of Mason County relating to the Issuer and the appointment of members of the Board, and other documents relating to the Bonds and the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Resolutions when used herein.

I am of the opinion that:

1. The Issuer is duly created and validly existing public service district and is a public corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System and to Adopt the Resolution, all under the Act and other applicable provisions of law.

2. Them members and officers of the Board have been duly and properly appointed and elected, have taken the requisite oaths and are thereby authorized to act on behalf of the Issuer in their respective capacities.

3. The 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 consummation of the transactions contemplated by the Resolution and the Bonds and the carrying out of the terms therof, 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, certificates, orders exemptions, registrations and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, all requisite permits, approvals, orders and certificates from the County commission of Mason County, the West Virginia Bureau for Public Health and the West Virginia Infrastructure and Jobs Development Council. The issuer has taken all actions required for the imposition of such rates and charges, including, without limitation the adoption of a resolutions prescribing such rates and charges.

6. To the best of my knowledge, there is no litigation, action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Bonds and the Resolution, the acquisition and construction of the Project, the operation of the System, the validity of the Bond, the collection of the Gross Revenues or the pledge of the Net Revenues for payment of the Bonds.

7. All successful bidders have made the required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy. Based upon my review of the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, I am of the opinion that such surety bonds and policies (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interest of the Issuer: (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act and the Resolution; 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,

Casto & Casto, L.C.

Position 5

Form RD 1927-10
(Rev 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 24, 2005

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
0.09 Acre, Arbuckle District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9: or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to _June 24, 2005, at _____ a.m. (including the time of filing the current security instrument). (Date) p.m

II. Based on said title examination, my preliminary title examination, if any, and any additional information concerning the title which has come to my attention it is my opinion that:

A. Good and marketable title, in accordance with title examination standards prevailing in the area to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on ___N/A_____ _____, at _____ a.m and is recorded in ___N/A_____
p.m (Book page, and office)

C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which were approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion

III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing.):

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28 2000 A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 24, 2005 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 24, 2005 O.A.P.A. of $238,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number The valid OMB control number for this information collection is 0575-0147 The time required to compelte this information collection is estimated to average 20 minutes per response including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors' mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations, liens, encumbrances; easement; rights-of-way, leases, mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder

June 24, 2005
Date

Attachments

Casto & Casto, LC

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Situate, lying and being in the District of Arbuckle, County of Mason, State of West Virginia, and more particularly bounded and described as follows:

Commencing at a ½" rebar with cap previously set along the division line of Ralph & Yonnie Stover (Deed Book 318, Page 242), and Lewis & Orville Williamson Jr., (Deed Book 345, Page 279); thence N77L31'22" W 75.00' to a 5/8" rebar with cap set in said line of said Stover and Williamson. Thence leaving said division line, and traveling through the lands of said Stover, the following three (3) bearings and distances:

N 12L28'38" E 50.00' to a 5/8" rebar with cap set
S 77L31'22" E 75.00' to a 5/8" rebar with cap set
S 12L28'38" W 50.00' to the point of beginning, containing 0.09 acres (3,750 sq.ft.)

Being the same real estate conveyed by Ralph Stover and Yonnie Stover, his wife, to the Mason County Public Service District by deed dated the 22nd day of October, 2004, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 375, Page 922.

DEED OF TRUST AND MORTGAGES:

RIGHT OF WAYS AND EASEMENTS:

1. A right of way recorded the 8th day of November, 1993, executed by Ralph D. & Yonnie J. Stover, his wife, to Appalachian Power Company, of record in said Clerk's Office in Deed Book 319, Page 247.

2. An easement recorded the 1st day of April, 1947, executed by William A. & Charlotte Newell, his wife, to Appalachian Electric Power Company, of record in said Clerk's Office in Deed Book 133, Page 149.

LEASES:

1. An oil and gas lease was executed on the 22nd day of October, 1981, Albert L. Daniel and Carol R. Daniel to Cabot Oil & Gas Corporation, for a primary term of 5 years and as long thereafter as oil or gas is produce, said lease being of record in Lease Book 51 at page 12 in the aforesaid Clerk's office. Said lease was further assigned in Lease Book 56, Page 563.

RESERVATIONS:

None.

DEFECTS:
None.

TAXES:

The 2004 real estate taxes are listed in the name of Ralph D. Stover and Yonnie J. Stover. Said real estate is assessed as follows:

Arbuckle District
10 Acres, Three Mile
Mason County Public Service District
Land Assessment: $ 5,940.00
Building Assessment: $ 7,620.00
Total Assessment: $ 13,560.00
Class 2;
Tax Map No. 365, Parcel 41
Assessor's Account No. 6003424

The 2005 real estate taxes became a lien as of July 1, 2004; however, the same are not due and payable at this time.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

Form RD 1927-10
(Rev. 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 24, 2005

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
615.50 Sq. Ft., Arbuckle District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 24, 2005, at _____ a m. (including the time of filing the current security instrument). (Date) p.m.

II. Based on said title examination, my preliminary title examination, if any, and any additional information concerning the title which has come to my attention, it is my opinion that:

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency), in which lien was filed for record on N/A _____, at _____ a.m. and is recorded in N/A _____
p m. (Book, page, and office)

C. Said property and lien are subject only to encumbrances, reservations, exceptions and defects which wee approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.

III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing.)

Water Revenue Bonds, Series 1981, January 22, 1981 O A P.A of $1 100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440 00
Water Revenue Bonds, Series 1997B, September 25, 1997 O A P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O A P.A. of $620,000 00
Water Revenue Bonds Series 2000A (WV DWTRF), June 28, 2000 A.P.A. of $960,000.00
Water Revenue Bonds Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O A.P A of $602,000 00
Water Revenue Bonds, Series 2005A (USDA) June 24, 2005 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 24, 2005 O.A.P.A. of $238,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number The valid OMB control number for this information collection is 0575-0147 The time required to compelte this information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants, conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance and I assume liability to each hereunder.

June 24, 2005
Date

Attachments

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Beginning at a 5/8" x 30" steel bar set on the North right-of-way line of said Three Mile Road located N. 65 degrees 08' 59'W. 417.59' from a corner post found on the North right-of-way line of said road at the point where it crosses the second course described in Tract No. 1 of the deed of the Grantor herein; thence, from said point of beginning, and running with the North right-of-way line of Three Mile Road, N. 52 degrees 25' 47" W. 25.00' to a 5/8" bar; thence, leaving said road right-of-way and making new division lines, N. 27 degrees 34' 13" E. 25.00' to a 5/8" bar; thence S. 52 degrees 25' 47" E. - 25.00' to a 5/8" bar; thence S. 27 degrees 34' 13" W-25.00' to the place of beginning, containing 615.50 square feet, more or less, as surveyed in March, 1980, by Cerrone & Vaughn, Inc., Engineers of Wheeling, W. Va.

Being the same real estate conveyed by Marion F. Reynolds and Eleanor R. Reynolds, his wife, to the Mason County Public Service District by deed dated the 8th day of January, 1981, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 263, Page 315.

DEED OF TRUST AND MORTGAGES:

None

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated the 23rd day of April, 1980, executed by Marion F. Reynolds and Eleanor R. Reynolds, his wife, to Mason County Public Service District, of record in said Clerk's Office in Deed Book 259, Page 666.

LEASES:

None.

RESERVATIONS:

None.

DEFECTS:

None.

TAXES:

The 2004 real estate taxes are non-taxable. Said real estate is assessed as follows:

Arbuckle District
615.50 sq. ft., Three Mile

Mason County Public Service District
Land Assessment: $ 120.00
Building Assessment: $ --
Total Assessment: $ 120.00
Class 3; taxes none due to non-taxability
Tax Map No. 322, Parcel 63.1
Assessor's Account No. 6805567

The 2005 real estate taxes became a lien as of July 1, 2004; however, the same are not due and payable at this time.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

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RESERVATIONS:

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DEFECTS:

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615.50 sq. ft., Three Mile

Mason County Public Service District
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Position 5

Form RD 1927-10
(Rev. 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 24, 2005

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
.0142 Acre, Arbuckle District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 24. 2005, at ---- --------- a m. (including the time of filing the current security instrument). (Date) p.m

II. Based on said title examination, my preliminary title examination, if any, and any additional information concerning the title which has come to my attention, it is my opinion that:

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A, _____, at _____ a.m. and is recorded in N/A
p m (Book, page, and office)

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Water Revenue Bonds, Series 2005B (USDA), June 24, 2005 O.A.P.A. of $238,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors' mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States. (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants, conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 24, 2005
Date

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

Attachments

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

A parcel of land situated along the Southeasterly right-of-way line of Upper Five Mile Creek Road (W.Va. County Route #27) in the District of Arbuckle, County of Mason, State of West Virginia, and being more particularly described as follows:

Beginning at a s1/21" diameter reinforcing rod found on the 1st described course of the grantor herein, common line with lands of Lawrence E. & Dollie Grady (D.B. 248, Page 32), at the intersection of said line and the Southeasterly right-of-way line of said Upper Five Mile Creek Road. Said point of beginning is further described as bearing N. 56 degrees 51 minutes 00 seconds W. 479.41' from another 1/2" rebar found on the Southeasterly bank of Upper Five Mile Creek at the beginning point described in the deed of the grantor herein; Thence, from said point of beginning, and running with the right-of-way line of said road, N. 41-38-38 E. 25.00' to a 5/8" x 30" steel pin; Thence, leaving the road and making new division lines, S. 56-51-00 E. 25.00' to a 5/8" steel pin; Thence, S. 41-38-38 W. 25.00' to a 5/8" steel pin set in the common line of said Grady; Thence, with said common line, N. 56-51-00 W. 25.00; to the place of beginning, containing 0.0142 acres, more or less, as surveyed in September of 1987, by Cerrone and Associates, Consulting Engineers, of Wheeling, W. Va.

Being the same real estate conveyed by Edna Glassburn, widow, to the Mason County Public Service District by deed dated the 15th day of October, 1987, and of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 291 Page 106.

DEED OF TRUST AND MORTGAGES:

None

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated the 2nd day of October, 1986, executed by Edna Glassburn, single, to Mason County Public Service District, of record in said Clerk's Office in Deed Book 286, Page 684.

LEASES:

None.

RESERVATIONS:

None.

DEFECTS:

None.

TAXES:

The 2004 real estate taxes are non-taxable. Said real estate is assessed as follows:

Arbuckle District
0.0142 Acre Five Mile
Mason County Public Service District
Land Assessment: $ 60.00
Building Assessment: $ --
Total Assessment: $ 60.00
Class III; taxes none due to non-taxability
Assessor's Account No. 6815921

The 2005 real estate taxes became a lien as of July 1, 2004; however, the same are not due and payable at this time.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Form RD 1927-10

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED

FINAL TITLE OPINION

Date June 24, 2005

[illegible] APPLICANT Mason County Public Service District	ADDRESS OR PROPERTY COVERED BY THIS OPINION [illegible] Acre, [illegible] District

APPLICANT FOR TITLE EXAMINATION	COUNTY	STATE
Mason County Public Service District	Mason	West Virginia

I have examined title to the property described in the security instrument described in paragraph [illegible] below. My examination covered the period from the time of termination of title [illegible] Form RD 1927-[illegible] the time of recordation of the initial loan security [illegible] by the loan applicant in a subsequent loan [illegible] the current security instrument. (Date) [illegible]

[illegible] Based on [illegible] title examination, my preliminary title examination, if any, and any additional information concerning [illegible]

[illegible] marketable title in accordance with title [illegible]

[illegible]

[illegible] and is recorded in [illegible]

[illegible]

[illegible] If a water right is involved, and is not covered by the current security instrument, it is subject only to the encumbrances, [illegible] exceptions, and defects set forth in said administrative waivers and was made available [illegible]

Water Revenue Bonds, Series 1981, January 22, 1981 [illegible]
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of [illegible]
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of [illegible]
Water Revenue Bonds, Series 1997B, September 25, 1997 [illegible]
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 [illegible] of $[illegible]
Water Revenue Bonds, Series 2000A (WV SWTRF) [illegible]
[illegible]
[illegible]
Water Revenue Bonds, Series 2005B (USDA), June 24, 2005 O.A.P.A. of $[illegible]

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person [illegible] respond to, a collection of information [illegible] The valid [illegible] for this information [illegible] the time required to complete this information collection is estimated to average 20 minutes per response, including time for reviewing [illegible] searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) [illegible] mechanics', materialmen's and all other liens [illegible] said lien to the United States [illegible] State and [illegible] income [illegible] State and Federal bankruptcy, insolvency, receivership, and probate proceedings [illegible] pending suits in State and Federal court, (d) recorded covenants, conditions, restrictions, reservations, liens, encumbrances, easement, rights-of-way, leases, [illegible] proceedings [illegible] affect [illegible] of the property, or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United States Department of Agriculture Agency which provided the assistance [illegible] assume liability to each [illegible]

June 24, 2005
Date

Castor & Castor, P.C.

214 Fourth Street
Point Pleasant, WV 25550

Attachments

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Beginning at a 5/8" x 30" rebar (set) on the North right-of-way line of Horselick Road (County Route 29/6) so as to bear S. 79 degrees 15' 24" W. 286.61' from a Black Oak stump found at the Southeast corner of the lands of the Grantor herein and from which the East fence line of said Grantor ws found to bear N. 2 degrees 01' 16" E. In addition, the point beginning can be described as bearing N. 74 degrees 43' 43" E. 365.00 from a corner post found at the Northeast corner of lands of Kenneth Gardener (D.B. 237, Pg. 362) from which the East line of said Gardener land was found to bear S. 15 degrees 16' 18" W.; thence, from said point of beginning, and running with the North R/W line of said Horselick Road, S. 74 degrees 40' 53" W. 25.00 to a 5/8" rebar; thence, leaving the road and making new division lines with the Grantor herein, N. 15 degrees 19' 07" W. 25.00 to a 5/8" rebar; thence N. 74 degrees 40' 53" E. 25.00 to a 5/8" rebar; thence S. 15 degrees 19' 07" E. 25.00' to the place of beginning, containing 625 sq. ft.; more or less, as surveyed by Cerrone & Vaughn, Inc., Engineers, in September of 1981 and being shown on a plat.

Being the same real estate conveyed by Richard Edward Lanz and Sheila Lynn Lanz, his wife, to the Mason County Public Service District by deed dated the 18th day of September, 1981, and of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 265, Page 561.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated the 14th day of February, 1980, executed by Robert D. Lanz and Mary A. Lanz, his wife, to Mason County Public Service District, of record in said Clerk's Office in Deed Book 258, Page 610..

LEASES:

Oil and gas leases for which the primary term has expired and production may or may not have commenced on the subject real estate.

RESERVATIONS:
None.

DEFECTS:

1. Please be advised that by deed dated the 21st day of July, 1972, by and between Parker and Edna Husselton, his wife, to Robert D. Lanz and Mary A. Lanz, of record in said Clerk's Office in Deed Book No. 227, Page 374, the Notary, when taking

the acknowledgment, did not indicate the date of the signatures of the grantors and did not include his Notary expiration date.

TAXES:

The 2004 real estate taxes are non-taxable. Said real estate is assessed follows:

Clendenin District
.01 acre Wyoma
Mason County Public Service District
Land Assessment: $ 60.00
Building Assessment: $ 420.00
Total Assessment: $ 480.00
Class III; taxes none due to non-taxability
Tax Map No. 362 Parcel 34.1
Assessor's Account No. 6151629

The 2005 real estate taxes became a lien as of July 1, 2004; however, the same are not due and payable at this time.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

Form RD 1927-10
(Rev 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 24, 2005

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
.1041 Acre, Clendenin District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9, or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 24, 2005, at _____ a.m. (including the time of filing the current security instrument). (Date) p.m.

II Based on said title examination, my preliminary title examination, if any, and any additional information concerning the title which has come to my attention, it is my opinion that:

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District

B The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency), in which lien was filed for record on ____N/A_____, _____, at _____ a.m. and is recorded in ___N/A_____.
p m (Book, page, and office)

C Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which wee approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.

III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing.).

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 24, 2005 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 24, 2005 O.A.P.A. of $238,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance and I assume liability to each hereunder.

June 24, 2005
Date

Attachments

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

FIRST TRACT - REDMOND RIDGE TANK SITE

Beginning at a 5/8" x 30" rebar set in a field fence near an existing gate so as to bear S. 20 degrees 08' 38" E. 340.10' from a corner post found at the easterly most corner of an 0.459 acre tract of the Easterly most corner of 0.459 acre tract of Alan & Connie Edwards (D.B. 253, Pg. 32) and from which the Southeast fenced line of said tract was found to bear S. 69 degrees 16' 23" W. thence from said point of beginning, and making new division lines with the grantor herein while following existing field fences, S. 27 degrees 57' 27" E. 75.00 to a 5/8" rebar; thence, 37 degrees 15' 30" W. 57.59' to a 5/8" rebar; thence, leaving said field fences, N. 37 degrees 55' 47" W. 75.00' to a 5/8" rebar; thence, N. 40 degrees 52' 33" E. 70.00' to the place of beginning containing 0.1041 acres, more or less.

SECOND TRACT - WATERLINE EASEMENT

A 20' wide permanent easement with a 40' construction width, the centerline of which is described as follows: Beginning at a point of the Northeast line of the tank site the Easterly most corner of said site; thence, from said point of beginning, N. 26 degrees 50' 33" E. 106.00 to the south right-of-way line of Salt Creek (County Rt. 32).

THIRD TRACT - ACCESS EASEMENT

A 20' wide permanent easement, for vehicular access, the centerline of which is described as follows: Beginning at a point on the Northeast line of the tank site described above located S. 27 degrees 57' 27" E. 10.00' from the Northerly most corner of said site; thence from said point of beginning, and following an existing drive, N. 72 degrees 48' 33" E. 41.36' to a stake' thence, N. 82 degrees 55' 09" E. 156.86' to a P-K nail set in the centerline of Salt Creek Road (County Rt. 32.)

Reference is hereby made to a plat prepared by Cerrone & Vaughn, Inc., Engineers, entitled "Mason County Public Service District, Proposed Redmond Ridge Tank Site, lands of William and Inez Birchfield, D. B. 2213, page 64, Clendenin District, Mason County, West Virginia", dated December 5, 1979, from which the above descriptions were taken.

Being the same real estate conveyed by William Birchfield and Inez Birchfield, his wife, to the Mason County Public Service District by deed dated the 5th day of December, 1980, and of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 263, Page 307.

DEED OF TRUST AND MORTGAGES:

None

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated the 15th day of October, 1980, executed by William Birchfield and Inez Birchfield, his wife, to Mason County Public Service District, of record in said Clerk's Office in Deed Book 262, Page 77.

2. A right of way dated the 1st day of May, 1984, executed by Mason County Public Service District to Gallipolis Ferry Water Association, Inc., of record in said Clerk's Office in Deed Book 275, Page 213.

LEASES:
None.

RESERVATIONS:

From predecessors in the chain of title, there is reserved and excepted a right of way for lands conveyed for the private use of the Stone Farm, which may or may not affect the subject real estate.

DEFECTS:
None.

TAXES:

The 2004 real estate taxes are non-taxable. Said real estate is assessed as follows:

Clendenin District
0.1041 Acre
Mason County Public Service District
Land Assessment: $ 240.00
Building Assessment: $45,000.00
Total Assessment: $45,240.00
Class III; taxes none due to non-taxability
Tax Map No. 322, Parcel 51.2
Assessor's Account No. 6805380

The 2005 real estate taxes became a lien as of July 1, 2004; however, the same are not due and payable at this time.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

Form RD 1927-10
(Rev. 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 24, 2005

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
.359 Acre, Clendenin District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 24, 2005, _____ a m (including the time of filing the current security instrument). (Date) p m.

II. Based on said title examination my preliminary title examination, if any, and any additional information concerning the title which has come to my attention it is my opinion that:

A. Good and marketable title in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency), in which lien was filed for record on N/A, _____, at _____ a.m. p m and is recorded in N/A (Book page and office)

C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which wee approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.

III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing.):

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987 June 25 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28 2000 A.P.A. of $960,000.00
Water Revenue Bonds Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
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Water Revenue Bonds, Series 2005B (USDA), June 24, 2005 O.A.P.A. of $238,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations, liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry), timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 24, 2005
Date

Attachments

Caste & Castr, L.C.

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:
Situate in Clendenin District, Mason County, West Virginia, and bounded and described as follows, to-wit:

PARCEL ONE: TANK SITE
A parcel of land located approximately 0.57 miles East of West Virginia State Route #2 and approximately 0.16 mile North of Crab Creek Road (C. R. #29) situated in the District of Clendenin, County of Mason, State of West Virginia, and being more particularly described as follows:

Beginning at a5/8" dia. x 30" long steel pin set at the Southerly corner of the parcel herein described which was determined to bear N. 31-48-17-E. 116.52' from a 1/2" dia. steel pin found at the first described corner of the parent tract. Said pin also being a common corner to lands of W. R. and Christian Michael Woods (DB #319, P #692-Pat DB #287, P #318) and John W. Campbell Jr. (DB #327, P #244). Thence from said point of beginning and making new division lines with the grantor herein, N. 45-04-26 W. 125.00' to a 5/8" dia. steel pin set: thence N. 44-53-34-E. 125.00' to a 5/8" dia. steel pin set: thence S. 45-04-26 E. 125.00' to a 5/8" dia. steel pin set: thence S. 44-55-43 W. 125.00' to the place of beginning, containing 0.359 of an acre, more or less, as shown on a plat attached hereto and made a part of this description as surveyed in April of 1996 by Cerrone & Associates, Inc., of Wheeling, W. Va/

Adequate room will be left around one (1) side of the tank to allow for vehicular access from the front side, i.e Southwest of the property, to the backside, i.e. Northeast.

VEHICULAR ACCESS AND WATERLINE ROUTE RIGHT-OF-WAY:
A 20' wide permanent right -of-way, together with a 30' wide temporary construction width, the centerline of which is described as follows:

Beginning at a point located on the South-West line of the above described tank site, said point being located N. 45-04-26-W. 56.05 from a 5/8" dia. steel pin set at the first described corner of the corner of the aforementioned tank site.
Thence from said point of beginning and passing thorough lands of the grantor herein, S. 39-04-46 W. 136.55' to a 3/8" dia. x 8" long spike nail set; thence S. 33-06-34 W. 115.21' to a 3/8" dia. spike nail set; thence S.40-54-50 W. 65.34' to a hub set; thence S. 56-41-39 W. 116.55' to a 3/8" dia. spike nail set at which point the permanent vehicular access route

intersects with a temporary access route described below; thence continuing with the permanent vehicular access and waterline route right of way, S. 15-03-43 E. 488.90' to a point located N. 73-19-24-E 5.00' from a 5/8" dia. steel pin set at the second described corner of the aforementioned booster station site.

The party of the second part is specifically granted the right to grade and gravel as needed , the immediate preceding right -of-way

TEMPORARY VEHICULAR ACCESS ROUTE RIGHT -OF-WAY:
A 30' wide temporary right-of-way, the center-line of which is described as follows: Beginning at a 3/8" dia. spike nail set at the fifth (5th) described point along the Vehicular Access and Waterline route right-of-way, said spike nail being located S. 49-58-03 W. 429.55' from a 5/8" dia. steel pin set at the first (1st) described corner of the aforementioned tank site; thence from said point of beginning and passing through lands of the grantor herein, S. 58-16-50 W. 132 .36' to a hub set; S. 35-10-37 W. 188.23' to a 3/8" dia. spike nail set; thence S. 23-46-03 W. 85.61' to a 3/8" dia. spike nail set; thence S. 23-57-53 W. 228.18' to a 3/8" dia. spike nail set in an old road bench (the Old Main Ohio River Public Road); thence with the center-line of said road bench the following three (3) bearings and distances, S. 25-46-24 E. 34.26' to a 3/8" dia. spike nail set; thence S. 29-24-27 E. 93.06' to a point between two (2) existing gate posts; thence, S. 14-32-37 E. 21.17' to a point in the center-line of Crab Creek Road (C.R. #29).

PARCEL TWO: BOOSTER PUMPS STATION SITE
A parcel of land located along the Northerly side of Crab Creek Road (C. R . #29) approximately 0.57 mile East of its intersection with West Virginia State Route #2 situated in the District of Clendenin, County of Mason, State of West Virginia, and being more particularly described as follows:

Beginning at a point located in the Northerly right-of-way line Crab Creek Road (C.R. #29) which was determined to bear N. 65-20-21 E. 461.77' from a 1/2" dia. steel pin found at the first described corner of the parent tract. Said pin also being a common corner to lands of W. R. and Christian Michael Woods (DB #319, P #692- Plat DB #287, P #318) and John W. Campbell Jr. (DB #327, P #244). Thence from said point of beginning, leaving the Northerly right-of-way line of C. R. #29 and making new division lines with the grantor herein, N. 16-40-36 W. 47.45' to a 5/8" dia. x 30" long steel pin set, at 10.11' passing a 5/8" dia. steel pin set in a fence line; thence N. 73-19-24 E. 40.00' to a 5/8" dia. steel pin set, at 5.00' passing a point on the Northerly line of the parcel herein described where the centerline of a 20' wide permanent Vehicular Access And Waterline Route Right-of-way intersects said Northerly boundary line; thence S. 16-40-36 E. 49.30' to a point located on the Northerly right-of way of C. R. #29, at 37.82' passing a 5/8" dia. steel pin set in a fence line; thence with said Northerly right-of-way line of C. R. #29, S. 75-57-56 W. 40.04' to the place of beginning, containing 0.044 of an acre, more or less, as shown on a plat attached hereto and made a part of this

description as surveyed in April of 1996 by Cerrone & Associates, Inc., of Wheeling, West Virginia.

A farm gate will be installed by the Mason County Public Service District to control access to the Booster Pump Station Site.

VEHICULAR ACCESS ROUTE RIGHT -OF-WAY:
a 20' wide permanent right-of-way, together with a 30' wide temporary construction width, the centerline of which is described as follows:
Beginning at a point located on the Westerly line of the above described Booster Pump Station Site, said point being located S. 16-40-36 E. 27.86' from a 5/8" dia. steel pin set at the second described corner of the aforementioned booster station site. Thence from said point of beginning, running parallel with a field fence and passing through lands of the grantor S. 74-46-00 W. 158.50' to a point; thence crossing said fence, S. 14-56-01 W. 36.94' to a point in the centerline of Crab Creek Road (C. R. #29).

The party of the second part is specifically granted the right to grade and gravel as needed, the immediate preceding right-of-way.

Being the same land conveyed by William M. Gill and Garnett M. Gill, his wife, to the Mason County Public Service District by deed dated the 16th day of July, 1996, and of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 334, Page 267.

DEED OF TRUST
A deeds of trust given by William M. Gill and Garnett M. Gill, his wife, to Martha Chapman, Trustee, dated the 29th day of March, 1995, of record in the aforesaid Clerk's Office in Lien Book 159, Page 598, and given to secure a loan of $ 16,852.75 from the Commercial Credit Corp.

RIGHT OF WAYS AND EASEMENTS"

1. A right of way dated February 8, 1980, executed by William M. Gill and Garnett M. Gill, his wife, to the Mason County Public Service District, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, In Deed Book 258, Page 432.

2. A right of way dated February 8, 1980, executed by William M. Gill and Garnett M. Gill, his wife, to the Mason County Public Service District, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book 258, Page 434.

3. A right of way dated June 3, 1981, executed by William M. Gill and Garnett M. Gill, his wife, to the Mason Public Service District, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, In Deed Book 264, Page 436.

4. A right of way dated January 17, 1986, executed by William M. Gill and Garnett M. Gill, his wife, to the Mason Public Service District, of in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book 282, Page 351.

5. A right of way dated January 17, 1986, executed by William M. Gill and Garnett M. Gill, his wife, to the Mason County Public District, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book 282, Page 353.

6. A right of way dated May 19, 1988, executed by William M. Gill and Garnett M. Gill, his wife, to the Appalachian Power Company, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book 295, Page 48.

7. A right of way dated December 13, 1988, executed by William M. Gill and Garnett M. Gill, his wife, to the Appalachian Power Company, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book 299, Page 347.

8. Reserving the right of way of Baltimore and Ohio Railroad Company and various public roads in and through a large tract of real estate is a part, which may or may not affect the subject real estate.

9. Reserving a flowage easement granted to the USA by Order of the US District Court dated August 27, 1940, of record in said Clerk's Office in Deed book 118, Page 38.

10. A right of way dated June 23, 1948 executed by I. U. Blaine and Rebecca B. Blaine, his wife, to Appalachian Electric Power Company, of record in said Clerk's Office in Deed Book 138, Page 211.

11. A right of way dated February 20, 1950, executed by I. U. Blaine and Rebecca B. Blaine, his wife, to Appalachian Electric Power Company, of record in said Clerk's Office in Deed Book 141, Page 315.

12. A right of way dated August 14, 1958, executed by I. U. Blaine and Rebecca B. Blaine, his wife, to United Fuel Gas Company, of record in said Clerk's Office in Deed Book 170, page 494.

13. A right of way dated August 14, 1958 executed by I. U. Blaine and Rebecca Blaine, his wife, to United Fuel Gas Company, of record in said Clerk's Office in Deed Book 170, page 495.

14. A right of way indenture dated February 24, 1961, executed by Eleanor B. Gill and John S. Gill her husband, to Appalachian Electric Power, of record in said Clerk's Office in Deed Book 180, Page 471.

15. A right of way indenture dated February 24, 1961, executed by Eleanor B. Gill and Chesapeake and Potomac Telephone Company, of record in said Clerk's Office in Deed Book 193, Page 199.

LEASES:
None.

RESERVATION:
None.

DEFECTS:
None.

TAXES:
The 2004 real estate taxes are non-taxable. Said real estate is assessed as follows:

Clendenin District
0.359 Acre ORB&H
Mason County Public Service District
Land Assessment: $ 3060
Building Assessment: $ 493,200
Total Assessment: $ 496260
Class 3; taxes are non-taxable
Assessor's Account No. 6113181

The 2005 real estate taxes became a lien as of July 1, 2004; however, the same are not due and payable at this time.

NOTE:

1. This opinion is subject of state facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fee, rates and charges made by any Public Service District servicing the subject real estate for either

Position 5

Form RD 1927-10
(Rev 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 24, 2005

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
.00367 Acre, Clendenin District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 24, 2005, at _____ a.m. (including the time of filing the current security instrument). (Date) p.m.

II. Based on said title examination, my preliminary title examination, if any, and any additional information concerning the title which has come to my attention, it is my opinion that:

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency), in which lien was filed for record on ___N/A_____, _____, at _____ a.m. and is recorded in ___N/A_____
p.m. (Book, page, and office)

C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which were approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion

III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing.):

Water Revenue Bonds, Series 1981 January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A (USDA) March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA), June 24, 2005 O.A.P.A. of $3,222,000.00
Water Revenue Bonds, Series 2005B (USDA) June 24, 2005 O.A.P.A. of $238,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income. (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions, restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liabil ty to each hereunder.

June 24, 2005
Date

Attachments

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Beginning at a 5/8" dia. x 30" long steel rod set on the East right-of-way line of W. Va. State Route 2 located N. 85 degrees 46' 18.3" W. 2,304.29' from a corner post found at the Southeast corner of the grantor herein and from which in turn the South line of the said grantor was found to bear S. 79 degrees 58' 41.6" W.; thence, from said point of beginning and running with East right-of-way line said State Route 2, N. 19 degrees 43' 20" W. 16.00' to a 5/8" steel rod located N. 88 degrees 28' 26.9" E. 107.74' from a U. S. Coastal & Geodetic Survey bench mark known as C-118; thence, leaving the state route right-of-way and making new division lines with the grantor herein, N. 70 degrees 16' 40" E. 10.00' to a 5/8" steel rod ;thence, S. 19 degrees 43' 20" E. 16.00' to a 5/8" steel rod; thence, S. 70 degrees 16' 40" W. 10.00 to the place of beginning, containing 0.00367 of an acre, more or less, as surveyed in November or 1985, by Cerrone & Vaughan, Inc., Engineers of Wheeling, W. Va.

Being the same real estate conveyed by William Gill and Garnett Gill, his wife, to the Mason County Public Service District by deed dated the 7th day of January, 1986, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 282, Page 355.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated the 5th day of February, 1980, executed by William M. Gill and Barnett M. Gill, his wife, to Mason County Public Service District, of record in said Clerk's Office in Deed Book 264, Page 436.

2. A right of way dated this 5th day of February, 1980, executed by William M. Gill and Barnett M. Gill, his wife, to Mason County Public Service District, of record in said Clerk's Office in deed Book 258, Page 434.

3. A right of way dated the 3rd day of June, 1981, executed by William M. Gill and Barnett M. Gill, his wife, to Mason County Public Service District, of record in said Clerk's Office in Deed Book 264, Page 436.

4. A right of way dated the 15th day of July, 1981, executed by William m. Gill Barnett M. Gill his wife, to Mason County Public Service District, of record in said Clerk's Office in Deed Book 264, Page 789.

5. A right of way dated the 17th day of January, 1986, executed by William M. Gill and Barnett M. Gill his wife, to Mason County Public Service District, of record in said Clerk's Office in Deed Book 282, Page 351.

6. A right of way dated the 17th day of January, 1986, executed by William M. Gill and Barnett M. Gill his wife, to Mason County Public Service District, of record in said Clerk's Office in Deed Book 282, Page 353.

LEASES:

Oil and gas leases for which the primary term has expired and production may or may not have commenced on the subject real estate.

RESERVATION:

Excepting and reserving by prior conveyance, a parcel of 1.94 acres, more or less. Granted to the United States of America by deed dated the 2nd day of March, 1939, of record in said Clerk's Office in Deed Book 116, Page 244, which may or may not affect the subject real estate.

DEFECTS:
None

TAXES:

The 2004 real estate taxes are non-taxable. Said real estate is assessed as follows:

Clendenin Districts
0.00367 Acre
Mason County Public Service District
Land Assessment: $ 60.00
Building Assessment: $ --
Total Assessment: $ 60.00
Class III; taxes none due to non-taxability
Tax Map No. 381, Parcel 16.1
Assessor's Account No. 6812871

The 2005 real estate taxes became a lien as of July 1, 2004; however, the same are not due and payable at this time.

GENERAL EXCEPTIONS

1 This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County,

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by nay Public Service District serving the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

Form RD 1927-10
(Rev 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 24, 2005

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
0.014 Acre, Clendenin District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 24, 2005, at _____ a.m. (including the time of filing the current security instrument). (Date) p.m.

II. Based on said title examination, my preliminary title examination, if any, and any additional information concerning the title which has come to my attention it is my opinion that:

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency or their successor (Agency) [illegible] recorded on N/A, _____, at _____ a.m. and is recorded in N/A
p.m. (Book, page, and office)

C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which wee approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.

III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing.):

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 O.A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 24, 2005 O.A.P.A. of $3,222,000.00
Water Revenue Bonds, Series 2005B (USDA), June 24, 2005 O.A.P.A. of $238,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court. (d) recorded covenants; conditions; restrictions, reservations, liens, encumbrances; easement rights-of-way leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 24, 2005
Date

Attachments

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Situate in Clendenin District, Mason County, West Virginia, and more particularly described as follows:

Commencing at a ½" rebar with plastic cap se this survey, said rebar being a new corner to Ed Duncan (Deed Book 322 Page 363) and at the edge of Second Route 29; thence leaving said Secondary and making a new line through the lands of said Duncan the following three (3) bearings and distances:

1) S02°00' E 25.00' to a ½" rebar with plastic cap set.
2) N57°12' W 30.45' to a ½" rebar with plastic cap set.
3) N 02°00'W 25.00' to a ½" rebar with plastic cap set, said rebar being a new corner to said Duncan and at the edge of above said Secondary.

Thence with said Duncan and said Secondary S 57° 12' E. 30.45' to the point of beginning; Containing 625 Sq. Ft. (0.014 acre) as shown upon that certain plat made as the result of a survey by Point Surveying and Mapping, Route 1, Box 495, Cottageville, WV 25239. A copy of said plat, dated 27 July 1999, is attached hereto and made a part of this description.

Temporary Construction Right-Of-Way

A temporary construction right-of-way, to be maintained within a reasonable distance, around the boundaries of the above described 0.014 acre booster station site for the purpose of site preparation, grading, and drainage including the right of the grantee to alter the contour of the existing ground to provide adequate site drainage.

Being the same real estate conveyed by Ed Duncan and Rebecca Lynn Duncan, his wife, to the Mason County Public Service District by deed dated the 10th day of August, 1999, and of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 350, Page 755.

DEED OF TRUST AND MORTGAGES:

RIGHT OF WAYS AND EASEMENTS:

1. An easement recorded July 17, 1969, executed by Bessie Dabney to C&P Telephone Co., of record in said Clerk's office in Deed Book 214, Page 192.

2. A right of way recorded July 30, 1954, executed by Bessie Dabney to C&P Telephone Co., of record in said Clerk's office in Deed Book 157, Page 334.

3. An easement recorded September 7, 1945, executed by Bessie Dabney to Appalachian Electric Power Co., of record in said Clerk's office in Deed Book 128, Page 183.

LEASES:
None.

RESERVATIONS:

None.

DEFECTS:
None.

TAXES:

The 2004 real estate taxes are non-taxable. Said real estate is assessed as follows:

Clendenin District
0.014 Acre
Mason County Public Service District
Land Assessment: $ 120.00
Building Assessment: $--
Total Assessment: $120
Class III; taxes none due to non-taxability
Tax Map No. 403, Parcel 46.2
Assessor's Account No. 6161513

The 2005 real estate taxes became a lien as of July 1, 2004; however, the same are not due and payable at this time.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

Form RD 1927-10
(Rev. 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 24, 2005

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
709 Sq. Feet, Clendenin District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 24, 2005, at _____ a.m. (including the time of filing the current security instrument). (Date) p.m.

II. Based on said title examination, my preliminary title examination if any, and any additional information concerning the title which has come to my attention, it is my opinion that:

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency), which lien was filed for record on N/A, _____, at _____ a.m. and is recorded in N/A
p.m (Book, page and office)

C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which were approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.

III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing.).

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 O.A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA) March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 24, 2005 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 24, 2005 O.A.P.A. of $238,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I. including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions, restrictions; reservations; liens, encumbrances, easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder

June 24, 2005
Date

Attachments

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Situate in Clendenin District, Mason County, West Virginia, and being more particularly described as follows:

Commencing at a 1/2" rebar with plastic cap set this survey, said rebar being in a line of Robert Baird (Will Book 23 Page 589), in a line of Harold Mayes (Deed Book 322 page 291) and at the edge of right of way of Route 2; thence with the division line of said Baird and said Mayes S 81° 09" E 29.75' to a 1/2" rebar with plastic cap set, said rebar being the division line of said Baird and said Mayes; thence leaving said division line making a new line through the lands of said Baird the following two (2) bearings and distances:
1) S 08° 34' E 25.00' to a rebar with plastic cap set;
2) N 81° 09' W 29.74' to a 1/2" rebar with plastic cap set, said rebar being in the lands of said Baird and at the edge of right of way of above said Route 2; thence with said right of way N 08°34' W 25.00' to the point of beginning, containing 709 square feet as shown upon that certain plat made as the result of a survey by Point Surveying and Mapping, dated 09 January 1999, said plat being attached hereto and made a part of this description.

Temporary Constriction Right Of Way

A temporary construction right-of-way, to be maintained within a reasonable distance, around the boundaries of the above described 709 square feet booster station site for the preparation and grading

This right of way shall expire at the conclusion of the work mentioned herein.

In the event the grantee, its successors and assign, abandon the booster station to be constructed on the 709 square feet of real-estate described herein, such real estate shall by operation of law revert to the grantors and their heirs.

Being the same real estate conveyed by Robert C. Baird and Eileen Baird, his wife, to the Mason County Public Service District by deed dated the 19th day of January, 1999, and of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 348, Page 370.

DEED OF TRUST AND MORTGAGES:

1. None

RIGHT OF WAYS AND EASEMENTS:

1. An easement recorded July 14, 1944, executed by William E. Kirk to Appalachian Electric Power Company, of record in said Clerk's office in Deed Book 126, Page 31.

2. An easement recorded June 24, 1953, executed by William E. Kirk to Appalachian Electric Power Company, of record in said Clerk's office in Deed Book 145, Page 331.

3. A right of way recorded October 2, 1954, executed by William E. Kirk to C&P Telephone Co., of record in said Clerk's office in Deed Book 158, Page 127.

4. A right of way recorded October 21, 1958, executed by William E. Kirk to United Fuel Gas Co., of record in said Clerk's office in Deed Book 171, Page 222.

5. A WD of flowage easement recorded August 21, 1962, executed by William E. Kirk to United States of America, of record in said Clerk's office in Deed Book 186, Page 466.

6. A pipeline right of way recorded November 1, 1983, executed by William E. Kirk to Union Drilling Co., of record in said Clerk's office in Deed Book 273, Page 139.

7. A right of way easement recorded March 20, 1986, executed by William E. Kirk to Mason County Public Service District, of record in said Clerk's office in Deed Book 283, Page 246.

LEASES:
None.

RESERVATIONS:

None.

DEFECTS:
None.

TAXES:

The 2004 real estate taxes are non-taxable. Said real estate is assessed as follows:

Clendenin District
0.016 Acre
Mason County Public Service District
Land Assessment: $ 120.00
Building Assessment: $--
Total Assessment: $120

Class III; taxes none due to non-taxability
Tax Map No. 441, Parcel 4.1
Assessor's Account No. 6159605

The 2005 real estate taxes became a lien as of July 1, 2004; however, the same are not due and payable at this time.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

Form RD 1927-10
(Rev 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 24, 2005

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
Surface Only, .036 Acre, Clendenin District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II B. below My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 24. 2005, at _____ a m (including the time of filing the current security instrument). (Date) p.m.

II Based on said title examination my preliminary title examination if any and any additional information concerning the title which has come to my attention it is my opinion that:

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed to record on N/A, _____, at _____ a.m. and is recorded in N/A
p m (Book page and office)

C Said property and lien are subject only to encumbrances, reservations, exceptions and defects which wee approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.

III If a water right is involved and is not covered by the current security instrument it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing.)

Water Revenue Bonds, Series 1981. January 22. 1981 O A.P A of $1.100.00
Water Revenue Bonds Series 1987 June 25, 1987 O.A.P.A. of $610.000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds. Series 1999A (USDA), August 5. 1999 O A.P.A. of $620.000 00
Water Revenue Bonds Series 2000A (WV DWTRF). June 28 2000 .A P A of $960 000 00
Water Revenue Bonds. Series 2001A USDA), March 16. 2001 O.A.P.A of $375.000 00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A P.A. of $602,000 00
Water Revenue Bonds, Series 2005A (USDA) June 24, 2005 O.A.P.A. of $3,222,000 001
Water Revenue Bonds, Series 2005B (USDA), June 24, 2005 O.A.P.A. of $238,000.00

According to the Paperwork Reduction Act of 1995 an agency may not conduct or sponsor, and a person sls not required to respond to a collection of information unless it displays a valid OMB control number The valid OMB control number for this information collection is 0575-0147. The time required to compelte this information collection is estimated to average 20 minutes per response, including time for reviewing instructions searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I. including but not limited to (a) mortgages, deeds of trust and vendors' mechanics' materialmen's and all other liens including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income. (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings. (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions, restrictions, reservations; liens, encumbrances; easement; rights-of-way, leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry), timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 24, 2005
Date

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

Attachments

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Beginning at an axle (found) on the West right-of-way line of West Virginia Primary State Route No. 2, and marking a corner common to the lands now or formerly owned by Robert F. Stephens and Beulah Glendale Stephens (Deed Book 310, at page 282) and the lands now owned by Shell Oil Company (Deed book 316, at page 174)' thence leaving the lands of the said Stephens, and with the West right-of-way line of the said Route No. 2, S. 10 degrees 52' 08" E. 40.00 feet to an iron pin (set); thence, leaving the West right-of-way line of the said Route No. 2, and severing the lands of the said Shell Oil Company, as follows: S. 88 degrees 34' 37" W. 40.00 feet to an iron pin (set), N. 10 degrees 52' 08" W. 400.00 feet to an iron pin (set) in the line of the lands of the said Stephens; thence, with the lands of the said Stephens, N. 88 degrees 34' 37" E. 40.00 feet to the Beginning, containing 0.036 acre, (1,578 square feet), more or less, as surveyed by Ronald L. Eastham, West Virginia Registered Professional Surveyor No. 150, on November 28, 1994, and being a part of the same tract of land as described in a deed from Kenneth W. Black and Vivian Louise Blake, husbnd and wife, to Shell Oil Company, dated April 1, 1993, and recorded in Deed Book 316, at page 174, in the Office of the Clerk of the County Commission of Mason County, West Virginia.

Being the same real estate conveyed by Shell Oil Company, a Delaware corporation, to the Mason County Public service District by deed dated the 13th day of August, 1996, and of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 335, Page 47.

DEED OF TRUST AND MORTGAGES:

None

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated the 23rd day of July, 1993, executed by Shell Oil Company to Appalachian Electric Power Company, of record in said Clerk's Office in Deed Book 318, Page 12.

LEASES:

None.

RESERVATIONS:

Subject to the exceptions and conditions as shown upon a deed dated the 13th day of August, 1996, by and between Shell Oil Company, a Delaware Corporation, and Mason County Public Service District, of record in said Clerk's Office in Deed Book 335, Page 47.

DEFECTS:
None.

TAXES:

The 2004 real estate taxes are non-taxable. Said real estate is assessed as follows:

Clendenin District
0.036 Acre ORH.
Mason County Public Service District
Land Assessment: $ 60.00
Building Assessments: $ --
Total Assessment: $ 60.00
Class III; taxes none due to non-taxability
Tax Map No.461, Parcel 1.6
Assessor's Account No. 6146020

The 2005 real estate taxes became a lien as of July 1, 2004; however, the same are not due and payable at this time.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Beginning at an axle (found) on the West right-of-way line of West Virginia Primary State Route No. 2, and marking a corner common to the lands now or formerly owned by Robert F. Stephens and Beulah Glendale Stephens (Deed Book 310, at page 282) and the lands now owned by Shell Oil Company (Deed book 316, at page 174)' thence leaving the lands of the said Stephens, and with the West right-of-way line of the said Route No. 2, S. 10 degrees 52' 08" E. 40.00 feet to an iron pin (set); thence, leaving the West right-of-way line of the said Route No. 2, and severing the lands of the said Shell Oil Company, as follows: S. 88 degrees 34' 37" W. 40.00 feet to an iron pin (set), N. 10 degrees 52' 08" W. 400.00 feet to an iron pin (set) in the line of the lands of the said Stephens; thence, with the lands of the said Stephens, N. 88 degrees 34' 37" E. 40.00 feet to the Beginning, containing 0.036 acre, (1,578 square feet), more or less, as surveyed by Ronald L. Eastham, West Virginia Registered Professional Surveyor No. 150, on November 28, 1994, and being a part of the same tract of land as described in a deed from Kenneth W. Black and Vivian Louise Blake, husbnd and wife, to Shell Oil Company, dated April 1, 1993, and recorded in Deed Book 316, at page 174, in the Office of the Clerk of the County Commission of Mason County, West Virginia.

Being the same real estate conveyed by Shell Oil Company, a Delaware corporation, to the Mason County Public service District by deed dated the 13th day of August, 1996, and of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 335, Page 47.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated the 23rd day of July, 1993, executed by Shell Oil Company to Appalachian Electric Power Company, of record in said Clerk's Office in Deed Book 318, Page 12.

LEASES:
None.

RESERVATIONS:

Subject to the exceptions and conditions as shown upon a deed dated the 13th day of August, 1996, by and between Shell Oil Company, a Delaware Corporation, and Mason County Public Service District, of record in said Clerk's Office in Deed Book 335, Page 47.

DEFECTS:
None.

TAXES:

The 2004 real estate taxes are non-taxable. Said real estate is assessed as follows:

Clendenin District
0.036 Acre ORH.
Mason County Public Service District
Land Assessment: $ 60.00
Building Assessments: $ --
Total Assessment: $ 60.00
Class III; taxes none due to non-taxability
Tax Map No.461, Parcel 1.6
Assessor's Account No. 6146020

The 2005 real estate taxes became a lien as of July 1, 2004; however, the same are not due and payable at this time.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

Form RD 1927-10
(Rev 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 24, 2005

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
.01 Acre, Clendenin District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 24, 2005, at _____ a.m (including the time of filing the current security instrument) (Date) p.m.

II Based on said title examination my preliminary title examination, if any and any additional information concerning the title which has come to my attention it is my opinion that

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which was filed for record on N/A, _____, at _____ a.m. and is recorded in N/A
p.m (Book page and office)

C. Said property and lien are subject only to encumbrances, reservations exceptions and defects which wee approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.

III If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing.).

Water Revenue Bonds Series 1981 January 22 1981 O A P A. of $1 100 00
Water Revenue Bonds, Series 1987 June 25, 1987 O A.P A of $610.000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds Series 2000A (WV DWTRF) June 28, 2000 A P A of $960 000 00
Water Revenue Bonds Series 2001A USDA), March 16, 2001 O A P A of $375 000 00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O A.P.A. of $602,000 00
Water Revenue Bonds, Series 2005A (USDA) June 24, 2005 O.A.P.A. of $3,222.000.001
Water Revenue Bonds, Series 2005B (USDA), June 24, 2005 O.A.P.A. of $238,000 00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number The valid OMB control number for this information collection is 0575-0147 The time required to compelte this information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I including but not limited to (a) mortgages, deeds of trust, and vendors' mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions, restrictions; reservations; liens encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry), timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance and I assume liability to each hereunder.

June 24, 2005
Date

Attachments

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

A parcel of land situated along the Northerly side of Jerry's Run Road, County Route 37, approximately 1,700 feet West of the intersection of said road with County Route 39/2 in Clendenin District, Mason County, West Virginia, being more particularly described as follows:

Beginning at a point on the Northern right-of-way line of said County Route 37, said point of beginning bears S 46 degrees 16' 30" E, 647.88 from an iron pin found in the Northwest line of the grantor herein and at the Northern most corner of a 3.6 acre tract of Raymond F. & Dottie Lou Yonker (DB 255, Pg. 311). Said iron pin was found to bear N. 0 degrees 49' 30" W., 461.10 feet from an iron pin found at the 3rd described corner of said 3.6 acre tract.

Thence, from said point of beginning, and making new division lines with the grantor herein, N. 6 degrees 07' 44" W., 25.00 feet to point, passing on line at 2.08 feet, a 5/8" iron pin;

Thence, S 83 degrees 52' 16" E, 25.00' to a point; thence, S 6 degrees 07' 44" E, passing on line at 22.72 feet a 5/8" iron pin, 25.79 feet to a point on the said Northerly right-of-way line of County Route 37;

Thence, with said right-of-way, with a curve to the left having a radius of 597.96 feet, a length of 25.30 feet and a chord of N. 86 degrees 29' 32" W., 25.03 feet to the point of beginning, containing 563.23 square feet, more or less, as shown on a plat attached hereto and made a part of this description.

Being the same real estate conveyed by Hobert C. Myers and Mary F. M yers, his wife, to the Mason County Public Service District by deed dated the 14th day of March, 1986, and of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 283, Page 634.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated the 8th day of February, 1986, executed by Hobart Myers and Mary Myers, his wife, to Mason County Public Service District, of record in said Clerk's Office in Deed Book 283, Page 459.

2. A right of way dated the 8th day of February, 1986, executed by Hobart Myers and Mary Myers, his wife, to Mason County Public Service District, of record in said Clerk's Office in Deed Book 283, Page 467.

LEASES:
None.

RESERVATIONS:
None.

DEFECTS:

Please be advised that in Deed Book 283, Page 634, the grantees name is intended to be Mason County Public Service District, and an error therein was made inasmuch as it waas typed Mason County Public Service District.

TAXES:

The 2004 real estate taxes are non-taxable. Said real estate is assessed as follows:

Clendenin District
0.01 Acre
Mason County Public Service District
Land Assessment: $ 600.00
Building Assessment: $ 540.00
Total Assessment: $ 1140.00
Class III; taxes none due to non-taxability
Tax Map No. 483, Parcel 9.4
Assessor's Account No. 6813825

The 2005 real estate taxes became a lien as of July 1, 2004; however, the same are not due and payable at this time.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

Form RD 1927-10
(Rev 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 24, 2005

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
.2712 Acre, Clendenin District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 24, 2005, at _____ a.m. (including the time of filing the current security instrument). (Date) p.m.

II. Based on said title examination, my preliminary title examination, if any, and any additional information concerning the title which has come to my attention, it is my opinion that:

A. Good and marketable title in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien [illegible] by Rural Development of the Farm Service Agency, or their successor (Agency), in which lien was filed for record on N/A, at _____ a.m. and is recorded in N/A p.m. (Book, page, and office)

C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which wee approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.

III. If a water right is involved, and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing.).

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 O.A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A (USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 24, 2005 O.A.P.A. of $3,222,000.00
Water Revenue Bonds, Series 2005B (USDA), June 24, 2005 O.A.P.A. of $238,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compete this information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens encumbrances, easement, rights-of-way; leases, mineral, oil gas, and geothermal rights (regardless o of the right of surface entry), timber rights, water rights, pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance and I assume liability to each hereunder.

June 24, 2005
Date

Casto & Casto LC

214 Fourth Street
Point Pleasant WV 25550

Attachments

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

A parcel of land situate near the South side of Jerry's Run Road (County Route #37) just East of Mount Union Ridge Road (County Route #76) in the District of Clendenin, County of Mason, State of West Virginia, and being more particularly described as follows:

Beginning at a corner post found in the ninth and final course of the grantor herein located S. 45 degrees 18' 07.7" W. 107.31' along said ninth course, from the centerline of said Jerry's Run Road which, in turn, is described as the beginning point of said grantor herein. Said corner post is further described as the common corner of two adjoining properties being John W. & Melba Ruth Fowler (D.B. 264, Pg. 801) and Weldon & Naomi Wears (D.B. 184, Pg. 182); thence, from said point of beginning and running with said ninth course N. 45 degrees 18' 07.7" E. 78.39' to a point; thence leaving said ninth course and making new division lines with the grantor herein, S 24 degrees 46' 21.5" E 136.25' to a point passing a 5/8" dia. rod on line at 76.63'; thence S 65 degrees 13' 38.5" W 100.00 to a point; thence N 24 degrees 46' 21.5" W 100.00 to a point on said ninth and final course of the grantor herein passing another 5/8" rod on line at 59.62'; thence running with said ninth course N 45 degrees 18' 07.7" E 27.98' to the place of beginning containing 0.2712 acre, more or less, as surveyed by Cerrone & Vaughn, Inc. Engineer of Wheeling, WV, in November, 1985.

Together with right-of-ways for vehicular access, power, construction and water lines as shown on the plat.

Being the same real estate conveyed by John L. Bowcott and Doris M. Bowcott, his wife, to the Mason County Public Service District by deed dated the 8th day of April, 1986, and of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 284, Page 298.

DEED OF TRUST AND MORTGAGES:

None

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated the 1st day of May, 1984, executed by Mason County Public Service District to Gallipolis Ferry Water Association, Inc., of record in said Clerk's Office in Deed Book 275, Page 213.

2. A right of way dated the 17th day of May, 1984, executed by John L. Bowcott to the Chesapeake and Potomac Telephone Company, of record in said Clerk's Office in Deed Book 276, Page 91.

3. A right of way dated the 19th day of November, 1985, executed by John L. Bowcott and Doris Bowcott, his wife, to the Mason County Public Service District, of record in said Clerk's Office in Deed Book 282, Page 713.

LEASES:

Oil and gas leases for which the primary term has expired and production may or may not have commenced on the subject real estate.

RESERVATIONS:

Please be advised by deed dated the 8th day of April, 1986, of record in said Clerk's Office in Deed Book 284, Page 298, there is the following: "The subject property shall revert to the grantors herein in the event that the grantee herein fails to use said property as storage tank site or other pressure generating purpose for the continuous period of twenty (20) years and upon said reversion, the grantors shall be required and shall pay unto the grantee, the same consideration paid by the grantee herein unto the said grantors."

DEFECTS:
None.

TAXES:

The 2004 real estate taxes are non-taxable. Said real estate is assessed as follows:

Clendenin District
0.2712 Acre
Mason County Public Service District
Land Assessment: $ 300.00
Building Assessment: $ 54,000.00
Total Assessment: $ 54,300.00
Class III; taxes none due to non-taxability
Tax Map No. 505, Parcel 23.1
Assessor's Account No. 6814058

The 2005 real estate taxes became a lien as of July 1, 2004; however, the same are not due and payable at this time.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

Form RD 1927-10
(Rev 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 24, 2005

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
.23 Acre Crab Creek, Clendenin District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9 or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 24, 2005, at _____ a.m. (including the time of filing the current security instrument). (Date) p.m.

II. Based on said title examination, my preliminary title examination if any, and any additional information concerning the title which has come to my attention, it is my opinion that:

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District

B. The United States of America holds a valid first contractual lien on said property, as required by Rural Development or the Farm Service Agency, or their successor (Agency), in which lien was filed for record on ____N/A_____, _____, at _____ a.m. and is recorded in ___N/A_____
p.m. (Book, page and office)

C. Said property and lien are subject only to encumbrances reservations exceptions and defects which were approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.

III. If a water right is involved and is not covered by the current security instrument it is subject only to the encumbrances reservations exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing.):

Water Revenue Bonds Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA) March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 24, 2005 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA) June 24, 2005 O.A.P.A. of $238,000.00

According to the Paperwork Reduction Act of 1995 an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to complete this information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens including any provisions thereof for future advances which could take priority over the said lien to the United States. (b) Federal State and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income. (c) State and Federal bankruptcy, insolvency, receivership and probate proceedings. (d) judgments and pending suits in State and Federal Court. (d) recorded covenants; conditions restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 24, 2005
Date

Casto & Casto, LC

214 Fourth Street
Point Pleasant, WV 25550

Attachments

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Beginning at a 5/8" rebar set near a ridge so as to bear N. 28 degrees 20' 05" W. 394.89' from a tree found at the apparent Southeast corner of parcel #6 as described in the deed of the grantor herein from which the common (fenced) line, between the grantor herein and lands of Bernard L. Crawford, D. B. 238, pg. 291, was found to bare N. 45 degrees 28' 04" W,; thence from said point of beginning, and making all new division lines with the grantor herein, N. 66 degrees 43' 53" W. 100.00' to a 5/8" rebar; thence N> 23 degrees 16' 07" E. 100.00" to a 5/8" rebar; thence S. 66 degrees 43' 53"E. 100.00' to a 5/8" rebar; thence S. 23 degrees 16.07" W. 100.00' to the point of beginning, containing 0.2296 acres, more or less, as surveyed by Cerronr & Vaughn, Inc. Engineers of Wheeling, W. Va.

Being the same real estate conveyed by Lester Albert Putney Sr. and Edna Avalee Putney, his wife, to the Mason County Public Service District by corrective deed dated the 18th day of August, 1981, and of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 265, Page 320.

DEED OF TRUST:

None

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated the 2nd day of February, 1980, executed by Lester Albert Putney Sr. and Edna Avalee Putney, his wife, to Mason County Public Service District of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book 258, Page 2320.

2. Aright of way dated the 1st day of May, 1984, executed by Mason County Public Service District to Gallipolis Ferry Water Association, Inc., of record in said Clerk's Office in Deed Book 275, Page 213.

LEASES:

None.

RESERVATIONS:

None.

DEFECTS:

None.

TAXES:

The 2004 real estate, taxes non-taxable. Said real-estate is assessed as follows:

Clendenin District
.23 acre, Crab Creek
Mason County Public Service District
Land Assessment: $ 600.00
Building Assessment: $ --
Total Assessment: $ 600.00
Class 3; taxes none due to non-taxable
Tax Map No. 402, Parcel 8.3
Assessor's Account No. 6805399

The 2005 real estate, taxes became a lien as of July 1, 2004; however the same are not yet due and payable at this time.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

Form RD 1927-10
(Rev 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 24, 2005

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
1.257 Acre, Clendenin District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 24, 2005, at _____ a.m. (including the time of filing the current security instrument). (Date) p.m.

II. Based on said title examination, my preliminary title examination (if any), and any additional information concerning the title which has come to my attention, it is my opinion that:

A. Good and marketable title, in accordance with the examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency), in which lien was filed for record on ___N/A_____, _____, at _____ a.m. and is recorded in ___N/A_____
p.m. (Book, page, and office)

C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which were approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion

III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing.):

Water Revenue Bonds, Series 1981 January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 O.A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A (USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 24, 2005 O.A.P.A. of $3,222,000.00
Water Revenue Bonds, Series 2005B (USDA), June 24, 2005 O.A.P.A. of $238,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics' materialmen's and all other liens including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants conditions restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 24, 2005
Date

Attachments

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

FIRST TRACT: TREATMENT SITE

Beginning at a 5/8" by 30" long rebar set on North line of the grantor herein at the intersection of said North line with West line of the Baltimore and Ohio Railroad Co. at railroad valuation station 2205 + 40.5, thence, from said point of beginning, and running with the West R/W line of the said B & O Railroad S. 18 degrees 13' 48.9" E. 99.32' to a point of new division; thence, making new division lines S. 84 degrees 23' 54" W. 619.60' to a point on the East side line of the proposed well field easement described below; thence, with the East line of said well field, N. 5 degrees 16' 53" W. 82.81 to a 5/8" x30" rebar set on the North line, N. 83 degrees 02' 39.4" E. 597.59" , to the point of beginning, passing a pin set on line at 359.17' , containing 1.257 acres, more or less, as surveyed in August of 1979 by Cerrone and Vaughn, Inc., Engineers of Wheeling, W. Va., and as shown on a plat recorded in the Office of the Clerk of the County Commission of Mason County, W. Va. in Plat Book No. 7, page 5.

SECOND TRACT: EASEMENT FOR WELL FIELD

Beginning at a 5/8" x30" rebar set on the North line of the grantor herein at the third described corner of the treatment site above which bear S. 83 degrees 02' 39.4 W. 598.59' from the West R/W line of the Baltimore and Ohio Railroad; thence, from said point of beginning along the Wet line of the treatment site described above and continuing ; thence to make new division lines, S. 5 degrees 16' 53" E. a total of 582.90' to a 5/8" x30" rebar set on the South line of said grantor herein; thence, with said South line, S. 84 degrees 23' 54" W. 50.00' to a 5/8" x30" rebar set at a point of new division; thence, making new division lines, N. 5 degrees 16' 47" W. 581.73' to a 5/8" x30" rebar set on the North line of said grantor; thence, with said North line, N. 83 degrees 02' 39.4" E. 50.00' to the point of beginning, containing 0.668 acres, more or less, as shown on the above-referred to plat recorded in said Clerk's Office in Plat Book No. 7, page 5. The easement for well fields includes also an easement for power.

THIRD TRACT: RIGHT-OF-WAY FOR ACCESS

A 21' wide permanent easement for access, water line and power beginning on the South line of the treatment site described above and running; thence along the West R/W line of the Baltimore and Ohio Railroad to the South line of the grantor herein as shown on the above referred to plat recorded said Clerk's Office in Plat Book No. 7, page 5.

FOURTH TRACT: LINE EASEMENT

A 20' wide permanent easement, with a 40' construction width the centerline of which permanent easement is described as follows: Beginning at a point on the West line of a 1.257 acre water treatment site (optioned by the Mason County P. S. D. from the Grantor herein) (Deed Book 258,. Page 487) located S. 5 degrees 16' 53" E. 10.00' from the Northwest corner of said site; thence, from said point of

beginning, and running parallel with the North line of the Grantor herein, S. 83 degrees 02' 39.4" W. 120' more or less, to the edge of the Ohio River at its normal pool.

Being the same real estate conveyed by Deal Construction Company, a West Virginia Corporation, to the Mason County Public Service District by deed dated the 10th day December, 1980, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 263, Page 311.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENT:

1. Rights conveyed to the Ohio River Railroad Company, now know as the B & O Railway Company, on the 6th day of May, 1987, of record in said Clerk's Office in Deed Book 42, Page 389.

2. A flowage easement deeded to the United States of America, covering 2.72 acres, by deed dated the 26th day of January, 1938, of record in said Clerk's Office in Deed Book 114, Page 510.

3. A right of way dated the 1st day of May, 1984, executed by Mason County Public Service District to Gallipolis Ferry Water Association, Inc., of record in said Clerk's Office in Deed Book 275, Page 213.

4. A right of way dated the 2nd day of April, 1980, executed by Deal Construction Company to Appalachian Power Company, of record in said Clerk's Office in Deed Book 260, Page 39.

LEASES:

Oil and gas leases for which the primary term has expired and production may or may not have commenced on the subject real estate.

RESERVATIONS:

Subject to the exceptions and reservation as shown upon a deed dated the 10th day of December, 1980, of record in said Clerk's Office in Deed Book 263, Page 311. By and between Deal Construction Company ant the Mason County Public Service District

DEFECTS:
None

TAXES:

The 2004 real estate taxes are non-taxable. Said real estate is assessed as follows:

Clendenin District
1.257 Acre
Mason County Public Service District
Land Assessment: $ 5,280.00
Building Assessment: $ 45 000.00
Total Assessment: $ 50, 280.00
Class 3; taxes none due to non-taxability
Tax Map No. 381, Parcel 10.2
Assessor's Account No. 6805406

The 2005 real estate taxes became a lien as of July 1, 2004, however, the same are not due and payable at this time.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real-estate for either water, sewer of gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

Form RD 1927-10
(Rev 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 24, 2005

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
0.014 Acre Ten Mile, Cologne District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case. to June 24, 2005, at _____ a.m. (including the time of filing the current security instrument). (Date) p.m.

II Based on said title examination, my preliminary title examination if any, and any additional information concerning the title which has come to my attention, it is my opinion that

A Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District

B The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency), in which lien was filed for record on N/A _____, _____, at _____ a.m. and is recorded in N/A _____
p.m (Book, page, and office)

C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which were approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.

III If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing.):

Water Revenue Bonds, Series 1981, January 22, 1981 O A P A of $1,100 00
Water Revenue Bonds, Series 1987, June 25 1987 O A P A of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O A.P A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O A.P.A of $818,000 00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P A of $375,000 00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 24, 2005 O.A.P.A of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 24, 2005 O.A.P.A. of $238,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number The valid OMB control number for this information collection is 0575-0147 The time required to compelte this information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I. including but not limited to (a) mortgages. deeds of trust. and vendors'. mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes including, county school, improvement, water, drainage, sewer inheritance. personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership. and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions reservations, liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry), timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title

V This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance and I assume liability to each hereunder

June 24, 2005
Date

Attachments

Casto & Casto, LC

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Situate in Cologne District, Mason County, West Virginia, and more particularly bounded and described as follow, to-wit:

A parcel of land situated along the East line of Leon-Baden Road (County Route 23) approximately 0.3 miles South of its intersection with County Route 23/1 in the District of Cologne, County of Mason, State of West Virginia, and being more particularly described as follows: Beginning at a 5/8" x 30" bar set on the East right-of-way line of Leon-Baden Road located N. 9 degrees 24' 22" W. 158.25' from the intersection of a fence line, described as the sixth course in the deed of the grantor herein, and the centerline of said Route #23; and from which, the said fence line was found to bear N. 83 degrees 45' 20" E. with its corner post located 18.21' from the centerline of the said road where mulberry once stood. Thence from said point of beginning, and running with the East line of said Leon-Baden Road N. 13 degrees 48' 08" W. 25.00' to a 5/8" x 30" bar; thence leaving said road and making new division lines with the grantor herein N. 76 degrees 11' 52" E. 25.00' to a 5/8" x 30" bar; thence S. 13 degrees 48' 08" E. 25.00' to a 5/8" x 30" bar; thence S. 76 degrees 11' 52" W. 25.00' to the place of beginning, containing 0.014 acre, more or less, as surveyed in April of 1983, by Cerrone & Vaughn, Inc., Engineers of Wheeling, W. Va.

Being the same real estate conveyed by Bonnie C. Hartley and Dawson E. Hartley, her husband, to the Mason County Public Service District by deed dated the 18th day of July, 1983, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 272, Page 168.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated the 18th day of October, 1947, executed by D. E. Hartley and Bonnie Cadle Hartley, his wife, to Appalachian Electric Power Company, of record in said Clerk's Office in Deed Book 135, Page 112.

2. A right of way dated the 13th day of February, 1965, executed by Dawson Hartlet to Chesapeake & Potomac Telephone Company of West Virginia, of record in said Clerk's Office in Deed Book 200, Page 18.

LEASES:

1. An oil and gas lease given by D. E. Hartley and Bonnie Hartley, his wife, to Consolidated Gas Supply Corporation, dated the 13th day of August, 1974, of record in said Clerk's Office in Lease Book 39, Page 58, conveying 64 acres in Cologne District for

a term described therein as ten years from date and as long thereafter as said land is operated by the Lessee in the search for or production of oil, gas, natural gasoline, etc.

2. An oil and gas lease given by Dawson E. Hartley and Bonnie C. Hartley, his wife, to Kaiser Exploration & Mining Company, dated the 5th day of April, 1983, of record in said Clerk's Office in Lease Book 54, Page 258, conveying 64 acres in Cologne District for a term described therein as five years from 8-14-84 and as long thereafter as the Lessee is engaged in the production of or search for oil and gas, or either of them, on the leased premises.

RESERVATIONS:
None.

DEFECTS:
None.

TAXES:

The 2004 real estate taxes are non-taxable. Said real estate is assessed as follows:

Cologne District
.014 Acre
Mason County Public Service District
Land Assessment: $ 60.00
Building Assessment: $ --
Total Assessment: $ 60.00
Class 3; taxes none due to non-taxability
Tax Map No. 347, Parcel 20.1
Assessor's Account No. 6033874

The 2005 real estate taxes became a lien as of July 1, 2004; however, the same are not due and payable at this time.

NOTE:

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

Position 5

Form RD 1927-10
(Rev 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 24, 2005

LOAN APPLICANT
Mason County Publ·c Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
0.14 Acre KH, Cologne District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 24, 2005, at _____ a.m. (including the time of filing the current security instrument) (Date) p m

II. Based on said title examination my preliminary title examination, if any, and any additional information concerning the title which has come to my attention it is my opinion that:

A Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency), in which lien was filed for record on N/A, _____, at _____ a.m. p m and is recorded in N/A (Book, page and office)

C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which wee approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.

III If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing.)

Water Revenue Bonds, Series 1981, January 22, 1981 O.A P.A of $1,100.00
Water Revenue Bonds, Series 1987 June 25, 1987 O.A.P.A. of $610 000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000 00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 A P.A of $960,000 00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P A of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A P.A of $602,000 00
Water Revenue Bonds, Series 2005A (USDA) June 24, 2005 O A P.A. of $3,222,000 001
Water Revenue Bonds, Series 2005B (USDA) June 24, 2005 O.A.P.A. of $238,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147 The time required to compelte this information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants, conditions, restrictions, reservations, liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 24, 2005
Date

Attachments

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Situate in Cologne District, Mason County, West Virginia, and more particularly bouonded and described as follows, to-wit:

A parcel of land situated along the East line of Leon-Baden Road (County Route 23) near its intersection with Dunham Road (County Route 48) in the District of Cologne, County of Mason, State of West Virginia, and being more particularly described as follows:
Beginning at a 5/8" x 30" bar set on the East right-of-way line of Leon-Baden Road (County Route 23) located S. 88 degrees 20' 10" W. 172.06' from a corner post found at the Southeast corner of the grantor herein and from which a fence was determined to bear N. 9 degrees 58' 08" W. along the East line of said grantor; thence from said point of beginning, and running with the East line of said Leon-Baden Road, N. 11 degrees 04' 15" W. 25.00' to a 5/8" x 30" bar; thence leaving said road and making new division lines, N. 78 degrees 55' 45" E. 25.00' to a 5/8" x 30" bar; thence S. 11 degrees 04' 15" E. 25.00' to a 5/8 "x 30" bar; thence S. 78 degrees 55' 45" W. 25.00' to the place of beginning, containing 0.014 of an acre, more or less, as surveyed in April of 1983, by Cerrone & Vaughn, Inc., Engineers of Wheeling, W. Va.

Being the same real estate conveyed by Beatrice Boles, single, and Dvid Oldaker and Mary Oldaker, his wife, to the Mason County Public Service District by deed dated the 11th day of August, 1983, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 272, Page 300.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated the 26th day of January, 1940, executed by D. W. J ones and Elizabeth Jones, his wife, to Appalachian Electric Power Company, of record in said Clerk's Office in Deed Book 117, Page 138.

2. A right of way dated the 3rd day of July, 1924, executed by D. W. J ones and Lizzie Jones, his wife, to Interstate Power Company, of record in said Clerk's Office in Deed Book 100. Page 70.

LEASES:
None.

RESERVATIONS:
None.

DEFECTS:
None.

TAXES:

The 2004 real estate taxes are non-taxable. Said real estate is assessed follows:

Cologne District
.014 Acre
Mason County Public Service District
Land Assessment: $ 60.00
Building Assessment: $ --
Total Assessment: $ 60.00
Class 3; taxes none due to non-taxability
Tax Map No. 367, Parcel 33.1
Assessor's Account No. 6030868

The 2005 real estate taxes became a lien as of July 1, 2004; however, the same are not due and payable at this time.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation of organization of any kind.

Position 5

Form RD 1927-10
(Rev 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 24, 2005

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
0.14 Acre KH, Cologne District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case. to June 24, 2005, at _____ a m. (including the time of filing the current security instrument). (Date) p.m.

II Based on said title examination, my preliminary title examination, if any, and any additional information concerning the title which has come to my attention it is my opinion that:

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency), in which lien was filed for record on N/A, _____, at _____ a.m. and is recorded in N/A
p m (Book, page, and office)

C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which wee approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion

III If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing.)

Water Revenue Bonds, Series 1981, January 22, 1981 O.A P A of $1,100 00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A P A of $610,000 00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 A P A. of $960 000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A P A of $375,000 00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A P.A. of $602,000 00
Water Revenue Bonds, Series 2005A (USDA) June 24, 2005 O.A.P A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 24, 2005 O.A.P.A. of $238,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number The valid OMB control number for this information collection is 0575-0147. The time required to compelte this information collection is estimated to average 20 minutes per response including time for reviewing instructions searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I. including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations, liens, encumbrances; easement; rights-of-way, leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 24, 2005
Date

Attachments

Casto & Casto, L.C.

244 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Situate in Cologne District, Mason County, West Virginia, and being more particularly described as follows.

Parcel One:
Beginning at a point on the westerly right of way line of U. S. Route No. 35, said point being 600.5 feet along said right of way from the property line of a tract of land now owned by May Crookham; thence from said beginning point S. 57° 10' W. 59.5 feet to a point in the easterly right of way line of the New York Central Railroad ; thence along said railroad right of way N. 25° 42' W. 56.4 feet to a point in said right of way line; thence leaving said railroad 57° 10' E. to a point in the westerly right of way line of U. S. Route No. 35; thence along S. 32° 50' E. 56 feet to be the beginning, and containing 0.08 acres, more or less.

Parcel Two:
Beginning at a point in Lot No. 5 of the Crookham Farm which point is located N. 37° E. 217.2 feet from the Southeasterly corner of a certain parcel of land sold by J. C. Warner and Grace Warner, his wife to Herman L. Shinn and others, by deed dated September 17, 1952, and recorded in Deed Book 164, page 218; thence N. 41° W. 679.68 feet to a point in the Southerly line of the proposed tank site and thence S. 49° W. 25 feet; thence N. 41°50 feet; thence N.49° E. 50.00; thence S.41° E. 50 feet; thence to the beginning S. 49° W. 25 feet, containing an area of 0.06 acres, more or less, with the right of temporary easement to move construction equipment and materials around and about tank site during construction.

And for the consideration aforesaid; the said party of the first part does grant and convey unto the party of the second part an easement and right of way Twenty-five (25) feet in width for the purpose of laying a water line in., over and under said Twenty-five (25) foot easement, and additional pipe lines within said easement as such additional pipe lines become necessary, and an easement and right of way for the transport of a water tank together with the foundations therefor and other equipment necessary to the construction of said water tank, and also an easement and right of way to the said party of the second part for ingress and egress to said tank site and said waterline for the purposes of repairing and laying additional water lines or additional lines or water tank or tanks may become necessary. Said easement is more particularly described as follows:

Beginning at a point in Lot No. 5 of the Crookham farm which point is located N. 37° E. 217.42 feet from the southeasterly corner of a certain parcel of land sold by J. C. warner and Grace Warner, his wife, to Herman L. Shinn and others, by deed dated September 17, 1952, and recorded in Deed Book 164, page 218; thence N. 41° W. 679.68 feet to a point in the Southerly line of the proposed tank site and thence N. 49° E. along the Southerly line of said tank site to a stake the

Southeasterly corner of said tank site; thence S. 41° E. 674.34 feet to a point in the Northerly right of way line of the Baden road; thence along said Baden road S. 37° W. 25 feet to the beginning, containing 0.39 acres, more or less.

Said easement is parallel with an A T & T pole line as shown on a plat prepared by J. H. Milam, Inc., dated February 9, 1967, containing 0.39 acres, more or less.

And being the same real estate conveyed to the Mason County Public Service District by Town of Leon, a municipal corporation, by deed dated January, 29, 1999, and recorded n the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book 348, page 433.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated the 4th day of December, 1981, executed by Town of Leon, WV, to Appalachian Power Company, of record in said Clerk's Office in Deed Book 266, Page 359.

2. A right of way dated the 31st day of August, 1948, executed by J.C. Warner and Grace Warner, his wife, to Appalachian Power Company, of record in said Clerk's Office in Deed Book 138. Page 377.

LEASES:
None.

RESERVATIONS:
None.

DEFECTS:
None.

TAXES:

The 2004 real estate taxes are non-taxable. Said real estate is assessed follows:

Cologne District
2 Parcels
Mason County Public Service District
Land Assessment: $ 780.00
Building Assessment: $ 36,000.00
Total Assessment: $ 36,780.00
Class 3; taxes none due to non-taxability

Tax Map No. 386, Parcel 9.5
Assessor's Account No. 6159650

The 2005 real estate taxes became a lien as of July 1, 2004; however, the same are not due and payable at this time.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation of organization of any kind.

Position 5

Form RD 1927-10
(Rev 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 24, 2005

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
25 Acre OT Cooper District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9 or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case to June 24, 2005 at _____ a.m. (including the time of filing the current security instrument) (Date) p.m.

II. Based on said title examination, my preliminary title examination, if any, and any additional information concerning the title which has come to my attention, it is my opinion that:

A. Good and marketable title, in accordance with the examination [illegible] in the area, to said property (real estate and any water rights offered as security) is not vested in [illegible] Service District.

B. The United States of America holds a valid first contract [illegible] required by Rural Development of the Farm Service Agency, or their successor (Agency), [illegible] to N/A at ___ a.m. and is recorded in N/A [illegible] p.m. (Book, page, and office)

C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which were approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.

III. If a water right is involved, and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner: (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing.):

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 O.A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A (USDA), March 16, 2001 O.A.P.A. of $[illegible]
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA), June 24, 2005 O.A.P.A. of $[illegible]
Water Revenue Bonds, Series 2005B (USDA), June 24, 2005 O.A.P.A. of $238,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to complete this information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I including but not limited to (a) mortgages deeds of trust and vendors' mechanics' materialmen's and all other liens including any provisions thereof for future advances which could take priority over the said lien to the United States (b) Federal State and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income (c) State and Federal bankruptcy insolvency receivership and probate proceedings (d) judgments and pending suits in State and Federal Court (d) recorded covenants conditions restrictions reservations liens encumbrances easement rights of way leases, mineral, oil gas, and geothermal rights (regardless o of the right of surface entry), timber rights, water rights, pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance and I assume liability to each hereunder.

June 24, 2005
Date

Attachments

Casto & Casto LC
214 Fourth Street
Point Pleasant WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

FIRST TRACT - TANK SITE:
Beginning at a 5/8" dia. x 30" long steel bar set in the common fenced line between lands of the Grantor herein and lands of Wallie W. & Imogene Hart (D.B. 208, Pg. 447) located N 4 degrees 39' 06.5" E. 326.95' from a corner post found on the R/W line of said Bearwallow Road at the Southeast corner of the Grantor herein, thence from said point of beginning, and making new division lines N. 85 degrees 20' 53.5" W. 100.00 to a 5/8" bar; thence N. 4 degrees 39' 06.5" E. 100.00 to a 5/8" bar; thence, S. 85 degrees 20' 53.5" E. 100.00 to a 5/8" bar set in said common line with lands of Hart; thence, with said common line, S. 4 degrees 30' 06.5" W. 100.00 to the place of beginning, containing 0.2296 acres, more or less, as surveyed by Cerrone & Vaughn, Inc., Engineers of Wheeling, West Virginia, in November of 1979.

SECOND TRACT - PERMANENT ACCESS EASEMENT
A 20' wide permanent access easement, the centerline of which is described as follows: Beginning at a point on the South line of the Tank Site described above, located N. 85 degrees 20' 53.5" W. 18.54' from the Southeast corner of said site, thence, from said point of beginning, S. 4 degrees 28' 30' E. 52.79' to a stake; thence, running parallel with and 10' West of the common line fence between the lands of the Grantor herein and lands of said Hart, S. 4 degrees 39' 06.5" W. 273.06' to a point on the R/W line of Bearwallow Road (County Route 26/4).

THIRD TRACT - CONSTRUCTION ACCESS EASEMENT
A 40' wide construction access easement, the centerline of which is described as follows: Beginning at a point on the West line of the tank site described above, located S. 4 degrees 39' 06.5" W. 40.00 from the Northwest corner of said site; thence, from said point of beginning, N. 76 degrees 53' 22" W. 173.63' to a point in an existing farm lane; thence, with said lane N. 62 degrees 56' 38" W. 230.27' to a point; thence, leaving said farm lane and traveling through a meadow, N. 78 degrees 28' 38" W. 108.54' to a point; thence S. 56 degrees 37' 32" W. 208.99' to a point which is once again in the aforementioned farm lane; thence, with said lane, S. 30 degrees 44' 20" W. 190.67' to a point; thence, S. 34 degrees 41' 38" E. 50.25' to a point in the centerline of said Bearwallow Road.

Reference is hereby made to a plat prepared by Cerrone & Vaughn, Inc., Engineers, entitled "Mason County Public Service District, Proposed Bear Wallow Tank Site, land of Howard Devault and Esta Devault, D. B. 99, page 395, Cooper District, Mason County, West Virginia," dated December 11, 1970, from which the above descriptions were taken.

Being the same real estate conveyed by Esta Devault, single, to the Mason County Public Service District by deed dated the 21st day of November, 1980, of record

in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 263, Page 297.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS:
None.

LEASES:
None.

RESERVATIONS:
None.

DEFECTS:
None.

TAXES:

The 2004 real estate taxes are non-taxable. Said real estate is assessed as follows:

Cooper District
.23 Acre OT
Mason County Public Service District
Land Assessment: $ 1,260.00
Building Assessment: $ 48,000.00
Total Assessment: $ 49,260.00
Class 3; taxes none due to non-taxability
Tax Map No. 287, Parcel 27.1
Assessor's Account No. 6805718

The 2005 real estate taxes became a lien as of July 1, 2004; however, the same are not due and payable at this time.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation of organization of any kind.

Position 5

Form RD 1927-10
(Rev. 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB No. 0575-0147

FINAL TITLE OPINION

Date June 24, 2005

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
.014 Acre KR Hopper District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I have examined title to the property described in the security instrument described in paragraph II. B below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9 or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case to June 24, 2005 at _____ a.m. (including the time of filing the current security instrument)
(Date) p.m.

II. Based on said title examination, my preliminary title examination, if any, and any additional information concerning the title which has come to my attention, it is my opinion that:

A. Good and marketable title in accordance with the examination standards [illegible] property, real estate and any water rights offered as security is now vested in Mason County [illegible]

B. The United States of America holds a valid first [illegible] development of the Farm Service Agency, or its successor, [illegible] N/A _____ at _____ a.m. and is recorded in N/A _____
p.m. (Book, page, and office)

C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects [illegible] be approved by written administrative waivers of the Agency, attached hereto or to my Preliminary Title Opinion.

III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be issued in the names of [illegible] and the United States of America and delivered to the Agency Official at the time of loan closing.)

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100,00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440,00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 O.A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A (USDA), March 19, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), [illegible] 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA), June 24, 2005 O.A.P.A. of $3,022,000.00
Water Revenue Bonds, Series 2005B (USDA), June 24, 2005 O.A.P.A. of $238,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to complete this information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

IV The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I including but not limited to (a) mortgages, deeds of trust, and vendors' mechanics' materialmen's and all other liens including any provisions thereof for future advances which could take priority over the said lien to the United States (b) Federal State and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income (c) State and Federal bankruptcy insolvency receivership and probate proceedings, (d) judgments and pending suits in State and Federal Court, (d) recorded covenants conditions, restrictions reservations liens encumbrances easement rights-of-way leases, mineral oil gas and geothermal rights (regardless o of the right of surface entry), timber rights, water rights, pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title

V This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance and assume liability to each hereunder

June 24, 2005
Date

Casto & Casto

214 Fourth Street
Point Pleasant WV 25550

Attachments

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Beginning at a 5/8" x 30" steel bar set on the West right-of-way line of said Brighton Road located S. 13 degrees 40' 07" W. 727.12' from a corner post found on said West line of Brighton Road at the second described corner of the Grantor herein; thence from said point of beginning and running with the West right-of-way line of Brighton road, S. 43 degrees 15' 13" W. 25.00' to a 5/8" bar; thence leaving said road right-of-way and making new division lines, N. 46 degrees 44' 47" W. 25.00' to a 5/8" bar; thence N. 43 degrees 15' 13" E. 25.00' to a 5/8" bar; thence S. 46 degrees 44' 47" E. 25.00' to the place of beginning, containing 625 square feet, more or less, as surveyed in March of 1980, by Cerrone & Vaughn, Inc., Engineers of Wheeling, W. Va.

Being the same real estate conveyed by Joseph Higgins, single, to the Mason County Public Service District by deed dated the 8th day of January, 1981, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 263, Page 320.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated the 24th day of May, 1980, executed by Joseph Higgins, single, to Mason County Public Service District, of record in said Clerk's Office in Deed Book 261, Page 220.

LEASES:
None.

RESERVATIONS:

Please be advised that by deed dated the 25th day of April, 1980, of record in said Clerk's Office in Deed Book 261, Page 214, there is the following exception and reservation: "Reserving a small plot of land on the hill near the back part of said place of 8 feet x 81 feet, containing a grave. Wherein, is entered the body of Nellie McGuffin, with access to the same for the purpose of caring for said grave or removing the body of Nellie McGuffin, should it become desirable to make such removal." The said reservation may or may not affect the subject real estate.

DEFECTS:
None.

TAXES:

The 2004 taxes are non-taxable. Said real estate is assessed as follows:

Cooper District
.014 Acre KRH
Mason County Public Service District
Land Assessment: $ 60.00
Building Assessment: $ --
Total Assessment: $ 60.00
Class 3; taxes none due to non-taxability
Tax Map No. 324, Parcel 27.3
Assessor's Account No. 6805692

The 2005 real estate taxes became a lien as of July 1, 2004; however, the same are not due and payable at this time.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

Form RD 1927-10
(Rev. 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 24, 2005

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
0.0052 Acre, Cooper District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 24, 2005, at _____ a.m. including the time of filing the current security instrument). (Date) p.m

II. Based on said title examination, my preliminary title examination, if any, and any additional information concerning the title which has come to my attention, it is my opinion that:

A. Good and marketable title, in accordance with title examination standards prevailing in the area to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency), in which lien was filed for record on N/A, _____, at _____ a.m. and is recorded in N/A
p.m. (Book, page, and office)

C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which wee approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.

III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing.):

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 24, 2005 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 24, 2005 O.A.P.A. of $238,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement: rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 24, 2005
Date

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

Attachments

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

A parcel of land situated along the North right-of-way line of Gill Ridge Road (County Route 20) approximately 3,000' Northeast of the intersection of Gills Ridge Road and West Virginia State Route 2 in the District of Cooper, County of Mason, State of West Virginia, and being more particularly described as follows:

Beginning at a 5/8" x 30" steel bar set on the North right-of-way line of said Gill Ridge Road so as to bear N. 84 degrees 11' 42" E. 266.28' from a point in the centerline of said road at the Southwest corner of the Grantor herein (first described corner of said Grantor's deed). Thence, from said point of beginning, and making new division lines with the Grantor herein, N. 6 degrees 31' 00" E. 15.00' to a 5/8" bar; thence, S. 83 degrees 29' 00" E. 15.00' to a 5/8" bar; thence, S. 6 degrees 31' 00" W. 15.00 to a 5/8" bar set on the North right-of-way line, N. 83 degrees 29' 00" W. 15.00' to the place of beginning containing 0.0052 acres, more or less, as surveyed in February, 1981, by Cerrone and Vaughn, Inc., Engineers of Wheeling, W. Va.

Being the same real estate conveyed by H. David Snowden and Pamela Sue Snowden, his wife, to the Mason County Public Service District by deed dated the 10th day of March, 1981, and of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 272 Page 698.

DEED OF TRUST AND MORTGAGES:

None

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated the 15th day of March, 1979, executed by David Snowden, single to Mason County Public Service District, of record in said Clerk's Office in Deed Book 254, Page 591.

2. A right of way dated the 8th day of August, 1981, executed by David Snowden and Pamela Snowden, his wife, to Mason County Public Service District, of record in said Clerk's Office in Deed Book 265, Page 200.

3. A right of way dated the 10th day of May, 1982, executed by David Snowden to West Virginia Telephone Company, of record in said Clerk's Office in Deed Book 269, Page 52.

LEASES:

Oil and gas leases for which the primary term has expired and production may or may not have commenced on the subject real estate.

RESERVATIONS:
None.

DEFECTS:
None.

TAXES:

The 2004 real estate taxes are non-taxable. Said real estate is assessed as follows:

Cooper District
.0052 Acre
Mason County Public Service District
Land Assessment: $ 60.00
Building Assessment: $ --
Total Assessment: $ 60.00
Class 3; taxes none due to non-taxability
Tax Map No. 286, Parcel 4.1
Assessor's Account No. 6809171

The 2005 real estate taxes became a lien as of July 1, 2004; however, the same are not due and payable at this time.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

Form RD 1927-10
(Rev. 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 24, 2005

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
.23 Acre, Cooper District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 24, 2005, at _____ a.m. (including the time of filing the current security instrument). (Date) p.m.

II Based on said title examination, my preliminary title examination, if any, and any additional information concerning the title which has come to my attention, it is my opinion that:

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),in which lien was filed for record on ___N/A_____, _____, at _____ a.m. and is recorded in ___N/A_____
p.m. (Book page and office)

C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which wee approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.

III If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing.):

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P A of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 24, 2005 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 24, 2005 O.A.P.A. of $238,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147 The time required to compelte this information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 24, 2005
Date

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

Attachments

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

FIRST TRACT - TANK SITE:

Beginning at a 5/8" x 30" rebar set on the Ease easement line of the Appalachian Power Company right-of-way (D.B. 105, Page 478) for high tension lines located N. 2 degrees 49' 53" W. 154.21' along said East easement line from the North right-of-wy line of Sand Hill Road. Said Point of beginning being further described as bearing S. 65 degrees 10' 34" E. 161.75' from a stone found at the 3rd described corner of a 6.625 acre tract conveyed to Howard and Anna Weigand by the grantor herein in D. B. 169, page 347, thence, from said point of beginning, and running with said Power Co. right-of-way line N. 2 degrees 49' 53" W. 100.00' to a 5/8" rebar; thence making new division lines, N. 87 degrees 10' 07" W. 100.00' to a 5/8" rebar; thence S. 2 degrees 49' 53" E 100.00 to a 5/8" rebar; thence S. 87 degrees 10' 07" W. 100.00' to the point of beginning, containing 0.2296 acres, more or less, as surveyed by Cerrone & Vaughn, Inc., Engineers of Wheeling, West Virginia.

SECOND TRACT - WATERLINE AND BOOSTER EASEMENT

A 20' wide permanent easement, to lay, operate, maintain, repair, replace, and/or remove a water line together with the construction and maintenance of a small structure housing water pumps and electrical gear, the centerline of which easement is described as follows: Beginning at a point on the South line of the Tank site described as follows: Beginning at a point on the South line of the Tank site described above, located N. 87 degrees 10' 07" E. 10.00' from the Southwest corner of said site; thence, from said point of beginning and running parallel with the East line of the Appalachian Power Co. easement, S. 2 degrees 49' 53" E. 155.5' more or less to the North right-of-way line of Sand Hill Road (County Route 15).

THIRD TRACT - VEHICULAR ACCESS EASEMENT

A 20' wide permanent easement the centerline of which is described as follows: Beginning at a point on the South line of the tank site described above located S. 87 degrees 10' 07" W. 17.66' from the Southeast corner of said site; thence, from said point of beginning, S. 52 degrees 33' 54" W. 63.59' to a point located 20' East (when measured on the perpendicular) of the centerline of the water line easement described above; thence, running parallel with said water line easement, S. 2 degrees 49' 53" E> 122.0 more or less to the North R/W line of Sand Hill Road (County Route 15).

Being the same real estate conveyed by Garnet T. Aten, single, to the Mason County Public Service District by deed dated the 21st day November, 1980, and of

record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 263 Page 293.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated the 19th day of February, 1980, executed by Garnet Aten, single, et al., to Mason County Public Service District, of record in said Clerk's Office in Deed Book 258, Page 721.

LEASES:
None.

RESERVATIONS:
None.

DEFECTS:
None.

TAXES:

The 2004 real estate taxes are non-taxable. Said real estate is assessed as follows:

Cooper District
.023 Acre Letart
Mason County Public Service District
Land Assessment: $ 1,380.00
Building Assessment: $ 1,560.00
Total Assessment: $ 2,940.00
Class III; taxes none due to non-taxability
Tax Map No. 247, Parcel 65.1
Assessor's Account No. 6805709

The 2005 real estate became a lien as of July 1, 2004; however, the same are not due and payable at this time.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

Form RD 1927-10
(Rev. 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 24, 2005

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
4.30 Acres, Cooper District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 24, 2005, at _____ a.m including the time of filing the current security instrument). (Date) p.m.

II Based on said title examination, my preliminary title examination if any and any additional information concerning the title which has come to my attention, it is my opinion that:

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency), in which lien was filed for record on ___N/A_____, _____, at _____ a.m. and is recorded in ___N/A_____
p.m (Book, page, and office)

C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which wee approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.

III If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing.):

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Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
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Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 24, 2005 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 24, 2005 O.A.P.A. of $238,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions, restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry), timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 24, 2005
Date

Attachments

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Beginning at a point in the division line between A. Glenn and the West Virginia Department of Highways, said point being in the Western existing right of way line of U.S. Route 33 and 25 feet radially right of Project 139- C, Centerline Station 317+71.5, Mason County, West Virginia:

thence, Southeasterly with said existing right of way line, with a curve to the left, having a radius 1,935 feet, concentric to centerline, 198.6 feet (Deed) to a point in the division line between William J. Rollins and the West Virginia Department of Highways;

thence, S. 59 degrees 30' W. (Deed), with said division line, 245 feet, more or less, to a point;

thence, S. 33 degrees 32' E., 149.90 feet (Deed), continuing with said division line, to a point;

thence, S. 63 degrees 12' W., 400 feet (Deed), continuing with said division line, to a point;

thence, N. 33 degrees 32' W., 348.5 feet (Deed), continuing with said division line, to a point in the common corner to William J. Rollins, A. Glenn, and the West Virginia Department of Highways;

thence, N. 63 degrees 12' E., 200 feet (Deed), continuing with the division line between A. Glenn and the West Virginia Department of Highways, to a point in a locust post;

thence, N. 59 degrees 30' E., 441 feet (Deed), continuing with said division line, to the place of beginning and containing 4.30 acres, more or less.

Being the same real estate conveyed by West Virginia Department of Highways, a corporation, to the Mason County Public Service District by deed dated the 10th day of August, 1979, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 257, Page 197.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS:
None

LEASES:
None.

RESERVATIONS:

There is excepted and reserved all coal, oil and gas under the herein described tract or parcel of land.

DEFECTS:
None.

TAXES:

The 2004 real estate taxes are non-taxable. Said real estate is assessed as follows:

Cooper District
4.30 Acres
Mason County Public Service District
Land Assessment: $ 11,340.00
Building Assessment: $ 2,040.00
Natural Resources $ 50.00
Total Assessment: $ 13,430.00
Class 3' taxes none due to non-taxability
Tax Map No. 247, Parcel 97.2
Assessor's Account No. 6803729

The 2005 real estate taxes became a lien as of July 1, 2004; however, the same are not due and payable at this time.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

Form RD 1927-10
(Rev. 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 24, 2005

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
0.0143 Acre, Cooper District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 24, 2005, at _____ a.m. (including the time of filing the current security instrument). (Date) p.m.

II. Based on said title examination, my preliminary title examination, if any, and any additional information concerning the title which has come to my attention, it is my opinion that:

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on ___N/A_____, _____, at _____ a.m. and is recorded in ___N/A_____
p.m. (Book, page, and office)

C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which wee approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.

III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing.):

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 24, 2005 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 24, 2005 O.A.P.A. of $238,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 24, 2005
Date

Attachments

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:
Situate in Cooper District, Mason County, West Virginia, and bounded and described as follows, to-wit:

Beginning at an existing steel pin found on the East right-of-way line of said Bud Chattin Road at the Northwest corner of a lot now or formerly owned by James C. & Betty J. Neville (D.B. 248, Pg. 633) thence, from said point beginning, and running with the East right-of-way line of said Bud Chattin Road, N. 38 degrees 33' 12" E. 25.00' to a 5/8" x 30" steel bar; thence, leaving said road right-of-way and making new division lines, S. 54 degrees 51' 53" E. 25.00' to a 5/8" bar; thence, S. 38 degrees 33' 12" W./ 25.00' to a 5/8" bar set in the North line of said Neville lot; thence, with said lot line, N. 54 degrees 51' 53" W. 25.00' to the place of beginning, containing 0.0143 acres, more or less, as surveyed in November of 1979 by Cerrone & Vaughn, Inc., Engineers of Wheeling, W. Va.

Being the same real estate conveyed by Trenton M. Stove Jr. and Christina Hudson Stove, his wife, to the Mason County Public Service District by deed dated the 24th day of November, 1980, and of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 263, Page 301.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS:

None.

LEASES:
None.

RESERVATIONS:
None.

DEFECTS:
None.

TAXES:

The 2004 real estate taxes are non-taxable. Said real estate is assessed follows:

Cooper District; 0.0143 Acre
Mason County Public Service District
Land Assessment: $ 780.00
Building Assessment: $ 1,620.00
Total Assessment: $ 2,400.00

Class III; taxes non due to non-taxability
Assessor's Account No. 6805727

The 2005 real estate taxes became a lien as of July 1, 2004; however, the same are not due and payable at this time.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

Form RD 1927-10
(Rev. 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 24, 2005

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
0.028 Acre, Cooper District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 24, 2005, at _____ a.m. (including the time of filing the current security instrument). (Date) p.m.

II Based on said title examination, my preliminary title examination if any, and any additional information concerning the title which has come to my attention, it is my opinion that:

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency), in which lien was filed for record on N/A, _____, at _____ a.m. and is recorded in N/A (Book page and office)
p m

C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which wee approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.

III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing.):

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 24, 2005 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 24, 2005 O.A.P.A. of $238,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147 The time required to compelte this information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainetining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions, reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 24, 2005
Date

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

Attachments

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Situate in Cooper District, Mason County, West Virginia, and being more particularly bounded and described as follows, to-wit:

Beginning at a point on the northerly right of way line of County Route 22 (30' right of way), said-point bears N-07°03'-W, 678.43' from a ½" rebar found. Said rebar being a common corner to the land now or formerly owned by Thomas Wilson, III (Deed Book 343 Page 422) and a common corner to the land of Donald Peck, Steve Peck & Richard Hutzler (Deed Book 324 page 237)

Thence leaving said road and creating (3) nwe division lines through the land of said Peck and Hutzler as follows:

1) N-89°26"-W, passing a ½" iron rebar with plastic cap set at 5.28', a total distances of 42.97' to a iron ½ iron rebar with plastic cap set.

2) N-00°34'-E, 30.00' to a ½" iron rebar with plastic cap set.

3) S-89°26'-E, passing a ½" rebar with plastic cap set at 35.11' , atotal distance of 40.00' to a point on the northerly right of way line of the above mentioned County Route 22.

Thence with the northerly right of way line said road the following (2) bearings and distances:

1) S-05°04'-W, 9.72' to a point.

2) S-09°32'-E, 21.09' to the point of beginng.

Containing 0.028 acres and being shown on that certain plat made as a result of a survey by Point Surveying and Mapping, Route 1, Box 495, Cottageville, W. V. 25239. A copy of said plat, dated 27 March, 2003, is attached hereto and made a part of this description.

And being the same real estate conveyed to Mason County Public Service District by deed dated the ____ day of April, 2003, and of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 369, page 123.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS:

1. In a document recorded in the aforesaid Clerk's office on the 23rd day of September, 1981, in Deed Book 265, Page 613, the grantors therein gave consent and easement for Deep Well Production of Oil & Gas to Union Drilling, Inc., assignee of Cyclops Corporation.

None.

LEASES:

1. A lease document recorded October 18, 1975, was executed to Cyclops Corporation on 366.70 acres for the production of oil and gas for a primary term or five years and for so long thereafter as oil or gas were produced in paying quantities; said document being of record in the aforesaid Clerk's office in Lease Book 40, Page239 and 249.

RESERVATIONS:

1. In a deed recorded in the aforesaid Clerk's office on the 30th day of July, 1965, in Deed Book 317, Page 723, the grantors therein reserved right of way, right of way, and cemetary

2. In a deed recorded in the aforesaid Clerk's office on the 29th day of July, 1993, in Deed Book 317, Page 723, the grantors therein reserved all of minerals and made the conveyance subject easements, restrictions, reservations and conditions affecting the property as reflected in records or visible on the ground.

3. In a deed recorded in the aforesaid Clerk's office on the 7th day of November, 1994, in Deed Book 324, Page 237, the grantors therein reserved a right of way over exsiting right of way and over a road situate on said property.

DEFECTS:

None.

TAXES:

The 2004 real estate taxes are non-taxable. Said real estate is assessed follows:

Cooper District; .028 Acre
Mason County Public Service District
Land Assessment: $ 60.00
Building Assessment: $
Total Assessment: $ 60.00
Class III; taxes non due to non-taxability
Assessor's Account No. 6177243

The 2005 real estate taxes became a lien as of July 1, 2004; however, the same are not due and payable at this time.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

Form RD 1927-10
(Rev. 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 24, 2005

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
0.2296 Acre Broad Run, Graham District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 24, 2005, at _____ a.m. (including the time of filing the current security instrument). (Date) p.m.

II. Based on said title examination, my preliminary title examination, if any, and any additional information concerning the title which has come to my attention, it is my opinion that:

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on ____N/A_____, _____, at _____ a.m. and is recorded in ___N/A_____
p.m. (Book, page, and office)

C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which wee approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.

III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing.):

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 24, 2005 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 24, 2005 O.A.P.A. of $238,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 24, 2005
Date

Attachments

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

A parcel of land situated approximately 1/4 mile West-Southwest of the intersection of County Route 3 and secondary County Route 9/4 in the district of Graham, County of Mason, State of West Virginia, and being more particularly described as follows: Beginning at a 5/7" x30" steel bar set so as to bear N. 55 degrees 10' 09" W 469.19' from the Southeast corner of the grantor herein, common corner with a 10 acre tract of Henry James Johnson (Will Book 16 Page 393) , and from which the South line said grantor was determined to bear N. 69 degrees 11'35" W; thence , from said point of beginning, and making all new division lines with grantor herein, N 89 degrees 42' 25" W 100.00' to a 5/8 steel bar; thence N. 0 degrees 17' 35" E. 100.00' to a 5/8" steel bar; thence, S 89 degrees 42' 25" E. 100.00' to a 5/8" steel bar; thence, S O degrees 17' 35" W. 100.00' to the place of beginning, containing o.2296 acres, more or less, as shown on a survey by Cerrone & Vaughn Inc. Engineers, Wheeling, Wv, dated October 19, 1984.

There is also hereby conveyed a right-of-way and easement for a water line, power line and vehicular access, which said right-of-way and easement is described as follows: A 20' wide permanent easement, across and through the lands of the grantor herein, the centerline of which is described as follows: Beginning at a stake on the South line of the tank site described above located N. 89 degrees 42' 25" W 47.61 from the Southeast corner of said site; thence, from said point of beginning, S 9 degrees 39' 16" E.112.54' to a point on the South line of the grantor herein located N69 degrees 11' 35" W 442.75' from the Southeast corner of said grantor.

Being the same real estate conveyed by Paul B. Blizzard and Nellewood Blizzard, his wife, to the Mason County Public Service District by deed dated the 29th day of November, 1984, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 277, Page 686.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENT:

1. A right of way dated the 18th day May, 1971, executed by Raymond Barnett and Lorane Barnett, his wife, to Appalachian Power Company, of record in said Clerk's Office in Deed Book 222, Page 474.

LEASES:
None

RESERVATIONS:
None

DEFECTS:
None

TAXES:

The 2004 estate taxes are non-taxable. Said real east is assessed as follows:

Graham District
0.2296 acre
Mason County Public District
Land Assessment" $ 180.00
Building Assessment: $ --
Total Assessment : $ 180.00
Class 3; taxes none due to non-taxability
Tax Map No. 166, Parcel 83
Assessor's Account No. 6810141

The 2005 real estate taxes became a lien as of July 1, 2004; however, the same are not due and payable at this time.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charger made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

Form RD 1927-10
(Rev. 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 24, 2005

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
0.23 Acre Little Broad Run, Graham District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 24, 2005, at _____ a.m. (including the time of filing the current security instrument). (Date) p.m.

II. Based on said title examination, my preliminary title examination, if any, and any additional information concerning the title which has come to my attention, it is my opinion that:

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A, _____, at _____ a.m. and is recorded in N/A
p.m. (Book, page, and office)

C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which wee approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.

III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing.):

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 24, 2005 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 24, 2005 O.A.P.A. of $238,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and meinatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 24, 2005
Date

Attachments

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Situate in Graham District, Mason County, West Virginia, as follows to-wit:

Beginning at a ½ inch rebar with plastic cap marking a corner common to the lands herein conveyed and remaining lands of Grantors; thence, leaving said point of Beginning and running with new lines through lands of the Grantors N 58° 10' E 100.00 feet to a ½ inch rebar with plastic cap; thence, S 31° 50' E 100.00 feet to a ½ inch rebar with plastic cap; thence, S 58° 10' W 100.00 feet to a ½ inch rebar with plastic cap; thence, N 31° 50' W 100.00 feet to the point of BEGINNING, containing 0.23 acre, all as shown on a plat dated September 27, 1994, signed by Delbert F. Bratcher, West Virginia Professional Surveyor No. 867, a copy of which plat is attached hereto as a part hereof.

Access Easement

AND FOR THE SAME CONSIDERATION, the Grantors, with respect to their respective in the property hereafter described, do hereby grant, convey and donate unto the Grantee a non-exclusive right of way for ingress and egress to and from the above described 0.23 acre parcel, said easement being 20 feet in width and being more particularly described as follows to-wit:

Beginning at a point in the approximate center of West Virginian Secondary Route No. 9, said point being at the intersection of said Secondary Route with the projected centerline of the herein described 20 feet wide acres right of way

Thence leaving said centerline and forming the centerline of the herein described 20 feet wide right of way, S-42° 54' - E for a distance of 26.52 feet to a point in the common division line of lands currently owned by Appalachian Power Company and Ohio Power Company (Deed Book 270, Page 714) and lands currently owned by Eldon Roush (Deed Book 307, page 456). Said point bears N-19° 33' 15" - W, a distances of 137.05 feet along said common division line from a car axle found at the southern most corner of said Roush.

Thence leaving said division line and continuing along the center of that portion of said 20 foot wide right of way which passes through the lands of said Roush for the following two (2) bearings and distances:

1. S-42° 54' - E, 42.14 feet to a point;

2. S-60° 08' - E, 72.07 feet to a point, said point being at the intersection of said centerline with another common division line of said Appalachian Power

Company and Ohio Power Company (Deed Book 263, page 474) and said Roush.

Thence continuing along the center of said 20 foot wide right of way and passing through the lands of said Appalachian Power Company and Ohio Power Company for the following four (4) bearings and distances:

1. S-60° 08' -E, 25.84 feet to a point;
2. S-85° 21' -E, 44.82 feet to a point;
3. N-50° 43' -E, 226.48 feet to a point;
4. N-53° 59' -E, 353.53 feet to a point.

Being a 20 foot wide access right of way through the lands of Appalachian Power Company and Ohio Power Company and lands of Eldon Roush to be used for the purpose of ingress and egress to and from the above-described 0.23 acre parcel, to said West Virginia Secondary Route No. 9.

Waterline Easement

AND FOR THE SAME CONSIDERATION, the Grantors, with respect to their interest in the property hereafter described, do hereby grant and donate unto the Grantee a non-exclusive right of way and easement for a water line from the above-described 0.23 acre parcel, said easement being 20 feet in width, BEGINNING at the last mentioned point in the above described access easement; thence running N-23° 43'-W, 106.54 feet to a point and N-13° 40/ -W 181.53 feet to a point in the common division line of said Appalachian Power Company and Ohio Power Company and said Roush.

The herein described 20 foot wide access right of way and water line right of way are shown together with the aforementioned 0.23 acre parcel upon that certain plat made as the result of a survey by Delbert F. Bratcher, West Virginia Professional Surveyor No. 867, Point Surveying and Mapping, Millwood, WV. A copy of said plat dated September 27, 1994, is attached hereto and incorporated herein by this reference, Reference being hereby made for a more accurate description of said 0.23 acre parcel and said 20 foot wide rights of way.

Said 0.23 acre parcel and said rights of way are a part of the same real estate of which a 41/703 interest was conveyed by Appalachian Power Company, a Virginia corporation, to Ohio Power Company, an Ohio corporation by deed dated March 3, 1983 and of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book 270, page 714, in which deed Appalachian Power Company retained a 662/703 interest in property it acquired from George Wilson Oliver by deed dated August 8, 1969 of record in said Clerk's Office in Deed Book 215, page 14.

Also being a part of the same real estate conveyed by Central Coal Company, a West Virginia corporation and Ohio Power Company, an Ohio corporation, by deed dated

February 12, 1981, and of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book 263, page 474.

Being the same real estate conveyed by Appalachian Power Company and Ohio Power Company to the Mason County Public Service District, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 348, Page 115.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAY AND EASEMENT:

LEASES:
None

RESERVATIONS:

Saving and excepting all coal, oil and gas underlying said tract of land herein described with the necessary rights and privileges incident to mining and drilling for the same.

DEFECTS:
None

TAXES:

The 2004 real estate taxes are non-taxable. Said real estate is assessed as follows:

Graham District
0.23 Acre Little Broad Run
Mason County Public Service District
Land Assessment: $ 300.00
Building Assessment: $ 59,460.00
Total Assessment: $ 59,760.00
Class 3: taxes none due to non-taxability
Tax Map No. 167, Parcel 85
Assessor's Account No. 6159473

The 2005 real estate taxes became a lien as of July 1, 2004; however, the same are not due and payable at this time.

GENERAL EXCEPTIONS

1 This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is foe the benefit of and is subject to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corruption or organization of any kind.

Position 5

Form RD 1927-10
(Rev. 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 24, 2005

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
0.01 Acre Broad Run, Graham District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 24, 2005, at _____ a.m. (including the time of filing the current security instrument). (Date) p.m.

II. Based on said title examination, my preliminary title examination, if any, and any additional information concerning the title which has come to my attention, it is my opinion that:

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on ____N/A_____, _____, at _____ a.m. and is recorded in ___N/A_____
p.m. (Book, page, and office)

C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which wee approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.

III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing.):

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 24, 2005 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 24, 2005 O.A.P.A. of $238,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 24, 2005
Date

Attachments

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

A tract, parcel or lot of land situate on the East side of Rte. 3, South off intersection of Rte. 3/3, Graham District, Tax Map 186, Mason County, West Virginia, about 10 miles N. E. of Point Pleasant, more particularly described as follows: Beginning on a set surveyor mon. a East of R/W of Rte. 3, a S. W. corner to Lyle McCormick land, a N. W. corner to Joseph Kay Jr. land, witness 216' along the West line of McCormick land, Southerly from a found railroad spike set for a S. W. corner of parcel cut from McCormick land, witness 535' Southerly from center of intersection at Rte. 3/3, witness 583.33' Southerly from a corner on North side of Rte. 3/3; thence N. 69 degrees 04' E. 25' South line of McCormick to set surveyor mon; thence S. 20 degrees 56' E. 25' subdividing lands of Joseph Kay Jr. to set surveyor mon.; thence S. 69 degrees 04' W. 25' subdividing lands of Kay to set surveyor mon; thence N. 20 degrees 56' W. 25' to the beginning. Containing 625 S. F. or 0.01 Acre, more or less, as surveyed by Dallas Lovejoy L. L. S. 193, Milton, West Virginia, also Access easement from Rte. 3, R/W to lot being conveyed, and shown on a map titled PROPERTY SUBDIVISION OF JOSEPH A. KAY JR. FOR MASON COUNTY PUBLIC SERVICE DISTRICT, dated 6-21-88.

Subject to R/W and easement.

Being the same real estate conveyed by Joseph A. Kay Jr., single, to the Mason County Public Service District by corrective deed dated the 1st day of August, 1988, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 294, Page 524.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAY AND EASEMENT:

1. A right of way dated the 24th day of March, 1980, executed by Joseph A. Kay Jr., single, to Anchor Hocing Corporation, of record in said Clerk's Office in Deed Book 259, Page 508.

The aforesaid right of way was assigned on the 1st day of December, 1985, to Petro-Go, Inc., said assignment of record in said Clerk's Office in Deed Book 282, Page 97.

2. A right of way dated the 13th day of April, 1983, executed by Joseph A. Kay Jr., single, to West Virginia Telephone Company, of record in said Clerk's Office in Deed Book 271, Page 597.

3. A right of way dated the 29th day of May, 1984, executed by Joseph A. Kay Jr., single, to Mason County Public Service District, of record in said Clerk's Office in Deed Book 276, Page 63.

LEASES:
None

RESERVATIONS:

Saving and excepting all coal, oil and gas underlying said tract of land herein described with the necessary rights and privileges incident to mining and drilling for the same.

DEFECTS:
None

TAXES:

The 2004 real estate taxes are non-taxable. Said real estate is assessed as follows:

Graham District
0.01 Acre, Broad Run
Mason County Public Service District
Land Assessment: $ 60.00
Building Assessment: $ 300.00
Total Assessment: $ 360.00
Class 3: taxes none due to non-taxability
Tax Map No. 186, Parcel 17.1
Assessor's Account No. 6817411

The 2005 real estate taxes became a lien as of July 1, 2004; however, the same are not due and payable at this time.

GENERAL EXCEPTIONS

1 This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is foe the benefit of and is subject to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corruption or organization of any kind.

Position 5

Form RD 1927-10
(Rev. 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 24, 2005

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
0.01 Acre ORH, Hannan District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 24, 2005, at _____ a.m. (including the time of filing the current security instrument). (Date) p.m.

II. Based on said title examination, my preliminary title examination, if any, and any additional information concerning the title which has come to my attention, it is my opinion that:

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A, _____, at _____ a.m. and is recorded in N/A
p.m (Book, page, and office)

C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which wee approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.

III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing.):

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
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IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 24, 2005
Date

Attachments

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Situate on the waters of Jerry Run, , Sixteen Mile Creek, a tributary of The Ohio River, on East side of Tabner Moore Road Rte. 54, 420' North of Jerry Run Road Rte. 37, Hannan District, Mason County, Apple Grove, West Virginia, more particularly described as follows: Beginning on a set surveyor monument, witness 19' East of center of Tabner Moore Road Rt. 54, a S.W. corner to Watterson land, a N.W. corner to J. Michael Ball land, line fence, witness, 5' North of Apco pole #969D34, a end pole witness 420' North of Jerry Run Road Rte. 37, witness 3,050' West of Iron Bridge over Sixteen Mile Creek, Jerry RUn Road, thence N. 6 degrees 26' E. 20' to a set surveyor monument on East side of Tabner Moore Road Rte. 54, witness 17.58' from center; thence S. 83 degrees 34' E. 20' subdividing the lands of James L. Watterson Jr. to a set surveyor monument; thence S. 6 degrees 26' W. 20' to a North property line fence of J. Michael Ball, a set surveyor monument; thence N. 83 degrees 34' W. 20' with Ball North line fence to the beginning, containing 400 S. F. or 0.011 acre, more or less, as surveyed by Dallas Lovejoy, L.L.S. 193, Milton, West Virginia, and shown on a map title PROPERTY SUVDIVISION OF JAMES L. WATTERSON, JR. FOR MASON COUNTY PUBLIC SERVICE DISTRICT, DATED 7-7-89.

Being the same real estate conveyed by James L. Watterson Jr. and Janice Watterson, his wife, to the Mason County Public Service District by deed dated the 15th day of September, 1989, of record in the Office of the Clerk of the COunty Commission of Mason County, West Virginia, in Deed Book No. 299, Page 735.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated the 3rd day of February, 1986, executed by James L. Watterson Jr. and Janice Watterson, his wife, to Mason COunty PUblic Service District, of record in said Clerk's Office in Deed Book 283, Page 431.

2. A right of way dated the 3rd day of February, 1986, executed by James L. Watterson Jr. and Janice Watterson, his wife, to Mason COunty Public Service District, of record in said Clerk's Office in Deed Book 283, Page 433.

3. A right of way dated the 3rd day of February, 1986, executed by James L. Watterson Jr. and Janice Watterson, his wife, to Mason COunty Public Service District, of record in said Clerk's Office in Deed Book 283, Page 439.

LEASES:
None.

RESERVATIONS:

1. There is excepted and reserved one half interest in and to all coal, oil, gas and other minerals.

2. Excepting and reserving two parcels of land containing 0.26 Acre and 388 square feet acquired by the State Road Commission, of record in said Clerk's Office in Deed Book 181, Page 131.

DEFECTS:
None.

TAXES:

The 2004 real estate taxes are non-taxable. Said real estate is assessed as follows:

Hannan District
0.01 Acre
Mason County Public Service District
Land Assessment: $ 60.00
Building Assessment: $ --
Total Assessment: $ 60.00
Class 3; taxes none due to non-taxability
Tax Map No. 482, Parcel 3.5
Assessor's Account No. 6819482

The 2005 real estate taxes became a lien as of July 1, 2004; however, the same are not due and payable at this time.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any PUblic Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

Form RD 1927-10
(Rev. 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 24, 2005

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
.02295 Acre ORH, Hannan District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 24, 2005, at _____ a.m. (including the time of filing the current security instrument). (Date) p.m.

II. Based on said title examination, my preliminary title examination, if any, and any additional information concerning the title which has come to my attention, it is my opinion that:

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency), in which lien was filed for record on ____N/A_____, _____, at _____ a.m. and is recorded in ___N/A_____
p.m. (Book, page, and office)

C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which wee approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.

III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing.):

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 24, 2005 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 24, 2005 O.A.P.A. of $238,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 24, 2005
Date

Attachments

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

A tract of land situate on the waters of Sixteen Mile Creek, a tributary of the Ohio River, 1,700 feet North of Jerry's Run Road Route 37, on West side of Moores Road Route 54, in Hannan District, Mason County, West Virginia, more particularly described as follows:

Beginning, on a set I.P. in proposed 20 foot water line and access road easement, from Moores Road Route 54, witness N. 13 degrees 11' W. 50 feet to a Northeast corner of existing tract in Deed Book 283, Page 547; thence N. 13 degrees 11'W. 100 feet to a set I.P.; thence N. 76 degrees 49' E. 100 feet to a set I.P.; thence S. 13 degrees 11' E. 100 feet to a set I.P.; thence S. 76 degrees 49' W. 100 feet to the beginning, containing 0.2295 Acres, more or less, as surveyed by Dallas Lovejoy L.L.S. 193, Milton, West Virginia, as shown on a plat entitled "Property Subdivision of Ronald S. and Sharon M. Payne, for Mason County Public Service District." Dated 8-23-89.

Also, a 20 foot water line utility and access roadway easement, described as follows:

Beginning, on an I.P. set in center of the above tract; thence 27 degrees 05' W. 131.01 feet to a set I.P. on South line of existing tract in Deed Book 283, Page 547, witness 49 feet Easterly of an I.P. in existing 20 foot easement; thence S. 12 degrees E. 101 feet with center of 20 foot easement; thence S. 12 degrees E. 101 feet with center of 20 foot easement to I.P.; thence S. 2 degrees 41' W. 137.67 feet with center of a 20 foot easement, to West R/W Moores Road Route 54, a set I.P.; thence S. 8 degrees W. 22 feet to an I.P. on existing easement on road, containing 0.15 Acre, more or less, as surveyed by Dallas Lovejoy L.L.S. 193, Milton, West Virginia, and shown on a plat entitled "Property Subdivision of Ronald S. and Sharon M. Payne, for Mason County Public Service District, Dated
8-23-89."

There is expressly excepted and reserved from said real estate an undivided one-half (1/2) interest in and to all of the coal, oil, gas and other minerals in and underlying said real estate, the same having been reserved in prior deeds.

Being the same real estate conveyed by Ronald S. Payne and Sharon M. Payne, his wife, to the Mason County Public Service District by deed dated the 27th day of September, 1989, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 327, Page 10.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated the 22nd day of November, 1988, executed by Ronald S. Payne and Sharon M. Payne, his wife, to Appalachian Power Company, or record in said Clerk's Office in Deed Book 296, Page 525.

2. A right of way dated the 29th day of August, 1991, executed by Ronald S. Payne and Sharon M. Payne, his wife, to Appalachian Power Company, of record in said Clerk's Office in Deed Book 309, Page 105.

LEASES:
None.

RESERVATIONS:

1. There is expressly excepted and reserved an undivided one-half (1/2) interest to all coal, oil, gas and other minerals in and underlying said real estate.

2. There is excepted and reserved in the operation of this conveyance a parcel of real estate containing 0.2295 acre, as well as a 20 foot wide access and utility easement conveyed by Citizens National, a Division of the First Huntington National Bank, to Mason County Public Service District by deed dated the 3rd day of March, 1986, of record in said Clerk's Office in Deed Book 283, Page 547.

3. Please be advised that the aforesaid exception was shown upon a deed dated the 14th day of October, 1988, by and between Ernest Cook and Carolyn Cook, his wife, and Ronald S. Payne and Sharon M. Payne, his wife, of record in said Clerk's Office in Deed Book 295, Page 455.

DEFECTS:
None.

TAXES:

The 2004 real estate taxes are non-taxable. Said real estate is assessed as follows:

Hannan District
0.2295 Acre ORH
Mason County Public Service District
Land Assessment: $ 960.00
Building Assessment: $ 36,540.00
Total Assessment: $ 37, 500.00
Class 3; taxes none due to non-taxability
Tax Map No. 482, Parcel 26
Assessor's Account No. 6067236

The 2005 real estate taxes became a lien as of July 1, 2004; however, the same are not due and payable at this time.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon by United States Department of Agriculture, and is to be relied upon by no other person , company, corporation or organization of any kind.

Position 5

Form RD 1927-10
(Rev. 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 24, 2005

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
.04 Acre ORH, Hannan District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 24, 2005, at _____ a.m. (including the time of filing the current security instrument). (Date) p.m.

II. Based on said title examination, my preliminary title examination, if any, and any additional information concerning the title which has come to my attention, it is my opinion that:

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District

B. The United States of America holds a valid first contractual lien on said property [illegible] Rural Development of the Farm Service Agency, or their successor (Agency), in which lien was filed or recorded on N/A at a.m. and is recorded in N/A p.m. (Book, page, and office)

C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which were approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.

III. If a water right is involved, and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner: (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing.).

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 O.A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A (USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $[illegible]
Water Revenue Bonds, Series 2005A (USDA) June 24, 2005 O.A.P.A. of $3,222,000.00
Water Revenue Bonds, Series 2005B (USDA), June 24, 2005 O.A.P.A. of $238,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to complete this information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors' mechanics' materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions, restrictions; reservations; liens encumbrances; easement; rights-of-way; leases, mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance and I assume liability to each hereunder

June 24, 2005
Date

Attachments

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Beginning at a point on the Northerly edge of a public road known as secondary route 41/3 said point being a common corner to real estate acquired by Walter S. and Patricia Tomlinson, in Deed Book 252, at Page 578, and a tract acquired by Walter S. and Patricia Tomlinson, in Deed Book 291, at Page 633; thence, with the division line of said Tomlinson tracts N. 1 degree 11' E. 183.67 feet to an iron pin; thence N. 5 degrees 33' E. 40 feet to an iron pin; thence S. 84 degrees 27' E. 40 feet to an iron pin; thence S. 5 degrees 33' W. 40 feet to an iron pin; thence, N. 84 degrees 27' W. 40 feet to the true place of beginning, estimated to contain 1,600 square feet.

There is also conveyed unto the grantee herein a right of way and easement extending from the public road known as 41/3 and at the point of beginning of the above described parcel; thence N. 1 degree 11' E. 183.67 feet, said right of way and easement to be sufficient in Width to allow the passage of a vehicle if necessary. Said right of way and easement is for the purpose of egress and ingress to and from the above described premises upon which the grantee herein proposes to build a water booster station.

Being the same real estate conveyed by Walter S. Tomlinson and Patricia Tomlinson, his wife, to the Mason County Public Service District by deed dated the 9th day of June, 1994, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 322, Page 191.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated the 12th day of August, 1981, executed by Daniel P. Tomlinson to the Chesapeake and Potomac Telephone Company, of record in said Clerk's Office in Deed Book 265, Page 365.

2. A right of way dated the 13th day of October, 1986, executed by Daniel P. Tomlinson to the Chesapeake and Potomac Telephone Company, of record in said Clerk's Office in Deed Book 286, Page 594.

3. A right of way dated the 23rd day of July, 1988, executed by Walter S> Tomlinson and Patricia Tomlinson, his wife, to Mason County Public Service District, of record in said Clerk's Office in Deed Book 294, Page 508.

4. A right of way dated the 2nd of May, 1988, executed by Walter S. Tomlinson and Patricia Tomlinson, his wife, to Mason County Public Service District, of record in said Clerk's Office in Deed Book 294, Page 510.

LEASES:

Oil and gas leases for which the primary term has expired and production may or may not have commences on the subject real estate.

RESERVATIONS:

1. There is excepted and reserved a tract of 100 square rods conveyed to the Trustees of Ball's Chapel Church for burial purposes of A. L. Lancaster and G. M. Lancaster, by deed dated the 15th day of May, 1947, of record in said Clerk's Office in Deed Book 133, Page 432, which may or may not affect the subject real estate.

2. Subject to an oil and gas lease dated the 7th day of February, 1952, from A. L. Lancaster and G. M. Lancaster to the United Fuel Gas Company, and an extension thereof, dated the 18th day of January, 1956, both of record in said Clerk's Office in Lease Book 20, Page 395, and Lease Book 22, Page 447, which may or may not affect the subject real estate.

DEFECTS:

Please be advised that within the chain of title a deed dated the 8th day of December, 1987, of record in said Clerk's Office in Deed Book 291, Page 633, by and between Walter S. Tomlinson and Patricia Tomlinson, his wife, et al., and Walter S. Tomlinson and Patricia Tomlinson, the Notary acknowledged the signatures of the grantor and placed the date of January 30, 1987, on said acknowledgment when the deed was actually dated on December 8, 1987.

TAXES:

The 2004 real estate taxes are non-taxable. Said real estate is assessed as follows:

Hanna District
0.04 Acre
Mason County Public Service District
Land Assessment: $ 60.00
Building Assessment: $ --
Total Assessment: $ 60.00
Class 3; taxes none due to non-taxability
Tax Map No. 523, Parcel 25.5
Assessor's Account No. 6043337

The 2005 real estate taxes became a lien as of July 1, 2004; however, the same are not due and payable at this time.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey an visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation of organization of any kind.

Position 5

Form RD 1927-10
(Rev 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 24, 2005

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
.01 Acre, Hannan District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 24, 2005, at _____ a.m. (including the time of filing the current security instrument). (Date) p.m.

II. Based on said title examination, my preliminary title examination, if any, and any additional information concerning the title which has come to my attention, it is my opinion that:

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property, as required by Rural Development or the Farm Service Agency, or their successor (Agency), in which lien was filed to record on N/A, at _____ a.m. and is recorded in N/A p.m. (Book, page, and office).

C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which have been approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.

III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing.).

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF) June 28, 2000 A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A (USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 3, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 24, 2005 O.A.P.A. of $3,222,000.00
Water Revenue Bonds, Series 2005B (USDA), June 24, 2005 O.A.P.A. of $238,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to complete this information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance and I assume liability to each hereunder.

June 24, 2005
Date

Attachments

Castro & Castro, L.C.

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

A tract, parcel or lot of land situate on the Waters of Clay Lick of 18 Mile Creek, Hannan District, Mason County, Ashton, West Virginia, Tax Map 543 Parcel 10 P/O, on North side of Zid Camp Road, Rte. 41/12, just West of intersection, more particularly described as follows:
Beginning on a set surveyor monument, witness N. 43 degrees E. 32.5' from S.E. corner of Bridge, a common corner to Deed 231/528 Parcel 8, and Ronald M. and Darlena A. Long Deed 222/441 Tax Parcel 11, and witness 15' North of center of Rte. 41/12; thence N. 1 degrees 30' W. 25' to a set surveyor monument. Thence N. 88-1/2 degrees E. 25' subdividing the lands of Lawrence E. and Goldie Powell to a set surveyor monument. Thence S. 1 degree 30' E. 25' to a set surveyor monument witness 15' North of center of Rte. 41/12. Thence S. 88-1/2 degrees W. 25' with NOrth right of way of Zid Camp Road, Rte. 41/12, to the beginning. Containing 625 S.F. or 0.01 Acre, more or less, as surveyed by Dallas Lovejoy L.L.S. 193, Milton, West Virginia, and show on a map title PROPERTY SUBDIVISION OF LAWRENCE E. AND GOLDIE POWELL FOR MASON COUNTY PUBLIC SERVICE DISTRICT, DATED 2-28-89.
Subject to rights of ways and easements

Being the same real estate conveyed by Lawrence E. Powell and Goldie Powell, his wife, to the Mason County Public Service District by deed dated the 29th day of March, 1989, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 298, Page 72.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated the 7th day of November, 1987, executed by Lawrence Powell and Goldie Powell, his wife, to Mason County PUblic Service District, of record in said Clerk's Office in Deed Book 294, Page 522.

2. A right of way dated the 23rd day of August, 1988, executed by Lawrence Powell and Goldie Powell, his wife, to Mason County PUblic Service District, of record in said Clerk's Office in Deed Book 295, Page 17.

4. A right of way dated the 7th day of November, 1987, executed by Lawrence Powell and Goldie Powell, his wife, to Mason County PUblic Service District, of record in said Clerk's Office in Deed Book 295, Page 19.

5. A right of way dated the 6th day of September, 1985, executed by Lawrence Powell and Goldie Powell, his wife, to Mason COunty Public Service District, of record in said Clerk's Office in Deed Book 296, Page 645.

LEASES:

Oil and gas leases for which the primary term has expired and production may or may not have commenced on the subject real estate.

RESERVATIONS:

An outconveyance dated the 18th day of August, 1960, executed by J.C. Griffis to the State Road Commission of West Virginia, conveying 1.78 acre and 0.32 acre, for road purposes, of record in said Clerk's Office in Deed Book 179, Page 530, which may or may not affect the subject real estate.

DEFECTS:
None.

TAXES:

The 2004 real estate taxes are non-taxable. Said real estate is assessed as follows:

Hanna District
0.01 Acre
Mason County Public Service District
Land Assessment: $ 60.00
Building Assessment: $ 420.00
Total Assessment: $ 480.00
Class 3; taxes none due to non-taxability
Tax Map No. 543, Parcel 10.1
Assessor's Account No. 6818606

The 2005 real estate taxes became a lien as of July 1, 2004; however, the same are not due and payable at this time.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason COunty, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any PUblic Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

Form RD 1927-10
(Rev. 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 24, 2005

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
0.1309 Acre ORH, Hannan District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 24, 2005, at _____ a.m. (including the time of filing the current security instrument). (Date) p.m.

II Based on said title examination, my preliminary title examination, if any, and any additional information concerning the title which has come to my attention, it is my opinion that:

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency), in which lien was filed for record on ____N/A_____, _____, at _____ a.m. and is recorded in ___N/A_____
p.m. (Book, page, and office)

C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which wee approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.

III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing.):

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 24, 2005 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 24, 2005 O.A.P.A. of $238,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions, reservations, liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 24, 2005
Date

Attachments

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Beginning at a 5/8" dia. x. 30" long steel pin, set so as to bear, S 14 degrees 23' 53" W 387.85' from a point on the Southerly right-of-way (15' from the traveled centerline) of West Virginia Secondary County Route 90/4, at the Northeast corner of a one half acre (0.625 acre by computation) parcel belonging to Violet & Edgar L. Smith (Deed Book 289, Page 544), and from which, in turn, the Easterly line of said Smith as well as the Easterly line of the grantor herein was determined to bear S 45-55-18 E, passing the Southeast corner of said Smith land at a distance of 257.00' and continuing for a total distance of 2118.53' to a 30" dia. White Oak found at the Southeast corner of the grantor herein.

Thence, from sid point of beginning, and making all new division lines with the grantor herein, S 25-11-03 E 60.00' to a 5/8" dia. steel pin; Thence, S 64-48-57 W. 95.00' to a 5/8" steel pin; Thence, N. 25-11-03 W 60.00' to a 5/8" steel pin; Thence, N 64-48-57 E 95.00' to the place of beginning, containing 0.1309 acres, more or less.

Waterline Route Right-of-Way

A 15' wide permanent easement, with a temporary 30' construction width, the centerline of which is described as follows:

Beginning at a point on the North line of the tank site described above, located N 64-48-57 E 25.00' from a 5/8" steel pin set at the Northwest corner of said site.

Thence, from said point of beginning, and running through lands of the grantor herein, N 25-11-03 W 200.24' to a point on the Southerly right-of-way line of said Secondary County Route 90/4.

Vehicular Access Right-of-Way

A 20' permanent easement, with additional land as required for cuts and fuels during construction, the centerline of which is described as follows:

Beginning at a point on the East line of the tank site described above, locate S 25-11-03 E 30.00' from a 5/8" steel pin set at the Northeast corner of said site.

Thence, from said point of beginning, and running through lands of the grantor herein, N 74-48-41 E 135.83' to a stake; Thence, S 86-47-24 E 117.16' to a stake; Thence, S 68-43-21 E 49.55' to a stake; Thence, with a curve to the left having a radius of 33.00' for an arc distance of 100.27' to a point; Thence, N 62-48-57 W 147.21' to a point; Thence, N 54-57-26 W 271.20' to a point in the centerline of said Secondary County Route 90/4 as surveyed in June of 1992 by Cerrone &

Associates, Inc., Consulting Engineers, of Wheeling, W. Va. and being shown on a play and made a part of this description.

Being the same real estate conveyed by O'Dell Reynolds land Deloris Reynolds, his wife, to the Mason County Public Service District by corrective deed dated the 6th day of July, 1992, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 313, Page 291.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated the 11th day of June, 1981, executed by Wilmet O. Reynolds and Reba J. Reynolds, his wife, et al., to Appalachian Power Company, of record in said Clerk's Office in Deed Book 264, Page 727.

LEASES:
None.

RESERVATIONS:

Conveyance is subject to the provision that the subject property shall be used for water service purposes and in the event that said property should cease to be used for water service purposes for a continuous one (1) year period, then, in that event, the said property shall revert unto the grantors herein or their heirs. This reservation is found in Deed book 313, Page 291, by and between O'Dell and Delores Reynolds and the Mason County Commission.

DEFECTS:
None.

TAXES:

The 2004 real estate taxes are non-taxable. Said real estate is assessed as follows:

Hannan District
0.1309 Acre
Mason County Public Service District
Land Assessment: $ 480.00
Building Assessment: $ 120,000.00 --
Total Assessment: $ 480.00
Class III; taxes none due to non-taxability
Tax Map No. 624, Parcel 8.1
Assessor's Account No. 6826777

The 2005 real estate taxes became a lien as of July 1, 2004; however, the same are not due and payable at this time.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

Form RD 1927-10
(Rev. 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 24, 2005

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
Lots 6-15 inc., less 30' strip between Lots 8 & 9
Point Pleasant Corporation

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 24, 2005, at _____ a.m. (including the time of filing the current security instrument). (Date) p.m.

II. Based on said title examination, my preliminary title examination, if any, and any additional information concerning the title which has come to my attention, it is my opinion that:

A. Good and marketable title, in accordance with title examination standards prevailing in the area. to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A, _____, at _____ a.m. and is recorded in N/A
p.m. (Book, page, and office)

C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which wee approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.

III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing.):

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 24, 2005 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 24, 2005 O.A.P.A. of $238,000.00

According to the Paperwork Reduction Act of 1995. an agency may not conduct or sponsor. and a person sis not required to respond to. a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this information collection is estimated to average 20 minutes per response. including time for reviewing instructions. searching existing data sources. gathering and mainatining the data needed. and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 24, 2005
Date

Attachments

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

That certain tract of real estate situate, lying and being in the City of Point Pleasant, Mason County, West Virginia, and more particularly bounded and described as follows:

Being all those certain lots or parcels or real estate known, numbered and designated upon the play of Dr. H. A. Barbee's Subdivision in North Point Pleasant, which play is of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 92, Page 65, as Lots Nos. Six (6), Seven (7), Eight (8), Nine (9), Ten (10), Eleven (11), Twelve (12), Thirteen (13), Fourteen (14) and Fifteen (15).

Being the same real estate conveyed by Point Industrial Park, Inc., a West Virginia corporation, to the Mason County Public Service District by deed dated the 9th day of February, 1990, and of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 301 Page 229.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated the 2nd day of October, 1989, executed by Point Industrial Park, Inc., to Appalachian Electric Power Company, of record in said Clerk's Office in Deed Book 300, Page 203.

LEASES:
None.

RESERVATIONS:

By deed dated the 15th day of May, 1984, or record in said Clerk's Office in Deed Book 275, Page 304, there is the following exception and reservation:

"Grantor excepts and reserves from this conveyance for K. O. G. Exploration, Inc., Point Pleasant, West Virginia, its successors and assigns, the right to use, operate, maintain and remove the gas metering station and piping leading thereto which station is now located upon the premises described above near the intersection of the Baltimore and Ohio Railroad right of way and the Camden Avenue and at the Northwest corner of the brick and block building upon the above described premises, with the further right of ingress and egress to the metering station for the aforesaid purposes; provided, however, that the party using said metering station shall prpotect and indemnify the Grantee against any loss arising out of such use; and further provided, that this reservation shall

expire upon the non-use of said metering station for a period of twenty for (24) consecutive months."

DEFECTS:
None.

TAXES:

The 2004 real estate taxes are non-taxable. Said real estate is assessed as follows:

Point Pleasant Corporation District
Lot 6 - 15 inc. less 30 foot strip between Lots 8 and 9
Mason County Public Service District
Land Assessment: $ 11,160.00
Building Assessment: $ 64,200.00
Total Assessment: 75,360.00
Class IV; taxes none due to non-taxability
Assessor's Account No. 6142863

The 2005 real estate taxes became a lien as of July 1, 2004; however, the same are not due and payable at this time.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

Form RD 1927-10
(Rev. 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 24, 2005

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
30' strip between Lots 8 & 9
Point Pleasant Corporation

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 24, 2005, at _____ a.m. (including the time of filing the current security instrument). (Date) p.m.

II. Based on said title examination, my preliminary title examination, if any, and any additional information concerning the title which has come to my attention, it is my opinion that:

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A, _____, at _____ a.m. and is recorded in N/A
p.m. (Book, page, and office)

C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which wee approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.

III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing.):

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 24, 2005 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 24, 2005 O.A.P.A. of $238,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compete this information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 24, 2005
Date

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

Attachments

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Beginning at the corner of Lot No. 15 of the Dr. H. A. Barbee Subdivision, the same being a corner to 2nd Street; thence, in a Westerly direction and with the Northerly lot lines of Lots Nos. 15, 14, 13, 12, 11, 10, and 9 of said Subdivision to the intersection of a 10 ft. alleyway; thence, in a Northerly direction and with the Easterly edge of the said 10 ft. alleyway approximately 30 feet to the corner of Lot No. 8 of the said H. A. Barbee Subdivision; thence, in an Easterly direction and with the line of Lot No. 8 of said Subdivision to a point on the Westerly edge of a public street known as 2nd Street; thence, in a Southerly direction 30 feet in width separating Lot No. 8 from Lots Nos. 9, 10, 11, 12, 13, 14, and 15 of the H. A. Barbee Subdivision, which was originally intended as a street.

Being the same real estate conveyed by Mildred R. Jackson, single, et al.,, to the Mason County Public Service District by quitclaim deed dated the 15th day of December, 1989, and of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 301, Page 231.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS:

None.

LEASES:
None.

RESERVATIONS:
None.

DEFECTS:

Please be advised that Gordon C. Jackson owned an interest in the subject real estate when he died on the 20th day of November, 1986. However, the appraisement filed in his estate does not list the subject real estate thereon. Also, no final settlement has been filed in his estate.

TAXES:

The 2004 real estate taxes are non-taxable. Said real estate is assessed as follows:

Point Pleasant Corporation
30 foot strip between Lots 8 and 9

Mason County Public Service District
Land Assessment: $ 5,160.00
Building Assessment: $ --
Total Assessment: $ 5,160.00
Class 4; taxes none due to non-taxability
Tax Map No. 7, Parcel 20.1
Assessor's Account No. 6822174

The 2005 real estate taxes became a lien as of July 1, 2004; however, the same are not due and payable at this time.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

Form RD 1927-10
(Rev. 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 24, 2005

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
0.009 Acre, Robinson District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 24, 2005, at _____ a.m. (including the time of filing the current security instrument). (Date) p.m

II. Based on said title examination, my preliminary title examination, if any, and any additional information concerning the title which has come to my attention, it is my opinion that:

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency), in which lien was filed for record on ___N/A_____, _____, at _____ a.m. and is recorded in ___N/A_____
p.m (Book, page, and office)

C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which wee approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion

III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing.).

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
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Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
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According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics' materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 24, 2005
Date

Attachments

Casto & Casto, P.C.

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Beginning at a stake set in the Southerly corner of a 35 acre tract of Glenneth Wandling and Christine Wandling; thence with Sand Hill Road S. 89 degrees W. 20 feet to a stake; thence N. 1 degrees W. 20 feet to a stake; thence N. 89 degrees E. 20 feet to a stake; thence S. 1 degree E. to the point of beginning.

Being the same real estate conveyed by Glenneth Wandling and Christine Wandling, his wife, to the Mason County Public Service District by deed dated the 7th day of December, 1976, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 245, Page 496.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS:
None

LEASES:
None.

RESERVATIONS:
None.

DEFECTS:
None.

TAXES:

The 2004 real estate taxes are non-taxable. Said real estate is assessed as follows:

Robinson District
0.009 Acre Crooked Creek 20 x 20
Mason County Public Service District
Land Assessment: $ 120.00
Building Assessment: $ --
Total Assessment: $ 120.00
Class 3; taxes none due to non-taxability
Tax Map No. 243, Parcel 21.1
Assessor's Account No. 6701090

The 2005 real estate taxes became a lien as of July 1, 2004; however, the same are not due and payable at this time.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

Form RD 1927-10
(Rev. 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 24, 2005

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
0.1176 Acre, Robinson District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 24, 2005, at _____ a.m. (including the time of filing the current security instrument). (Date) p.m.

II. Based on said title examination, my preliminary title examination, if any, and any additional information concerning the title which has come to my attention, it is my opinion that:

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency), in which lien was filed for record on N/A, _____, at _____ a.m. and is recorded in N/A
p.m. (Book, page and office)

C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which wee approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.

III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing.):

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 O.A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A (USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 24, 2005 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 24, 2005 O.A.P.A. of $238,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compete this information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 24, 2005
Date

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

Attachments

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Beginning at a 1/2" dia. pipe found at the Westerly most corner of the 1.1 acre tract of Roger L. Clark as set by the 1974 survey of Pitthan & Starcher, Inc., and shown as an I.P. on an unrecorded play in the possession of said Clark; thence, from said point of beginning, and running with West property line along an old gravel road, N 41 degrees 54' E. 47.50' to a 5/8" dia. x 30" rebar, set by this survey; thence, making new division lines, S 15 degrees 28' E. 25.61' to a 5/8" dia. rebar set on the South line of the original tract; thence, with said South line and the North R/W of Sand Hill Road S 74 degrees 32' W. 40.00' to the point of beginning containing 512.2 sq. ft. (0.01176 Ac.), more or less, as surveyed by Cerrone & Vaughn, Inc., Engineers and shown on a plat.

Being the same real estate conveyed by Roger Lane Clark and Twila J. Clark, his wife, to the Mason County Public Service District by deed dated the 6th day of September, 1977, or record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 248, Page 426.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS:
None

LEASES:
None

RESERVATIONS:
None

DEFECTS:

Please be advised that the subject real estate is assessed in Robinson District. However, the deed to the subject real estate states that the same is within Lewis District.

TAXES:

The 2004 real estate taxes are non-taxable. Said real estate is assessed as follows:

Robinson District
.01176 Acre
Mason County Public Service District
Land Assessment: $ 60.00
Building Assessment: $ 2,460.00

Total Assessment: $ 2,520.00
Class 3; taxes none due to non-taxability
Tax Map 243 Parcel 56.2
Assessor's Account No. 6800768

The 2005 real estate taxes became a lien as of July 1, 2004; however, the same are not due and payable at this time.

GENERAL EXCEPTIONS:

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

Form RD 1927-10
(Rev. 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 24, 2005

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
0.051 Acre Gibbs Fork, Robinson District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 24, 2005, at _____ a.m. (including the time of filing the current security instrument). (Date) p.m.

II. Based on said title examination, my preliminary title examination, if any, and any additional information concerning the title which has come to my attention, it is my opinion that:

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency), in which lien was filed for record on N/A, _____, at _____ a.m. and is recorded in N/A
p.m. (Book, page and office)

C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which were approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.

III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing.)

Water Revenue Bonds Series 1981 January 22 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987 June 25 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A (USDA) March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 24, 2005 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA) June 24, 2005 O.A.P.A. of $238,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compete this information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 24, 2005
Date

Attachments

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

TRACT ONE:

Beginning at a stone at the Easterly corner of a 49 acre tract of John A. Hussell, thence; N. 35 degrees 30" E. 150 feet to a pin, thence S. 44 degrees E. 150 feet to a pin, thence S. 35 degrees 30" W. 150 feet to a pin, thence with the Southerly line of a 32 acre tract owned by John A. Hussell, N. 44 degrees W. 150 feet to the point of beginning.

TRACT TWO:

A 20' wide pipe line easement to lay, operate, maintain, repair and replace a water line and to install, operate, maintain, read, remove, repair and replace water meters across and through the lands of the Grantor herein; the centerline of which is described as follows:
Begining at a 5/8" dia. rebar set at the Northerly most corner of the tank site described above, thence, from said point of beginning N. 37 degrees 12' 25" W. 625.32 feet to a stake; thence, N. 24 degrees 28' 53" W. 166.29 feet to a point; thence, N. 29 degrees 06' 22" W. 119.13 feet to a point; thence, N. 40 degrees 15' 52" W. 203.44 feet to a stake which bears South S. 46 degrees 06' 28" W. 79.36 feet from the Southerly most corner of a lot which was conveyed by John Arnold and Sallie M. Hussell to Griffin W. and Iva C. Boggess by deed dated October 12, 1973, which is on record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 232, page 565; thence, running parallel with said lot's Southwest line, N. 43 degrees 22' 22" W. 190.28 feet to a stake on the Southeast right-of-way line on Sand Hill Road. In addition, there shall be an additional 10 foot easement on either side of the pipe line during construction of said pipe line.

TRACT THREE:

A 20 foot access easement is conveyed, beginning at a pint at the top of the first rise on Rayburn Road heading East from Sand Hill Road, and proceeding in a Southerly direction along the ridge line of the John A. Hussell property to the Mason County Public Service District parcel described above.

Being the same real estate conveyed by John Arnold Hussell and Sallie M. Hussell, his wife, to the Mason County Public Service District by corrective deed dated the 3rd day of November, 1978, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 254, Page 280.

DEED OF TRUST AND MORTGAGES:

None

RIGHT OF WAYS AND EASEMENTS:

None.

LEASES:
None.

RESERVATIONS:
None.

DEFECTS:
None.

TAXES:

The 2004 real estate taxes are non-taxable. Said real estate is assessed as follows:

Robinson District
0.51 Ac. Gibbs Fork
Mason County Public Service District
Land Assessment: $ 120.00
Building Assessment: $ --
Total Assessment: $ 120.00
Class 3; taxes none due to non-taxability
Tax Map No. 244, Parcel 32.1
Assessor's Account No. 6701107

The 2004 real estate taxes became a lien as of July 1, 2004; however, the same are not due and payable at this time.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

Form RD 1927-10
(Rev. 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 24, 2005

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
5974 Sq. Feet, Robinson District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 24, 2005, at _____ a.m. (including the time of filing the current security instrument). (Date) p.m.

II. Based on said title examination, my preliminary title examination, if any, and any additional information concerning the title which has come to my attention it is my opinion that:

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for recordation on N/A, _____, at _____ a.m. and is recorded in N/A
p.m (Book page and office)

C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which wee approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion

III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing.):

Water Revenue Bonds, Series 1981, January 22 1981 O.A.P.A of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 A P A of $960,000 00
Water Revenue Bonds, Series 2001A USDA) March 16. 2001 O.A.P A. of $375,000 00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000 00
Water Revenue Bonds, Series 2005A (USDA) June 24, 2005 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA). June 24, 2005 O.A.P.A. of $238,000.00

According to the Paperwork Reduction Act of 1995 an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147 The time required to compete this information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust. and vendors', mechanics'. materialmen's and all other liens. including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 24, 2005
Date

Attachments

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

TRACT ONE - TANK SITE

Consisting of a tract of land to be used as a water tank site and described as follows:

Beginning at a point at the intersection of the northerly division line of the herein described 5,974 square feet parcel with the centerline of a 15' wide road right-of-way this day created through the lands of the Grantor; thence forming lines through and severing the lands of said Grantor for the following five (5) bearings and distances:

1) S. 52° 52' 50" E., 9.71' to a 1/2" iron rebar with plastic cap set;

2) S. 31° 41' 50" W., 98.25' to a 1/2" iron rebar with plastic set;

3) N. 79° 36' 20" W.,52.10' to a 1/2" iron rebar with cap set;

4) N. 26° 51' 10" E., 123.21' to a 1/2" iron rebar with plastic set;

5) S. 52° 52' 50" E., 49.51' to a point of beginning, and containing 5,974 square feet, all as shown as "Tank Site" upon a map entitled, "Plat Showing Survey of Tank Site, 20' Wide Permanent Easement and 15' Wide Road Right of Way owned by The State of West Virginia", dated September 16, 1995, by Point Surveying and Mapping Millwood, West Virginia, said map being recorded simultaneously herein in the Office of the Clerk of the County Commission of Mason County, West Virginia, on Map Slide 125 at page A.

TRACT TWO - WATER LINE EASEMENT

Consisting of a permanent water line easement and maintenance easement, with the right to construct, install and lay, and thereafter use, operate, inspect, repair, maintain, replace and remove pipelines, meters and all necessary materials and parts to complete the water system being developed by or through the supervision of the Grantee, over across and through the land of the Grantor, situate in Mason County, West Virginia, and described as follows:

BEGINNING at an existing water valve found on the westerly side of a private road leading through the lands of the GRANTOR. Said valve bears S..87° 12' 10" W. from a point at the intersection of the centerline of West Virginia Secondary Route No. 8 with the centerline of a 15' wide road right-of-way this day created through the lands of the Grantor herein; thence crossing said private road and forming the centerline of a 20' wide permanent water line easement and also being the centerline of a 40' wide maintenance easement for the following six (6) bearings and distances:

1) S. 74° 32' 20" E., 449.16' to a point;
2) S. 76° 43' 50" E., 541.64' to a point;
3) S. 77° 14' 10" E., 1027.66' to a point;
4) S. 85° 26' 30" E., 653.60' to a point;
5) N. 76° 14' 30" E., 419.81' to a point;
6) S. 80° 16' 50" E., 632.82' to a point, said point being at the intersection of an existing buried water line with the westerly division line of a 5,974 square foot parcel this day created from the lands of the Grantor herein for the purpose of installation of a water storage tank. The Location of the above-described easement is shown upon that certain plat made as the result of a survey by Point Surveying and Mapping, Millwood, West Virginia, all as shown upon the aforesaid map dated September 16, 1995, of record in the aforesaid Clerk's Office.

TRACT THREE - ROAD RIGHT-OF-WAY

Consisting of a permanent road right -of-way described as follows:

BEGINNING at a point in the approximate center of West Virginia Secondary Route No. 8. Said point bears S. 76° 58' 10" E. a distances of 3153.72' from the i intersection of said road centerline with the approximate center of West Virginia Route, No. 62; thence from said beginning point, leaving said Route No. 8 and forming the centerline of a 15' wide road right-of-way this day created leading through the lands of the Grantor herein for the following twenty-nine (29) bearing and distances:

1) N. 13° 09' 20" E., 728.69' to a point;
2) N. 09° 23' 20" W., 33.35' to a point;
3) N. 39° 47' 00" W., 27.52' to a point;
4) S. 77° 12' 40" E., 256.79' to a point;
5) S. 73° 34'00" E., 253.19' to a point;
6) N. 58° 39' 00" W., 35.49' to a point;
7) N. 31° 03' 30" W., 22.42' to a point;
8) N. 15° 35' 10" W., 145.59' to a point;
9) N. 22° 54' 00" W., 120.52' to a point;
10) N. 49° 49' 50" W., 59.79' to a point;
11) S. 68° 53' 40" E., 254.60' to a point;
12) N. 74° 55' 40" W., 248.84' to a point;
13) N. 67° 44' 20" W., 126.08' to a point;
14) S. 76° 23' 20" E., 212.79' to a point;
15) N. 57° 05' 40"., 188.33' to a point;
16) N. 45° 31' 30" W., 84.88' to a point;
17) N. 69° 29' 40" W., 106.82' to a point;
18) N. 82° 26' 30" W., 1117.82' to a point;
19) S. 82° 15' 20" W., 75.10' to a point;
20) S. 11° 47' 00" W., 63.68' to a point;
21) S. 00° 03' 20" W., 285.98' to a point;

22) S. 13° 59' 50" W., 207.74' to a point;
23) S. 30° 11' 50" W., 284.47' to a point;
24) S. 14° 56' 10" W., 144.25' to a point;
25) S. 26° 44' 20" E., 217.64' to a point;
26) S. 65° 31' 50" E., 149.50' to a point;
27) N. 78° 46' 30" E., 33.83' to a point;
28) N. 55° 08' 10" E., 37.06' to a point;
29) N. 39° 00" E., 82.57' to a point; said point being in the northerly division line of a 5,974 square foot parcel this day created from the lands of the Grantor herein for the purpose of installation of a water storage tank. The location of the above-described 15' wide road right-of-way is shown upon that certain plat made as the result of a survey by Point Surveying and Mapping, Millwood, West Virginia, all as shown upon the aforesaid map dated September 16, 1995.

Being the same real-estate conveyed by The West Virginia Department of Agriculture to the Mason County Public Service District by deed dated 4th day of January, 1996, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 331, Page 720.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated the 2nd day of July, 1990, executed by West Virginia Board of Control to Appalachian Power Company, of record in said Clerk's Office in Deed Book 305, Page 33.

2. A right of way dated the 10th day of August, 1993, executed by the West Virginia Farm Management Commission to Mason County Public Service District , of record in said Clerk's Office in Deed Book 318, page 246.

3. A right of way dated the 10th day of August, 1993, executed by the West Virginia Farm Management Commission to Mason County Public Service District, of record in said Clerk's Office in Deed Book 318, page 540.

LEASES:
None

RESERVATIONS:

Subject to the exceptions and reservations as shown upon a deed dated the 4th day of January, 1996, of record in said Clerk's Office in Deed Book 331, page 720.

Also be advised that the subject real estate conveyed by the aforesaid deed in Deed Book 331, page 720, conveys the surface only in the subject property.

DEFECTS:
None

TAXES:

The 2004 real estate taxes are non-taxable. Said real estate is assessed as follows:

Robinson District
0.317 Acre Lakin
Mason County Public Service District
Land Assessment: $ 1,500.00
Building Assessment: $ 114,00.00
Total Assessment : $ 115,500.00
Class 3; taxes none due to non-taxability
Tax Map No. 164, Parcel 23
Assessor's Account No. 6092845

The 2005 real estate became a lien as of July 1, 2004; however, the same are not due and payable at this time.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

Form RD 1927-10
(Rev. 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 24, 2005

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
.230 Acre Ten Mile, Robinson District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 24, 2005, at _____ a.m. (including the time of filing the current security instrument). (Date) p.m.

II Based on said title examination, my preliminary title examination, if any, and any additional information concerning the title which has come to my attention, it is my opinion that:

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency), in which lien was filed for record on N/A, _____, at _____ a.m. and is recorded in N/A
p m (Book, page, and office)

C Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which wee approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.

III If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing.).

Water Revenue Bonds, Series 1981, January 22, 1981 O A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds Series 1999A (USDA), August 5, 1999 O.A.P.A of $620,000.00
Water Revenue Bonds Series 2000A (WV DWTRF), June 28, 2000 A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 24, 2005 O.A.P.A. of $3,222,000.001
Water Revenue Bonds. Series 2005B (USDA), June 24, 2005 O.A.P.A. of $238,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number The valid OMB control number for this information collection is 0575-0147 The time required to compelte this information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 24, 2005
Date

Attachments

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:
Situate in Robinson District, Mason County, West Virginia, and bounded and described as follows, to-wit:

A parcel of land situated North of Potters Creek Road (C.R. #11) and West ov Peniel Road (C.R. #7) approximately 1500' Northwest of the intersection of C.R. #11 and C. R. #7 being located in the District of Robinson, County of Mason, State of West Virginia, and being more particularly described as follows: Beginning at a 5/8" dia. x 30" long steel pin set at the Northerly most corner of the parcel herein described, said pin being located on the common line between the grantor and James M. Knapp and Carolyn S. Knapp (DB #231, P #699). Said pin was determined to bear S. 77-00-00 E. 838.57' from a stone found at the Northerly most corner (2nd described) of the parent tract, said stone also being a common corner (3rd described to the aforementioned Knapp); Thence, from said point of beginning and with the common line of the grantor and the aforementioned Knapp S. 77-00-00 E. 100.00' to a 5/8" dia. steel pin set; thence, leaving said common line of the grantor and Knapp, making new division lines with the grantor herein S. 13-00-00 W. 100.00' to a 5/8" dia. steel pin set; thence N. 77-00-00 W. 100.00' to as 5/8" dia. steel pin set; thence N. 13-00-00 E. 100.00' to the place of beginning, containing 0.230 acre, more or less, as shown on a plat as surveyed in October of 1995 by Cerrone & Associates, Inc., of Wheeling, W. Va.

Being the same real estate conveyed by Robert S. Mallette and Mary L. Mallette, his wife, to the Mason County Public Service District by deed dated the 16th day of April, 1996, and of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 336, Page 156.

DEED OF TRUST:
A deed of trust given by Lester William Jeffers and Loetta Jeffers, his wife, to R. W. Cunningham and Roscoe W. Brown, Trustees, dated the 9th day of November, 1964, of record in the aforesaid Clerk's Office in Trust Deed Book 138, Page 522, and given to secure a loan of $6,500.00 from the Administrator of Veterans Affairs.

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated May 19, 1947, executed by Furl Rogers and Mae Slinde Rogers, his wife, to Appalachian Electric Power Company, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book 133, Page 232.

2. An Indenture dated April 21, 1953, executed by Furl Rogers and Mae Slinde Rogers to Appalachian Electric Power Company, conveying a 150' easement of record in said Clerk's Office in Deed Book 154, Page 33.

LEASES:
None.
RESERVATIONS:
There is excepted and reserved all of the coal in and underlying said real estate together with the mining rights and privileges.

DEFECTS:
None.

TAXES:

The 1998 assessment for said real estate is non-taxable. Said real estate is assessed as follows:

Robinson District
0.23 Acre Ten Mile
Mason County Public Service District
Land Assessment: $ 2,700.00
Building Assessment: $ --
Total Assessment: $ 2,700.00
Class 3; taxes are non-taxable
Tax Map No. 205, Parcel 5.2
Assessor's Account No. 6146593

Taxes for the year 2005 are a lien on the subject real estate as of July 1, 2004, but are not yet due and payable.

NOTE:

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

Position 5

Form RD 1927-10
(Rev 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 24, 2005

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
0.075 Acre, Robinson District
0.267 Acre, Robinson District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 24, 2005, at _____ a.m (including the time of filing the current security instrument). (Date) p.m.

II. Based on said title examination, my preliminary title examination, if any, and any additional information concerning the title which has come to my attention, it is my opinion that:

A. Good and marketable title in accordance with title examination standards prevailing in the area to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A, _____, at _____ a.m. and is recorded in N/A
p.m (Book, page, and office)

C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which wee approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.

III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing.).

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA) August 5, 1999 O.A.P.A. of $620,000 00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960.000 00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds Series 2005A (USDA) June 24, 2005 O.A.P.A. of $3,222,000.001
Water Revenue Bonds Series 2005B (USDA), June 24, 2005 O A.P.A. of $238,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor and a person sis not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compete this information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I. including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 24, 2005
Date

Attachments

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Situate in Robinson District, Mason County, West Virginia, and being more particularly described as follows, to-wit:

TRACT 1

PARCEL NO. 1

A parcel of land containing 0.75 acre lying on the Northwesterly side of the railroad right of way of the Baltimore and Ohio railroad Company, in said Robinson District, Mason County, West Virginia, and more particularly bounded and described as follows: Beginning at an iron pin in the Northern boundary of the 60' wide Baltimore and Ohio Railroad Company right of way, said iron pin being N. 31° 22' W., 640.03' from a point in the Northwestern right of way of Route 62, which is 1293' in a Northwestern direction from a corner with the Pantasote Property; thence , with the Northern boundary of the Baltimore and Ohio railroad right of way S. 67° 44' W. 275.20 feet (chord distance) to an iron pin; thence, N. 30° 00' W., 87.75 feet leaving the said right of way to an iron pin; thence, N.30° 00' W., 42.91 feet to an iron pin; thence, N. 47° 44' E., 132.94 feet to an iron pin thence, S. 66° 05' E., 92.10 feet to an iron pin; thence, S. 66° 05' E., 150.35 feet to the Point of Beginning, containing an area of 0.75 Acre.

There is excepted and reserved from the conveyance of said parcel a permanent easement and right of way ten feet in width along the entire Southeasterly boundary of said parcel (adjacent to the right of way line of the Baltimore and Ohio Railroad Company) for surface and subsurface ingress and egress and for the installation, use, maintenance, removal, replacement and repair of a roadway, pipeline, electric lines and similar lines and facilities for the use and benefit of other lands owned by B. J. Builders, Inc., a corporation and E. B. Jones and Nedra W. Jones, his wife, their successors and assigns.

PARCEL NO. 2:

A permanent easement and right of way for surface and subsurface ingress and egress and for the installation, use, maintenance, removal, replacement and repair of a roadway and for pipelines for transmission of water between West Virginia State Route 62 and the right of way of the Baltimore and Ohio Railroad Company, said easement and right of way to be 30 feet wide for its entire length and lying immediately Westerly of the following designated line: Beginning at a point in the Northwestern right of way of West Virginia Route 62, said point being located 1293' in a Northeastern direction from a common corner with the Pantasote Property; thence N. 66° 10' W. 104.7 feet to a point; thence N. 43° 32" W., 525.2 feet to a point; thence, N. 22° 38' W., 3.0 feet to a point in the Southern right of way of the Baltimore and Ohio Railroad Company Property.

The District shall install, use, maintain, remove, replace and repair said roadway, pipelines, electric lines and similar lines and facilities over, across and under the

said easement and right of way. The said District is to maintain said roadway at a minimum width of 16 feet over and across said 30 foot right of way, is to properly grade, ditch and crown the same, and is to put limestone on said roadway at least 8 inches deep rolled or compressed; and is to maintain said roadway in a satisfactory manner that would not be obnoxious to the adjoining property.

The 0.75 acre parcel described under (1) above, and the easement for roadway and water lines described under (2) above, are shown on a plat entitled: "CAMP CONLEY PUBLIC SERVICE DISTRICT, MASON COUNTY, WEST VIRGINIA, ROBINSON DISTRICT PROPERTY FOR THE SEWAGE PLANT SITE AND AN EASEMENT FOR THE PLANT SITE ACCESS FROM B. J. BUILDERS, INC. PREPARED BY; J. H. MILAM, INC., CONSULTING ENGINEERS, Dunbar, West Va. January 14, 1977"

PARCEL NO. 3:

A permanent easement and right of way ten feet in width for the installation, use, maintenance, removal, replacement and repair of sewer liner from West Virginia State Route 62 and the Ohio River, the centerline of which said easement and right of way area is more particularly designated and described as follows: Beginning at a point in the Western right of way of W. Va. Route 62, said point being located 1655' in a Northern direction from a corner with the Pantasote Property; thence N. 66° 05' W., 534.0 feet to an existing manhole; thence, containing N. 66° 05' W., 1025.0 feet to a point in the Eastern bank of the Ohio River, as shown on a plat entitled: "CAMP CONLEY PUBLIC SERVICE DISTRICT, MASON COUNTY, WEST VIRGINIA, ROBINSON DISTRICT EASEMENT FOR EXISTING 10" SEWERAGE PIPE from B. J. BUILDERS, INC. prepared by: J. H. Milam, Inc. Consulting Engineers, Dunbar, West Virginia, January 24,1977"

PARCEL NO. 4:

All of the right, title and interest of B. J. Builders, Inc. a corporation, and E. B. Jones and Nedra W. Jones, his wife, in any existing sewer line facilities now located within the easement and right of way area described under (3) above, to the extent that the said B. J. builders, Inc., a corporation and E. B. Jones and Nedra W. Jones his wife, have title in and to said property.

TRACT 2

All that certain lot, tract or parcel of land, situate, lying and being on the Waters of the Ohio River, in Robinson District, Mason County, West Virginia, bounded and described as follows: Beginning at a point 30' Northwest of the center of the B&O Railroad at a corner to the Camp Conley Public Service District lot; thence leaving the B&O Railroad and with a line of the P.S.D. lot N-62-16-W 153.2' to a point; thence leaving the P.S.D. lot and across the parent tract N-39-33-E 98.3' to an iron rod in an old fence line; thence with the same S-44-01-E 171.1' to an iron rod

set 30' Northwest of the center of B&O Railroad; thence with the same S-76-23-W 51.8' to the place of beginning, containing 0.267 acres more or less, and more fully described on a map prepared by Prine Land Surveying being a part of the deed and of record in said Clerk's Office in Book No. 333, Page No. 415

There is excepted and reserved from the conveyance of said parcel a permanent 25 foot easement and right of way along the entire Southerly boundary of said parcel (adjacent to the right of way line of the Baltimore and Ohio Railroad company) for surface and subsurface ingress and egress and for the installation, use, maintenance, removal, replacement and repair of a roadway, pipelines, electric lines and similar lines and facilities for the use and benefit of other lands owned by B. J. Builders, Inc., a corporation and E. B. Jones and Nedra W. Jones, his wife, their successors and assigns.

And being the same real estate conveyed to Mason County Public Service District, a public service district, by Camp Conley Public Service District, a public service district, by deed dated the 11th day of June, 1998, and of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book 352, at Page 93, and further being the same real estate set forth in that certain corrective deed of record in said Clerk's office in Deed Book 357, Page 604.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS:
None

LEASES:
None.

RESERVATIONS:
None.

DEFECTS:
None.

TAXES:

The 2004 real estate taxes are non-taxable. Said real estate is assessed as follows:

Robinson District
0.75 Acre Camp Conley
Mason County Public Service District
Land Assessment: $ 2,280.00
Building Assessment: $ 118,260.00

Total Assessment: $ 120,540.00
Class 3; taxes none due to non-taxability
Tax Map No. 222, Parcel 47
Assessor's Account No. 6064135

The 2005 real estate taxes became a lien as of July 1, 2004; however, the same are not due and payable at this time.

Robinson District
0.267 Acre Jones Land
Mason County Public Service District
Land Assessment: $ 2,820.00
Building Assessment: $ 15,060.00
Total Assessment: $ 17,880.00
Class 3; taxes none due to non-taxability
Tax Map No. 222, Parcel 48
Assessor's Account No. 6111968

The 2005 real estate taxes became a lien as of July 1, 2004; however, the same are not due and payable at this time.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

Form RD 1927-10
(Rev 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 24, 2005

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
0.049 Acre, Robinson District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 24, 2005, at _____ a.m. (including the time of filing the current security instrument). (Date) p.m.

II. Based on said title examination, my preliminary title examination, if any, and any additional information concerning the title which has come to my attention, it is my opinion that:

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency), in which lien was filed for record on N/A, _____, at _____ a.m. and is recorded in N/A
p.m (Book, page, and office)

C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which were approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.

III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing.).

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF) June 28, 2000 A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
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Water Revenue Bonds, Series 2005B (USDA), June 24, 2005 O.A.P.A. of $238,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics' materialmen's and all other liens including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions restrictions reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 24, 2005
Date

Attachments

Casto & Casto, LC

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:
Situate in Robinson District, Mason County, West Virginia, and bounded and described as follows, to-wit:

A parcel of land situated along the Easterly side of Peniel Road (C.R. #7) approximately 0.16 mile North of the intersection of said Peniel Road with Sand Hill Road (C.R. #15) and located in the district of Robinson, County of Mason, State of West Virginia, and being more particularly described as follows:

Beginning at a point located in the center line of Peniel Road, said point being the North-west corner of the parcel herein described and the North-west corner (2nd described) of the parent tract, a common corner to lands of Barbara M. Lewis (DB #295, P#334). Said point was determined to bear S 86-30-00 W 623.34' from a 1/2" dia. iron pipe found in an old fence line, at the 3rd described corner of the parent tract, also a common corner to lands of the aforementioned Lewis.

Thence, from said point of beginning and with the 2nd described course of the grantor herein and the common line between the afore mentioned Lewis and the grantor N 86-30-00 E 55.44' to a 5/8" dia. X 30" long steel pin set, at 20.59' passing a 5/8" dia. steel pin set and at 20.92' passing N 03-30-00 W 0.23' of a 1/2" dia. iron pipe found bent over; thence, leaving the 2nd described course of and making new division lines with the grantor herein S 17-15-00 E 40.00' to a 5/8" dia. steel pin set; thence, S 86-30-00 W 55.44' to a point located on the 1st described course of the grantor in the center line of Peniel Road at 34.85' passing a 5/8" dia. steel pin set; thence, with the 1st described course of the grantor and the center line of Peniel Road N 17-15-00 W. 40.00' to the place of beginning containing 0.049 acres (2154 sq. ft.); more or less, as shown on a plat attached hereto and made a part of this description as surveyed in October of 1995, by Cerrone & Associates, Inc. of Wheeling, W. Va.

Being the same real estate conveyed by David L. Bodkin and Diana Bodkin, his wife, to the Mason County Public Service District by deed dated the 16th day of April, 1996, and of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 336, Page 152.

DEED OF TRUST:
None.

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated May 19, 1947, executed by R. H. McCoy and Lillian McCoy, his wife, to Appalachian Electric Power Company, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book 133, Page 229.

2. A right of way dated March 13, 1950, executed by R. H. McCoy and Lillian McCoy, his wife, to Appalachian Electric Power Company, of record in said Clerk's Office in Deed Book 141, Page 341.

3. A right of way agreement conveying a 100' easement, dated April 29, 1971, executed by Jack H. Shiflet and Elizabeth Shiflet, his wife, to Appalachian Electric Power Company, of record in said Clerk's Office in Deed Book 222, Page 163.

4. A right of way agreement conveying a pipeline right of way, dated March 7, 1980, executed by Jack H. Shiflet and Elizabeth Shiflet, his wife, to Anchor Hocking Corporation, of record in said Clerk's Office in Deed Book 259, Page 209. This right of way agreement was assigned to Petro Co., Inc., by assignment dated December 12, 1985, of record in said Clerk's Office in Deed Book 282, Page 97.

5. A right of way dated May 18, 1946, executed by Lillian McCoy, et al., to Appalachian Electric Power Company, of record in said Clerk's Office in Deed Book 130, Page 353.

LEASES:
None.

RESERVATIONS:
None.

OUT-CONVEYANCES:
An out-conveyance dated April 25, 1951, executed by Lillian McCoy, et al., to the State Road Commission of West Virginia, conveying 1.46 acres for state road purposes, of record in said Clerk's Office in Deed Book 148, Page 59. (I have no way of determining if this affects the subject real estate.)

DEFECTS:
None.

TAXES:
Taxes for the year 2004 are non-taxable. Said real estate is assessed as follows:

Robinson District
0.049 Acre Ten Mile
Mason County Public Service District
Land Assessment: $ 420.00,
Building Assessment: $ 480.00
Total Assessment: $900.00
Class 3; taxes are non-taxable
Tax Map No. 225, Parcel 12.7
Assessor's Account No. 6146600

2005 are a lien on the subject real estate as of July 1, 2004, but are not yet due and payable.

NOTE:

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

Position 5

Form RD 1927-10
(Rev. 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 24, 2005

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
.0129 Acre, Union District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 24, 2005, at _____ a.m. (including the time of filing the current security instrument). (Date) p.m.

II. Based on said title examination, my preliminary title examination, if any, and any additional information concerning the title which has come to my attention, it is my opinion that:

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on ___N/A_____, _____, at _____ a.m. and is recorded in ___N/A_____
p.m. (Book, page, and office)

C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which wee approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.

III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing.):

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 24, 2005 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 24, 2005 O.A.P.A. of $238,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 24, 2005
Date

Attachments

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

A 0.129 acre parcel of land, in fee simple absolute, together with vehicular access and waterline rights of way, located approximately 0.25 mile in a northeasterly direction from the intersection of State Route #62 and County Route #35/10 (Tribble Road) on the waters of the Kanawha River and Thirteen Mile Creek, situated in the District of Union, County Mason, State of West Virginia, and being more particularly described as follows:

Beginning at a 5/8" dia. x 30" long steel pin set at the easterly most corner of the parcel here-in described, said steel pin was determined to bear S 71-08-55 W 225.97 from a corner post found, on a ridge, at the location where formerly two (2) White Oaks stood. Corner post found, being located at the sixteenth (16th) described corner of the 95.853 acre tract of Donald L. and Helen Margaret Williams (DB #307, P #13), the grantors easterly adjoiner.

Thence, from said point of beginning, making new division lines with the grantor here-in S 12035031 W 75.00' to a 5/8" dia. steel pin set; Thence, N 77-24-29 W 75.00' to a 5/8" dia. steel pin set; Thence, N. 12-35-31 E 75.00' to a 5/8" dia. steel pin set; Thence, S 77-24-29 E 75.00' to the place of beginning, containing 0.129 acres, more or less, and shown on a plat prepared by Cerrone & Associates, Inc. of Wheeling, WV in October of 1997, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Plat Slide 139-B.

Right-Of-Way #1
Vehicular Access and Waterline Route

A 20' wide permanent right-of-way, together with a 30' wide temporary construction right-of-way, the center-line of which is described as follows:

Beginning at a point located on the south-easterly line of the above described 0.129 acre "Tank Site", said point being located S 12-35-31 W 10.00' from a 5/8" dia. steel pin set at the first (1st) described corner of the afore-mentioned "Tank Site."

Thence, from said point of beginning, with the center-line of an existing farm road, passing through lands of the grantor herein-in S 85-56-23 E 58.32' to a hub set; Thence, S 73-13-57 E 47.96' to a nail set; Thence, S 64-13-46 E 73.43' to a nail set; Thence, S 70-30-34 E 62.05' to a nail set; Thence, S 68-38-53 E 221.96' to a nail set; Thence, S 74-06-35 E 177.63' to a nail set, said nail being located S 77-34-59 E 635.33' from a 5/8" dia. steel pin set at the southerly most corner of the 0.129 acre "Tank Site"; Thence, leaving the "Waterline Route" and continuing with the center-line of the "Access Route" and an existing farm road S 86-03-29 E 26.18' to a nail set; Thence, S 67-32-14 E 19.89' to a nail set; Thence, S 19-46-01 E 20.23' to a nail set; Thence, S 39-04-59 W 20.04' to a nail set; Thence, S 55-43-01 W 28.02' to a point where the "Watering Route" rejoins the "Access Route", said point being located S 72-50-27 E 665.65' from a 5/8" dia. steel pin set at the southerly most corner of the "Tank Site"; Thence, continuing with the center-line of the "Access and Waterline Route" and the center-line of an existing farm road S 55-43-01 W 38.07' to a hub set; Thence, S 54-00-29 W 13.99' to a nail set; Thence, S 65-18-04 W 84.17' to a nail set; Thence, S 68-52-09 W 52.67' to a 3/8" dia. x 8" long spike nail set; Thence, S 65-14-55 W 52.97' to a PK nail set at the center-line intersection of the "Access and Watering Route" and Tribble Road (C.R. #35/10).

Right-Of-Way #2
Waterline Route

A 15' wide permanent right-of-way, together with a 30' wide temporary construction right-of-way, the center-line of which is described as follows:

Beginning at a nail set in the center-line of an existing farm road at the seventh (7th) described point along the above described "Access and Waterline Route", said point being located S 77-34-59 E 635.33' from a 5/8" dia. steel pin set at the southerly most corner of the 0.129 acre "Tank Site".

Thence, from said point of beginning, leaving the "Access Route" passing through lands of the grantor S 71-26-06 E 119.54' to a watering "T" intersection, said point being located S 77-24-00 E 654.76' from a 5/8" dia. steel pin set at the southerly most corner of the 0.129 acre "Tank Site"; Thence, S 03-10-24 W 53.64' to a point located in the center-line of the above described "Access and Waterline Route", said point being the twelfth (12th) described point along said "Access and Watering Route".

Beginning at a waterline "T" intersection located S 77-24-00 E 654.76' from a 5/8" dia. steel pin set at the southerly most corner of the 0.129 acre "Tank Site"

Being the same real estate conveyed by Henry O. Upton and Savanna W. Upton, his wife, to the Mason County Public Service District by deed dated the 17th day of November, 1997, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 342, Page 782.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS:

1. A right of way easement executed by Henry O. Upton and Savanna Upton, his wife, to Mason County Public Service District, of record in said Clerk's Office in Deed Book 342, Page 466.

LEASES:
None.

RESERVATIONS:
None.

DEFECTS:
None.

TAXES:

The 2004 real estate is assessed as follows:

Union District
0.129 Acres KRB&H
Mason County Public Service District
Land Assessment: $ 240.00
Building Assessment: $ ---
Total Assessment: $ 240.00

Class III; taxes none due to non-taxability
Tax Map No. 427, Parcel 38.9
Assessor's Account No. 6156398

The 2005 real estate taxes became a lien as of July 1, 2004; however, the same are not due and payable at this time.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture , and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

Form RD 1927-10
(Rev. 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 24, 2005

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
0.021 Acre, Union District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 24, 2005, at _____ a.m. (including the time of filing the current security instrument). (Date) p.m.

II Based on said title examination, my preliminary title examination, if any, and any additional information concerning the title which has come to my attention, it is my opinion that:

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A, _____, at _____ a.m. and is recorded in N/A
p.m. (Book, page, and office)

C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which wee approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.

III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing.):

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 24, 2005 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 24, 2005 O.A.P.A. of $238,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147 The time required to compelte this information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and mainatining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 24, 2005
Date

Attachments

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

A 0.021 acre parcel of land, in fee simple absolute, together with vehicular access and waterline rights of way, located along the northerly side of County Route (C.R.) #68 approximately 0.47 mile east of its intersection with C.R. #70 and situated in the District of Union, County Mason, State of West Virginia, and being more particularly described as follows:

Beginning at a 5/8" dia. x 30" long steel pin set at the northerly most corner of the parcel herein described which was determined to bear S 76-37-42 E 140.71' from a calculated point at the first (1st) described corner of the parent tract, located at the intersection of the common line between the grantor and Steven & Kathy Ann Eads
(DB #296, P #158), with the center-line of C.R> #68. Said point being a common corner to lands of Sharon Willet (DB #312, P #475).

Thence, from said point of beginning and making new division lines with the grantor herein, S 47-23-20 E 30.00' to a 5/8" dia. steel pin set; Thence, S 42-36-40 W 30.00' to a 5/8" dia. steel pin set on the northerly right-of-way line of C.R> #68; Thence, with said right-of-way line, N 47-23-20 W 30.00' to a 5/8" dia. steel pin set; Thence, leaving the northerly right-of-way line of C.R. #68, N 42-36-40 E 30.00' to the place of beginning, containing 0.021 acres, more or less, as shown on a play attached hereto and made a part of this description as surveyed in March of 1998 by Cerron & Associates, Inc. of Wheeling, West Virginia.

Temporary Construction Right-Of-Way

A temporary construction right-of-way, to be maintained within a reasonable distance, around the boundaries of the above described 0.021 acre booster station site for the purpose of site preparation, grading, and drainage not to exclude the right of the grantee to alter the contour of the existing ground to provide adequate site drainage.

This right of way shall expire at the conclusion of the work mentioned herein.

Being the same real estate conveyed by Russell L. Eades and Dawn Eades, his wife, to the Mason County Public Service District by deed dated the 4th day of April, 1998, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 343, Page 736.

DEED OF TRUST AND MORTGAGES:

1. Judgment dated September 22, 1989, in the amount of $250.75 in favor of Leon Water System, in that certain case in the Magistrate Court of Mason County, West Virginia, styled Leon Water System, Plaintiff, vs. Russell Eades, Robertsburg, WV 25172, Case No. 89-C-325, said judgment recorded January 2, 1990, in said Clerk's Office in Lien Book 111, Page 577.

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated the 8th day of January, 1998, executed by Russell L. Eades and Dawn Eades, his wife, to Mason County Public Service District, of record in said Clerk's Office in Deed Book 342, Page 753.

LEASES:

1. Lease dated December 8, 1980, executed by Floria Whittington, widow, to Kaiser Exploration and Mining for a primary term of five years, of record in said Clerk's Office in Lease Book 49, Page 641.

RESERVATIONS:
None.

DEFECTS:
None.

TAXES:

The 2004 real estate is non taxable, and said real estate is assessed as follows:

Union District
0.021 Acres Arbuckle
Mason County Public Service District
Land Assessment: $ 240.00
Building Assessment: $ ----
Total Assessment: $ 240.00
Class 3; Non Taxable
Tax Map No. 467, Parcel 47.1
Assessor's Account No. 6156432

The 2005 real estate taxes became a lien as of July 1, 2004; however, the same are not due and payable at this time.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation, or organization of any kind.

Position 5

Form RD 1927-10
(Rev. 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 24, 2005

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
.07 Acre, Waggener District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 24, 2005, at _____ a.m. (including the time of filing the current security instrument). (Date) p.m.

II. Based on said title examination, my preliminary title examination, if any, and any additional information concerning the title which has come to my attention, it is my opinion that:

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on N/A, _____, at _____ a.m. and is recorded in N/A
p.m. (Book, page, and office)

C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which wee approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.

III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing.):

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A P A of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
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Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 24, 2005 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 24, 2005 O.A.P.A. of $238,000.00

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IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 24, 2005
Date

Attachments

Casto & Casto, LC

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Beginning at a 1/2" pipe found at the Northeast corner of the 1.734 acre tract of George R. and Judith Starcher which is described in Deed Book No. 244, page 97, common corner with a 548 acre tract of K. S. Fitzpatrick (D.B. 129 Pg. 11); thence, from said point of beginning, and running with the said Starcher/Fitzpatrick line S. 26 degrees 26' 35" W. 50.00 feet to a 1/2" rebar set by this survey; thence, making new division lines, N. 63 degrees 33' 25" W. 50.00 feet to a 1/2" rebar; thence N. 26 degrees 26' 35" E. 64.81 to a 1/2" rebar set in the North line of said Starcher tract; thence S. 47 degrees 03' 25" E. along said North line 52.15 feet to the place of beginning, containing 2870.23 square feet, more or less. There is also conveyed herein an easement for waterline and access described as follows:

A 20' wide permanent easement with a 40' construction width the centerline of which is described as follows: Beginning at a point on the South line of the above described tank site at a point located N. 63 degrees 33' 25" W. 9.59 feet from the Southeaset corner of same; thence, from said point of beginning, and running parallel with the East Starcher line, S. 26 degrees 26' 35" W. 265.42 feet to a point on the North line of a 3.226 acre tract of Gaynell F. McAbee located N. 46 degrees 02' 25" W. 10.16 from the Northest corner of same.

Being the same real estate conveyed by George R. Starcher and Judith Starcher, his wife, to the Mason County Public Service District by deed dated the 25th day of September, 1978, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 253, Page 227.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS:
None.

LEASES:
None.

RESERVATIONS:
None.

DEFECTS:
None.

TAXES:

The 2004 real estate taxes are non-taxable. Said real estate is assessed as follows:

Waggener District
0.07 Acre near W. Columbia
Mason County Public Service District
Land Assessment: $ 60.00
Building Assessment: $ 60,000.00
Total Assessment: $ 60,060.00
Class 3; taxes none due to non-taxability
Tax Map No. 144, Parcel 57.4
Assessor's Account No. 6093835

The 2005 real estate taxes became a lien as of July 1, 2004; however, the same are not due and payable at this time.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

Position 5

Form RD 1927-10
(Rev. 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development
Farm Service Agency

FORM APPROVED
OMB NO 0575-0147

FINAL TITLE OPINION

Date June 24, 2005

LOAN APPLICANT
Mason County Public Service District

ADDRESS OR PROPERTY COVERED BY THIS OPINION
0.0134 Acre, Waggener District

APPLICANT FOR TITLE EXAMINATION
Mason County Public Service District

COUNTY
Mason

STATE
West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June 24, 2005, at _____ a.m. (including the time of filing the current security instrument). (Date) p.m.

II. Based on said title examination, my preliminary title examination, if any, and any additional information concerning the title which has come to my attention, it is my opinion that:

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is not vested in Mason County Public Service District.

B. The United States of America holds a valid first contractual lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency),m which lien was filed for record on ____N/A_____, _____, at _____ a.m. and is recorded in ____N/A_____
p.m. (Book, page, and office)

C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which wee approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.

III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing.):

Water Revenue Bonds, Series 1981, January 22, 1981 O.A.P.A. of $1,100.00
Water Revenue Bonds, Series 1987, June 25, 1987 O.A.P.A. of $610,000.00
Water Revenue Bonds, Series 1997A, September 25, 1997 O.A.P.A. of $1,440.00
Water Revenue Bonds, Series 1997B, September 25, 1997 O.A.P.A. of $818,000.00
Water Revenue Bonds, Series 1999A (USDA), August 5, 1999 O.A.P.A. of $620,000.00
Water Revenue Bonds, Series 2000A (WV DWTRF), June 28, 2000 .A.P.A. of $960,000.00
Water Revenue Bonds, Series 2001A USDA), March 16, 2001 O.A.P.A. of $375,000.00
Water Revenue Bonds, Series 2004A (WV DWTRF), June 8, 2004 O.A.P.A. of $602,000.00
Water Revenue Bonds, Series 2005A (USDA) June 24, 2005 O.A.P.A. of $3,222,000.001
Water Revenue Bonds, Series 2005B (USDA), June 24, 2005 O.A.P.A. of $238,000.00

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person sis not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to compelte this information collection is estimated to average 20 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exception, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal State, and local taxes, including, county school, improvement, water, drainage, sewer inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal Court, (d) recorded covenants; conditions; restrictions; reservations; liens, encumbrances; easement; rights-of-way; leases; mineral, oil gas, and geothermal rights (regardless o of the right of surface entry); timber rights, water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United states Department of agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 24, 2005
Date

Attachments

Casto & Casto, L.C.

214 Fourth Street
Point Pleasant, WV 25550

SCHEDULE A

DESCRIPTION OF REAL ESTATE:

Beginning at a 5/8" dia. x. 30" long steel pin set on the Westerly right-of-way line of C.R. #7/1 at the Northeast corner of the parcel herein described. Said steel pin was determined to bear S 42-46-21 W 222.35' from the fourth (4th) described corner of the parent tract (computed corner-original corner destroyed).

Thence, from said point of beginning making new division lines with the grantor herein and with the Westerly right-of-way line of C.R. #7/1 the following two (2) bearings and distances: S 08-16-01 W 10.31' to a 5/8" dia. steel pin set; thence S 17-40-59 W 15.13' to a 5/8" dia. steel pin set at the intersection of the Westerly right-of-way line of C.R. #7/1 and the Northerly right-of-way line of C.R. #7; thence with the Northerly right-of-way line of C.R. #7 N 66-29-39 W 25.00' to a 5/8" dia. steel pin set; thence leaving said Northerly right-of-way line C.R. #7 N 23-30-21 E 25.00' to a 5/8" dia. steel pin set; thence S 66-29-39 E 20.75' to the place of beginning containing 0.0134 acres, more or less, as shown on a plat as surveyed in March of 1996 by Cerrone & Associates, Inc. Wheeling, West Virginia.

Being the same real estate conveyed by Mildred Neal, widow, to the Mason County Public Service District by deed dated the 4th day of April, 1996, of record in the Office of the Clerk of the County Commission of Mason County, West Virginia, in Deed Book No. 332, Page 424.

DEED OF TRUST AND MORTGAGES:
None

RIGHT OF WAYS AND EASEMENTS:

1. A right of way dated the 24th day of April, 1979, executed by Mildred Neal, widow, to Mason County Public Service District, of record in said Clerk's Office in Deed Book 255, Page 143.

2. A right of way dated the 14th day of May, 1979, executed by Mildred Neal, widow, to Mason County Public Service District, of record in said Clerk's Office in Deed Book 255, Page 284.

3. A right of way dated the 13th day of November, 1987, executed by Mildred Neal, widow, to Appalachian Power Company, of record in said Clerk's Office in Deed Book 291, Page 486.

LEASES:
None.

RESERVATIONS:

1. Excepting and reserving all coal, oil, gas and other minerals in and underlying said tract of land, together with reasonable mining rights and privileges.

2. Please be advised that within the deed dated the 4th day of April, 1996, of record in said Clerk's Office in Deed Book 332, Page 424, there is the following exception and reservation:

"In the event the subject real estate shall cease to be used for the distribution of water service and such interruption in water use shall continue interrupted for a year, the subject real estate shall refer to the grantor, her heirs and assigns."

DEFECTS:

Please be advised that the estate of Ray Neal was commenced in said Clerk's Office and an appeasement was filed therein and an inheritance tax release was obtained. However, the same has not bee settled inasmuch as a report of receipts and disbursements have not been filed and the final publication has not taken place.

TAXES:

The 2004 real estate taxes are non-taxable. Said real estate is assessed as follows:

Waggener District
0.0134 Acre
Mason County Public Service District
Land Assessment: $ 60.00
Building Assessment: $540.00
Total Assessment: $ 600.00
Class 3; taxes none due to non-taxability
Tax Map No. 144, Parcel 51.1
Assessor's Account No. 6104262

The 2005 real estate taxes became a lien as of July 1, 2004; however, the same are not due and payable at this time.

GENERAL EXCEPTIONS

1. This opinion is subject to any state of facts which might be disclosed by an accurate survey and visual inspection of the subject real estate.

2. This opinion is subject to the correctness of the records and indices in the Office of the Clerk of the County Commission of Mason County, West Virginia.

3. This opinion is subject to the legal and mental competency of the grantors in the chain of title.

4. This opinion is subject to any delinquent fees, rates and charges made by any Public Service District servicing the subject real estate for either water, sewer or gas facilities.

5. This opinion is for the benefit of and is to be relied upon only by United States Department of Agriculture, and is to be relied upon by no other person, company, corporation or organization of any kind.

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AREA CODE 304
343-1654

FACSIMILE
343-1657

June 24, 2005

Mason County Public Service District
Point Pleasant, West Virginia

United States Department of Agriculture
Rural Utilities Service
Parkersburg, West Virginia

Jackson Kelly PLLC
Charleston, West Virginia

Re: Mason County Public Service District Water Revenue Bonds
Series 2005 A and Series 2005 B
(United States Department of Agriculture)

Ladies and Gentlemen:

I am special counsel to Mason County Public Service District (the "Issuer") in connection with certain matters before the Public Service Commission of West Virginia (the "PSC"). As such counsel, I am of the opinion that the Issuer has received the PSC orders entered on November 22, 2004, and June 7, 2005, in Case No. 04-0950-PWD-CN-42T, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the rates for the System and the financing for the Project. The time for appeal of the November 22, 2004 Order has expired prior to the date hereof without any appeal having been filed. The time for appeal of the June 7, 2005 Order has not expired on the date hereof. However, the parties to such Order have stated that they do not intend to appeal such Order. Both Orders are in full force and effect.

All counsel to this transaction may reply upon this opinion as if specifically addressed to them.

Very truly yours,

James V. Kelsh

James V. Kelsh, Esquire
WV State Bar No. 6617

masonpsd\conglomo\bonds\
opinion of counsel letter