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MINERAL WELLS PU' .IC SERVICE DISTRICT
WATER R' ENUE BOND
(MISCELLANEOUS WATER S' TEM IMPROVEMENTS PROJECT)
SF ES 2009A

BON) TRANSCRIPT

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4. Copy of Mineral Wells Public Service District's Rules of Procedure

5. Certified Copies of Orders Appointing Members of the Public Service Board of Mineral Wells Public Service District and their Oaths of Office

6. Copy of the Minutes of the Mineral Wells Public Service Board's Annual Organization Meeting on January 15, 2009

7. Copy of the Minutes of the Mineral Wells Public Service Board's Meeting on October 20, 2009, adopting the Bond Resolution

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Quality Board, and the rights, powers, and duties of the municipal corporation and the respective officers and departments thereof, including the sanitary board, are governed by the provisions of this article: Provided, That the 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.

History. (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 W. Va. LEXIS 244 (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.

History. (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 W. Va. LEXIS 1 (1957).

ARTICLE 13A.

PUBLIC SERVICE DISTRICTS.

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

Effect of amendment of 2006. — Acts 2006, c. 190, effective June 8, 2006, deleted "for water, sewerage and gas services" from the article heading.

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 W. Va. LEXIS 42 (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 W. Va. LEXIS 42 (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 W. Va. LEXIS 42 (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 W. Va. LEXIS 149 (1968); State v. Neary, 179 W. Va. 115, 365 S.E.2d 395, 1987 W. Va. LEXIS 687 (1987); McClung Invs., Inc. v. Green Valley Community Pub. Serv. Dist, 199 W. Va. 490, 485 S.E.2d 434, 1997 W. Va. LEXIS 56 (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

(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.

History. (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 W. Va. LEXIS 185 (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.

History. (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, 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.

History. (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. Within ten days of fixing the date of hearing, the county commission shall provide the Executive Secretary of the Public Service Commission with a copy of the order or petition and notification of the time and place of the hearing to be held by the county commission. 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 may 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.

History. (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; 2005, c. 195.)

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.

Effect of amendment of 2005. — Acts 2005, c. 195, effective July 8, 2005, added the second sentence in (c); and made minor stylistic changes.

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 W. Va. LEXIS 42 (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 W. Va. LEXIS 42 (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 W. Va. LEXIS 254 (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 W. Va. LEXIS 254 (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 under-

take 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 W. Va. LEXIS 42 (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 W. Va. LEXIS 217 (1998).

Cited in State v. Neary, 179 W. Va. 115, 365 S.E.2d 395, 1987 W. Va. LEXIS 687 (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, 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.

History. (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.

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 W. Va. LEXIS 60 (2000).

Cited in State v. Neary, 179 W. Va. 115, 365 S.E.2d 395, 1987 W. Va. LEXIS 687 (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.

History. (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 W. Va. LEXIS 687 (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.

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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. The county commission which created a district or county commissions if more than one created the district may, upon written request of the district, adopt an order changing the official name of a public service district: Provided, That such name change will not be effective until approved by the Public Service Commission of West Virginia and the owners of any bonds and notes issued by the district, if any, shall have consented, in writing, to the name change. If a district includes territory located in more than one county, the county commission or county commissions changing the name of the district shall provide any county commission into which the district also extends with a certified copy of the order changing the name of the district. 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.

History. (1953, c. 147; 1981, c. 124; 1986, c. 81; 1997, c. 159; 2000, c. 199; 2005, c. 196.)

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

Effect of amendment of 2005. — Acts 2005, c. 196, effective July 7, 2005, rewrote the second sentence in (f) pertaining to the changing of the official or corporate name of a public service district by the public service board; and made minor stylistic changes.

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

§ 16-13A-5. General manager of board.

The board may employ a general manager to serve a term of not more than five years and until his 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.

History. (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-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.

History. (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, 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.

History. (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.

History. (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.

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 W. Va. LEXIS 42 (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 W. Va. LEXIS 210 (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 W. Va. LEXIS 210 (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 W. Va. LEXIS 217 (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 W. Va. LEXIS 217 (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.

(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.

History. (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 October 24, 2003.

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 October 24, 2003.

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.

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 W. Va. LEXIS 219 (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 W. Va. LEXIS 210 (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 W. Va. LEXIS 488 (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 W. Va. LEXIS 42 (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 W. Va. LEXIS 56 (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 W. Va. LEXIS 185 (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 [§ 16-13A-9] or nineteen [§ 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.

History. (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.

History. (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.

History. (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.

History. (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.

History. (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; 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.

History. (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-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.

History. (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.

History. (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.

History. (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 W. Va. LEXIS 215 (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 W. Va. LEXIS 215 (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.

History. (1953, c. 147.)

§ 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.

History. (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-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.

History. (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 W. Va. LEXIS 42 (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.

History. (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.

History. (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 W. Va. LEXIS 42 (1955).

Applied in Rhodes v. Malden Pub. Serv. Dist, 171 W. Va. 645, 301 S.E.2d 601, 1983 W. Va. LEXIS 488 (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.

History. (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.

History. (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, 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.

History. (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."

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.

(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: Provided, That approval of funding set forth in section eleven [§ 24-2-11], article two, chapter twenty-four of this code or this section is not required if the funding is for a project which has received a certificate of public convenience and necessity after eighth day of July, two thousand five, from the commission and where the cost of the project changes but the change does not affect the rates established for the project.

(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 provision 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.

History. (1969, 1st Ex. Sess., c. 6; 1981, c. 124; 1986, c. 81; 1996, c. 213; 1997, c. 159; 2003, c. 184; 2005, c. 193; 2006, c. 190.)

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

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.

Effect of amendment of 2005. — Acts 2005, c. 193, effective July 8, 2005, deleted the second paragraph in (e), pertaining to prefiling of plans by the public service district; and made minor stylistic changes.

Effect of amendment of 2006. — Acts 2006, c. 190, effective June 8, 2006, added the proviso to the end of (a); and made minor stylistic changes.

A.L.R. references. — Remedies for sewage treatment plant alleged or deemed to be nuisance, 101 A.L.R.5th 287.

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 W. Va. LEXIS 210 (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 W. Va. LEXIS 210 (1992).

ARTICLE 13B.

COMMUNITY IMPROVEMENT ACT.

Sec.
16-13B-1. Short title.
16-13B-2. Definitions.
16-13B-3. Power and authority of counties and municipalities relating to flood relief, wastewater and water projects.
16-13B-4. Determination of need and feasibility of creating an assessment district.
16-13B-5. Notice to property owners before creation of assessment district and construction of project; form of notice; affidavit of publication.
16-13B-6. Petition of property owners for creation of assessment district.
16-13B-7. Receipt of petition of property owners; ordinance or order authorizing creation of assessment district and construction of project.
16-13B-8. Assessment district to be a public corporation and political subdivision; powers thereof; community improvement boards.
16-13B-9. Provisions for construction of a project.
16-13B-10. Notice to property owners of assessments; hearings, correcting and laying assessments; report on project completion; permits.
16-13B-11. Construction of projects; assessments; corner lots, etc.
16-13B-12. Apportionment and assessment of cost.
16-13B-13. Assessment against property of public, charitable, eleemosynary, educational or religious institutions; duty of those in charge to cause assessments to be paid.
16-13B-14. Method of paying for cost of project; how assessments may be evidenced.

ARTICLE 13A.

PUBLIC SERVICE DISTRICTS.

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

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

Construction with other law. — Nothwithstanding the general authorization under W. Va. Code § 16-13A-3, because the trial court properly concluded that a landowner's claims against a public service district were based on intentional acts clearly associated with, related to, and resulting from the district's licensing and permitting functions, the acts complained of were included in W. Va. Code § 29-12A-5(a)(9), and, when read in concert with W. Va. Code § 29-12A-4(b)(1), the district had immunity from liability. Zirkle v. Elkins Rd. Pub. Serv. Dist., — W. Va. —, 655 S.E.2d 155, 2007 W. Va. LEXIS 121 (2007).

§ 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 water facilities, sewer facilities or stormwater facilities and the district owns and operates another kind of facility either water or sewer, or both, 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 or stormwater 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 which provides water and sewer service,

water and stormwater service or water, sewer and stormwater service has the right to terminate water service for delinquency in payment of water, sewer or stormwater 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 or stormwater district is providing water service and the district providing sewer or stormwater service experiences a delinquency in payment, the district or the municipality included within the boundaries of the sewer or stormwater district that is providing water service, upon the request of the district providing sewer or stormwater service to the delinquent account, shall terminate its water service to the customer having the delinquent sewer or stormwater 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) The owner, tenant or occupant of any real property may be determined and declared to be served by a stormwater system only after each of the following conditions is met: (1) the district has been designated by the Environmental Protection Agency as an entity to serve a West Virginia Separate Storm Sewer System community, as defined in 40 C. F. R. § 122.26; (2) the district's authority has been properly expanded to operate and maintain a stormwater system; (3) the district has made available a stormwater system where stormwater from the real property affects or drains into the stormwater system; and (4) the real property is located in the Municipal Separate Storm Sewer System's designated service area. 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. An entity providing stormwater service shall provide a tenant a report of the stormwater fee charged for the entire property and, if appropriate, that portion of the fee to be assessed to the tenant.

(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 of this code, now or hereafter operating its own sewage disposal system pursuant to a permit issued by the Department 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.

(h) A public service district which has been designated by the Environmental Protection Agency as an entity to serve a West Virginia Separate Storm Sewer System community shall prepare an annual report detailing the collection and expenditure of rates, fees or charges and make it available for public review at the place of business of the governing body and the stormwater utility main office.

History. 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; 2008, c. 202.

Effect of amendment of 2008. — Acts 2008, c. 202, effective June 6, 2008, rewrote (b) and (e); added (h); and made minor stylistic changes.

ARTICLE 13E.

COMMUNITY ENHANCEMENT ACT.

Sec.
16-13E-2. Definitions.
16-13E-4. Petition for creation or expansion of community enhancement district; petition requirements.
16-13E-6. Creation of community enhancement district; community enhancement district to be a public corporation and political subdivision; powers thereof; community enhancement boards.

§ 16-13E-2. Definitions.

For purposes of this article:

(a) "Assessment bonds" means special obligation bonds or notes issued by a community enhancement district which are payable from the proceeds of assessments.

(b) "Assessment" means the fee, including interest, paid by the owner of real property located within a community enhancement district to pay for the cost of a project or projects constructed upon or benefitting or protecting such property and administrative expenses related thereto, which fee is in addition to all taxes and other fees levied on the property.

(c) "Board" means a community enhancement board created pursuant to this article.

(d) "Code" means the Code of West Virginia, one thousand nine hundred thirty-one, as amended.

(e) "Community enhancement district" or "district" means a community enhancement district created pursuant to this article.

(f) "Cost" means the cost of:

(1) Construction, reconstruction, renovation and acquisition of all lands, structures, real or personal property, rights, rights-of-way, franchises, easements and interests acquired or to be acquired by the district;

(2) All machinery and equipment, including machinery and equipment needed to expand or enhance county or city services to the district;

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At a regular session of the County Court, continued and held for the County of Wood, at the Court House thereof, on Saturday, the 25th day of February, 1967, Present, Harry C. Nicely, President of said Court, and Paul C. Florence, Commissioner.

The orders and proceedings of the previous session of this Court, held on Thursday, the 23rd day of February, 1967, were read in open Court, approved and ordered signed.

IN RE: MINERAL WELLS PUBLIC SERVICE DISTRICT
ORDER RECEIVING PETITION FOR CREATION OF MINERAL WELLS PUBLIC SERVICE DISTRICT AND FIXING DATE FOR HEARING.

This 25th day of February, 1967, came L. W. Burdette, Clerk of the County Court of Wood County, West Virginia, and presented to the Court a petition of Paul F. Mohr and others to create a public service district to be known as the Mineral Wells Public Service District, and fully described in the said petition, located in Tygart and Slate Magisterial Districts of Wood County, West Virginia, which said petition was, on the 25th day of February, 1967, duly filed in the said Clerk's office.

And it appearing to the Court that the said petition has been duly executed by more than one hundred (100) legal voters residing within and owning real property within the limits of the proposed public service district; that the proposed district is described in the said petition sufficiently to identify the territory to be embraced therein; that no city incorporated, town, or other municipal corporation is included within the territory embraced in the proposed public service district, and that the said territory is not embraced by any other

public service district, and that the said petition is in all respects in accordance with the requirements of Chapter 16, Article 13-a, of the Code of West Virginia, 1931, as amended.

This Court does hereby ORDER as follows:

1. That on March 23, 1967, at the hour of 10:00 o'clock a.m., this Court shall meet in the Courthouse of Wood County, West Virginia, at Parkersburg, West Virginia, for the purpose of conducting a public hearing pursuant to Chapter 16, Article 13-a of the Code of West Virginia, 1931, as amended, relative to the creation of Mineral Wells Public Service District at which time and place all persons residing in or owning or having any interest in property in the proposed Mineral Wells Public Service District may appear before this Court and shall have an opportunity to be heard for and against the creation of said district, and at such hearing this Court shall consider and determine the feasibility of the creation of the proposed Mineral Wells Public Service District hereinafter more fully described.

2. It further appearing to the Court that petitioners have deposited with the Clerk of this Court a sum adequate to pay the costs and expenses of publishing a notice of the hearing hereinabove ordered, it is accordingly ORDERED that the Clerk of this Court do cause a notice of such hearing, substantially in the form hereinafter set out, to be published in The Parkersburg Sentinel at least once prior to the date of the said hearing, which said publication shall be not less than ten (10) days prior to such hearing, and which said notice shall be in substantially the following form:

NOTICE OF PUBLIC HEARING RELATIVE TO THE CREATION OF MINERAL WELLS PUBLIC SERVICE DISTRICT

Notice is hereby given that a legally sufficient petition has been filed with the Clerk of the County Court of Wood County, West Virginia, and has been presented to the County Court of Wood County, West Virginia, for the creation of a public service district in Tygart and Slate Magisterial Districts of Wood County, West Virginia, pursuant to Chapter 16, Article 13-a of the Code of West Virginia, 1931, as amended, which said proposed Public Service District is to be named the Mineral Wells Public Service District and which public service district shall be bounded as follows:

BEGINNING at a point in the county division line between Wood County and Wirt County, at Latitude North 39° 07' 37" and Longitude West 81° 26' 13", and running thence with said county line South 49° 00' West 0.5 mile to Latitude North 39° 07' 21" and Longitude West 81° 26' 39"; thence leaving the County Line and running North 36°00' West 3.2 miles to a point in West Virginia Secondary Route 14/5 at Latitude North 39° 09' 34" and Longitude West 81° 28' 42"; North 61° 10' West 2.8 miles to Latitude North 39° 10' 44" and Longitude West 81° 31' 29"; South 18°52 West 1.65 miles to the intersection of West Virginia Routes 40 and 40/2 at Latitude North 39° 09' 23" and Longitude West 81° 32' 09"; West 0.9 mile (crossing Interstate 77 at 0.6 mile) to Latitude North 39°09' 23" and Longitude West 81° 33' 07"; North 2.65 miles to Latitude North 39° 11' 40" and Longitude West 81° 33' 07"; North 46°48' East 1.45 miles to Latitude North 39° 12' 32" and Longitude West 81° 31' 55"; South 49° 45' East 3.15 miles (crossing Interstate 77 at 0.6 mile) to Latitude North 39° 10' 47" and Longitude West 81° 28' 44"; South 36° 00' East 4.53 miles to the beginning, containing 9.55 square miles in the Slat and Tygart Magisterial Districts of Wood County, West Virginia, which said proposed public service district is shown and delineated upon a plat prepared by J. H. Milam, Inc., consulting engineers, and dated April 12, 1966, which said plat is attached to the said petition.

All persons residing in or owning or have any interest in property in said proposed Mineral Wells Public Service District are hereby notified that the County Court of Wood County, West Virginia, will conduct a public hearing on March 23, 1967, at 10:00 o'clock a.m. in the County Court Room of the Wood County Courthouse at Parkersburg, West Virginia, at which time and place all interested persons may appear before the County Court and shall have an opportunity to be heard for and against the creation of the proposed Mineral Wells Public Service District and at which time and place the County Court of Wood County, West Virginia, shall consider and determine the feasibility of the creation of the proposed Mineral Wells Public Service District.

s/ L. W. Burdette, Clerk of the County Court of Wood County, West Virginia
s/ THE COUNTY COURT OF WOOD COUNTY, WEST VIRGINIA
By Harry C. Nicely, President."

There appearing no further business to claim the attention of this Court, it is hereby ordered that this Court do now adjourn to meet in regular session on Tuesday, the 24th day of February, 1967, at 9:30 o'clock A. M.

Harry C. Nicely
President

STATE OF WEST VIRGINIA,
COUNTY OF WOOD, TO WIT:

I JAMIE SIX, Clerk of the County Commission in and for the County of Wood and State of West Virginia, having a Seal, and the Officer in whose custody of files, books and records of said Office are required by laws of said State to be kept, do hereby certify that the attached and foregoing writing is a full, true and complete transcript and copy of

IN RE: MINERAL WELLS PUBLIC SERVICE DISTRICT ORDER RECEIVING PETITION FOR CREATION OF MINERAL WELLS PUBLIC SERVICE DISTRICT AND FIXING DATE FOR HEARING

and the same appears of record in my said Office in ORDER BOOK 32 ,Page 166

IN WITNESS WHEREOF, I have hereunto set my hand and the Seal of said Office, at the City of Parkersburg, County of Wood and State of West Virginia, this the 20th day of OCTOBER, 20 09.

JAMIE SIX, CLERK
WOOD COUNTY COMMISSION
By: Brenda Blondin
Deputy

32112

ORDERS—Wood County Court, West Virginia

JANUARY Term, FORTY-FIRST Day MARCH 19 67

THURSDAY, MARCH 23, 1967

At a regular session of the County Court, continued and held for the County of Wood, at the Court House thereof, on Thursday, the 23rd day of March, 1967, Present, Harry C. Nicely, President of said Court, and Paul C. Florence and Frank J. Harrison, Commissioners.

The orders and proceedings of the previous session of this Court, held on Tuesday, the 21st day of March, 1967, were read in open Court, approved and ordered signed.

✓ IN RE: MINERAL WELLS PUBLIC SERVICE DISTRICT

O R D E R

On the 23rd day of March, 1967, this matter came upon again to be heard, this Court having heretofore on February 25, 1967, fixed this date for a public hearing on the creation of the proposed Mineral Wells Public Service District and having provided in the said Order that all persons residing in or owning or having any interest in property in the said proposed public service district might appear before the County Court at this hearing and have an opportunity to be heard for and against the creation of the said public service district.

It appearing to the Court from the certificate of the publisher thereof that notice of this hearing was duly published as required by Chapter 16, Article 13a of the Code of West Virginia, 1931, as amended, which said certificate is hereby ORDERED to be filed herein, and it further appearing to the Court that all interested persons have been afforded an opportunity of being heard for and against the creation of the said district and it further appearing to the Court that no written protests have been filed by any qualified voters registered and residing within the said proposed public service district, the Court did proceed to hear and consider testimony and evidence relating to the feasibility of the creation of the said public service district from all of which the Court does find that it is feasible and desirable to create the proposed Mineral Wells Public Service District and that the construction and acquisition and maintenance, operation and improvement of the public service properties by the proposed public service district will be conducive to the perservation of public health and convenience within the area of the proposed public service district hereinafter described. It is accordingly ORDERED as follows:

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

BEGINNING at a point in the county division line between Wood County and Wirt County, at Latitude North 39° 07' 37" and Longitude West 81° 26' 12", and running thence with said county line South 49° 00' West 0.5 mile to Latitude North 39° 07' 21" and Longitude West 81° 26' 39"; thence leaving the county line and running North 36° 00' West 3.2 miles to a point in West Virginia Secondary Route 14/5 at Latitude North 39° 09' 34" and Longitude West 81° 28' 42"; North 61° 10' West 2.8 miles to Latitude North 39° 10' 44" and Longitude West 81° 31' 29"; South 18° 52 West 1.65 miles to the intersection of West Virginia Routes 40 and 40/2 at Latitude North 39° 09' 23" and Longitude West 81° 32' 09"; West 0.9 mile (Crossing Interstate 77 at 0.6 mile) to Latitude North 39° 09' 23" and Longitude West 81° 33' 07"; North 2.65 miles to Latitude North 39° 11' 40" and Longitude West 81° 33' 07"; North 46° 48' East 1.45 miles to Latitude North 39° 12' 32" and Longitude West 81° 31' 55"; South 49° 45' East 3.15 Miles (Crossing Interstate 77 at 0.6 mile) to Latitude North 39° 10' 47" and Longitude West 81° 28' 44"; South 36° 00' East 4.53 miles to the beginning, containing 9.55 square miles in the Slate and Tygart Magisterial Districts of Wood County, West Virginia, which said proposed public service district is shown and delineated upon a plat prepared by J. H. Milam, Inc., consulting engineers, and dated April 12, 1966.

2. That said public service district so created shall have the name and corporate title of Mineral Wells Public Service District and shall constitute a public corporation and political subdivision of the State of West Virginia having all of the rights, powers and duties conferred upon public service districts by the laws of the State of West Virginia and particularly by Chapter 16, Article 13a of the Code of West Virginia, 1931, as amended.

THE COUNTY COURT OF WOOD COUNTY
by s/Harry C. Nicely, President

✓ IN RE: MINERAL WELLS PUBLIC SERVICE DISTRICT

ORDER APPOINTING DIRECTORS

This Court having heretofore duly created the Mineral Wells Public Service District in accordance with law does hereby appoint the following persons, each of whom is a qualified voter and land owner within the boundaries of the above-named district to serve as directors of the Mineral Wells Public Service District:

O. M. Hicks, Mineral Wells, West Virginia, to serve a term of two (2) years expiring March 1, 1969

E. L. Daugherty, Mineral Wells, West Virginia, to serve a term of four (4) years expiring March 1, 1971; and

Paul F. Kohr, Mineral Wells, West Virginia, to serve a term of six (6) years expiring March 1, 1973.

THE COUNTY COURT OF WOOD COUNTY
BY s/ Harry C. Nicely, President

STATE OF WEST VIRGINIA,
COUNTY OF WOOD, TO WIT:

I JAMIE SIX, Clerk of the County Commission in and for the County of Wood and State of West Virginia, having a Seal, and the Officer in whose custody of files, books and records of said Office are required by laws of said State to be kept, do hereby certify that the attached and foregoing writing is a full, true and complete transcript and copy of

IN RE: MINERAL WELLS PUBLIC SERVICE DISTRICT ORDER RECEIVING PETITION FOR CREATION OF MINERAL WELLS PUBLIC SERVICE DISTRICT AND FIXING DATE FOR HEARING

and the same appears of record in my said Office in ORDER BOOK 32 ,Page 166

IN WITNESS WHEREOF, I have hereunto set my hand and the Seal of said Office, at the City of Parkersburg, County of Wood and State of West Virginia, this the 20th day of OCTOBER, 20 09.

JAMIE SIX, CLERK
WOOD COUNTY COMMISSION
By: Brenda Blondin
Deputy

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47/34

OCTOBER TERM

TWENTY FIRST DAY
TUESDAY, DECEMBER 20, 1983

DECEMBER, 1983

At a regular session of the County Commission, continued and held for the County of Wood, at the Court House thereof, Tuesday, December 20, 1983, Present, William C. Parrish, President of said Commission, and Dexter L. Buckley, Jr., and Holmes R. Shaver, Commissioners.

The orders and proceedings of the previous session of this Commission, held on Thursday, December 15, 1983, were read before the Commission, approved and ordered signed.

IN RE: MINERAL WELLS PUBLIC SERVICE DISTRICT ENLARGEMENT

ORDER

This 20th day of December, 1983, came Robert G. Morris, Chairman of The Public Service Board of Mineral Wells Public Service District, in person, and William R. Pfalzgraf, Counsel for Mineral Wells Public Service District, and presented to the Commission the Petition of Mineral Wells Public Service District to enlarge the district so as to include within the same areas in Slate, Steele and Tygart Magisterial Districts of Wood County, West Virginia, fully described in said Petition and upon a plat or map attached thereto.

It appearing to this Commission from the said Petition that the proposed enlargement of Mineral Wells Public Service District is described in the said Petition sufficiently to identify the territory to be embraced therein and that the territory within the proposed enlargement is not embraced by any other public service district nor within the corporate limits of any municipality; and it further appearing to the Commission that it is necessary, feasible, and proper to enlarge the said Mineral Wells Public Service District so as to include the areas described in the said Petition and that this Commission is authorized by Chapter 16, Article 13A, Section 2 of the Code of West Virginia of 1931, as amended, to consider the enlargement of said district, this Commission does accordingly, on its own motion, order as follows:

1) That on January 10, 1984, at the hour of 9:30 o'clock a.m., this Commission shall meet in the Courthouse of Wood County, West Virginia, in Parkersburg, West Virginia, for the purpose of conducting a public hearing pursuant to Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended, relative to the enlargement of Mineral Wells Public Service District so as to include therein the areas in Slate, Steels and Tygart Magisterial Districts of Wood County, hereinafter more fully described, as shown on the plat or map attached to the Petition herein, at which time and place all persons residing in or owning or having any interest in property in Mineral Wells Public Service District, or the additional areas in Slate, Steele and Tygart Magisterial Districts, Wood County, West Virginia, proposed to be included within the Mineral Wells Public Service District, may appear before this Commission and shall have an opportunity to be heard for and against the enlargement of said public service district, and at such hearing, this Commission shall consider and determine the feasibility of the enlargement of Mineral Wells Public Service District and whether such enlargement, in order to furnish water service, or water and sewerage service, as set forth below, will be conducive to the preservation of public health, comfor, and convenience.
2) It further appearing to the Commission that Petitioner has deposited with the Clerk of this Commission a sum adequate to pay the cost and expenses of publishing a notice of the hearing hereinabove ordered, it is accordingly ORDERED that the Clerk of this Commission cause a notice of such hearing, substantially in the form hereinafter set out, to be published in the Parkersburg Sentinel at least once prior to the date of said hearing, which said publication shall be not less than ten (10) days prior to such hearing and which said notice shall be in substantially the following form:

(SEE PHOTOSTAT PAGES IN BOOK 44C FOR COPY OF NOTICE OF PUBLIC HEARING RELATIVE TO THE ENLARGEMENT OF MINERAL WELLS PUBLIC SERVICE DISTRICT IN ITS ENTIRETY)

STATE OF WEST VIRGINIA,
COUNTY OF WOOD, TO WIT:

I JAMIE SIX, Clerk of the County Commission in and for the County of Wood and State of West Virginia, having a Seal, and the Officer in whose custody of files, books and records of said Office are required by laws of said State to be kept, do hereby certify that the attached and foregoing writing is a full, true and complete transcript and copy of

IN RE: MINERAL WELLS PUBLIC SERVICE DISTRICT ENLARGEMENT
ORDER

and the same appears of record in my said Office in ORDER BOOK 47, Page 34

IN WITNESS WHEREOF, I have hereunto set my hand and the Seal of said Office, at the City of Parkersburg, County of Wood and State of West Virginia, this the 20th day of OCTOBER, 20 09.

JAMIE SIX, CLERK
WOOD COUNTY COMMISSION
By: Brenda Blanden
Deputy

At a Special Session of the County Commission, continued and held for the County of Wood, at the Court House thereof, Tuesday, January 10, 1984, Present, William C. Parrish, President of said Commission, and Dexter L. Buckley, Jr., and Holmes R. Shaver, Commissioners.

IN RE: MINERAL WELLS PUBLIC SERVICE DISTRICT ENLARGEMENT.

ORDER

On the 10th day of January, 1984, at 9:30 o'clock a.m., this matter came on to be heard, this Commission having heretofore by ORDER entered on December 20, 1983, which appears of record in Order Book No. 47, at page 34, fixed this date and time for a public hearing on the enlargement of Mineral Wells Public Service District, and having provided in said Order that all persons residing in, or owning, or having any interest in property in Mineral Wells Public Service District, or in the proposed addition thereto, might appear before the Commission at this hearing and have an opportunity to be heard for and against the enlargement of the said public service district.

Thereupon, Mineral Wells Public Service District tendered to the Commission for filing, the following:

1) The affidavit of Mary P. Cheuvront that notice of the time and place of this hearing was published in the Parkersburg News on the 29th day of December, 1983, which was more than ten (10) days prior to the date of this hearing.

2) The affidavit of Lewis C. Fortner, an employee of Mineral Wells Public Service District, that notice of the time and place of this hearing was posted by him in at least five (5) conspicuous places in the purposed boundaries of Mineral Wells Public Service District not less than ten (10) days before the date of this hearing.

The Commission, having examined the foregoing, and the same appearing to be proper, the said affidavit and return are hereby ordered to be, and are hereby filed herein.

It further appearing to the Commission that all interested persons have been afforded an opportunity of being heard, for and against, the enlargement of the said public service district, and it further appearing to this Commission that no written protests have been filed by any qualified voters, registered or residing within the said public service district or the proposed addition thereto, the Commission did proceed to hear and consider testimony and evidence relating to the necessity and feasibility of enlarging Mineral Wells Public Service District, so as to include the territory described in the Petition heretofore filed herein, and in the notice hereinabove referred to, from all of which the Commission does find that it is necessary, feasible and proper to enlarge Mineral Wells Public Service District so as to include the territory described in said Petition, and the Commission does further find that the enlargement of Mineral Wells Public Service District will be conducive to the preservation of public health, comfort and conveniecne within the area of the enlarged public service district.

IT IS ACCORDINGLY ORDERED, that the boundaries of Mineral Wells Public Service District heretofore created by this Commission (formerly Court) by Order entered on March 23, 1967, be enlarged so as to include within the boundaries of the said Mineral Wells Public Service District, for purposes of providing sewerate service, or water and sewerage service, as set forth above, the following areas in Slate, Steele and Tygart Magisterial Districts of Wood County, West Virginia.

The proposed boundaries of Mineral Wells Public Service District, for purposes of providing sewerage service, are as follows:

Beginning at latitute north 39°09'23" and longitute west 81°33'07", said point being the southwest corner of a previously described boundary for Mineral Wells P.S.D.;
Thence, running with the westerly line of said boundary, due north, 13,800 feet (formerly called 2.65 miles) to the northwest described corner of said boundary, located at latitute north 39°11'40" and longitude west 81°33'07";
Thence, leaving the existing boundary, N. 3°27' W, 9,925 feet to U.S.G.S. triangulation station "Martin", located at latitute north 39°13'18.7" and longitude west 81°33'15.2";
Thence, S 84°28' E. crossing the watershed divide of State Route 14 at 2,350 feet, 8,600 feet, in all, to a point in the certerline of the Little Kanawha River at its confluence with Jackson Run at latitute north 39°13'11" and longiture west 81°31'28";
Thence, running upstream with the centerline of the Little Kanawha River and the magisterial line between Slate and Clay Districts, in a southeasterly direction, 57,500 feet to a point, being the centerline of the Little Kanawha River and the easterly most corner of said Slate District at latitute north 39°08'14" and and longitute west 81°25'35";
Thence, S 48°28' W, 200 feet to a point on the southwest bank of the Little Kanawha River at a corner of the Wood County-Wirt County Line common corner with the Claywood Park P.S.D. at latitute north 39°08'13" and longitud west 81°25'36";
Thence, running with the Wood County-Wirt County Line and said Claywood Park P.S.D., S48°28' W 8,000 feet to the corner of Newark and Tucker Districts in Wirt County and a common corner with Claywood Park P.S.D. located at latitute north 39°97'15" and longitude west 81°26'53";
Thence, leaving the county line and Claywood Park P.S.D. S 89°22' W, crossing State Route 21 at 27,400 feet, 29,300 feet, in all, to a point in the centerline of Buck Run at latitude north 39°97'11" and longitude west 81°33'97";
Thence, due north, 13,250 feet to the point of beginning, containing 31.8 square miles, more or less, which said area is shown on a map entitled (Mineral Wells P.S.D. Boundary Expansion," prepared by Cerrone & Vaughn, Inc., Engineers, which said map is on file in the Office of the Clerk of the County Commission of Wood County, West Virginia.

The proposed boundaries of Mineral Wells Public Service District, for purposes of providing water service are as follows:

Beginning at latitute north 39°09'23" and longitude west 81°33'07" , said point being the southwest corner of a previously described boundary for Mineral Wells P.S.D.;
Thence, running with the westerly line of said boundary, due north 13,800 feet (formerly called 2.65 miles) to the northwest described corner of said boundary, located at latitute north 39°11'40" and longitude west 81°33'07";
Thence, leaving the existing boundary, N. 3°27' W, 2,250 feet to a poing located at latitude north 39°12'-2.3" and longitude west 81°33'08.8";
Thence, N. 89°30' E. 5,750 feet to a point in the centerline of State Route 14 at latitude north 39°12'02" and longitude west 81°31'56";
Thence, S 59°45' E. 950 feet to a point located at latitute N. 39°11'57" and longitude W 81°31'45';
Thence, N 6°10' W 1,950 feet to a point in the centerline of County Route 21/34 at latutude north 39°12'16" and longitude west 81°31'48";
Thence, following an Old Road Bench, N 55°08' E 3,300' to a point in the centerline of I-77 at latitude north 39°12'35" and longitude west 81°31'14";
Thence, in a north-northwesterly direction with the centerline of I-77, 4,100' to a point at latitude north 39°13'11.9" and longitude west 81°31'40.5";
Thence, S 84°28' E 1,000 feet to a point in the centerline of the Little Kanawha River at its confluence with Jackson Run at latitude north 39°13'11" and longitude west 81°31'28";
Thence, running upstream with the centerline of the Little Kanawha River and the magisterial line between Slate and Clay Districts, in a southeasterly direction, 57,500 feet to a point, being the centerline of the Little River and the easterly most corner of said Slate District at latitude north 39°08'14" and longitude west 81°25'35";
Thence, S 48°28' W, 200 feet to a point on the southwest bank of the Little Kanawha River at a corner of the Wood County-Wirt County line, common corner with Claywood Park P.S.D at latitute north 39°08'13" and longitude west 81°25'36";
Thence, running with the Wood County-Wirt County Line and said Claywood Park P.S.D., S 48°28' W 8,000 feet to the corner of Newark and Tucker Districts in Wirt County and a common corner with Claywood Park P.S.D. located at latitude north 39°07'15" and longitude west 81°26'53";
Thence, leaving the county line and Claywood Park P.S.D. S 89°22' W, crossing State Route 21 at 27,400 feet, 29,300 feet, in all, to a point in the centerline of Buck Run at latitude north 39°07'11" and longitude West 81°33'07';
Thence, due north, 13,250 feet to a point of beginning, containing 29.7 square miles, more or less, which said area is shown on the aforesaid map.

THE COUNTY COMMISSION OF WOOD COUNTY
s/ William C. Parrish
William C. Parrish
s/ Holmes R. Shaver
Holmes R. Shaver
s/ Dexter L. Buckley, Jr.
Dexter L. Buckley, Jr.

ENTER: January 10, 1984
9595A

There appearing no further business to claim the attention of this Commission, it is hereby ordered that this Commission do now adjourn to meet in regular session, Thursday, January 12, 1984, at 9:00 o'clock A. M.

President

STATE OF WEST VIRGINIA,
COUNTY OF WOOD, TO WIT:

I JAMIE SIX, Clerk of the County Commission in and for the County of Wood and State of West Virginia, having a Seal, and the Officer in whose custody of files, books and records of said Office are required by laws of said State to be kept, do hereby certify that the attached and foregoing writing is a full, true and complete transcript and copy of

IN RE: MINERAL WELLS PUBLIC SERVICE DISTRICT ENLARGEMENT

ORDER

and the same appears of record in my said Office in ORDER BOOK 47, Page 40

IN WITNESS WHEREOF, I have hereunto set my hand and the Seal of said Office, at the City of Parkersburg, County of Wood and State of West Virginia, this the 20th day of OCTOBER, 20 09.

JAMIE SIX, CLERK
WOOD COUNTY COMMISSION
By: Brenda Blondin
Deputy

THURSDAY, APRIL 10, 1997
THIRD DAY

APRIL TERM APRIL 1997

At a Regular Session of the County Commission, continued and held for the County of Wood, at the Courthouse thereof, Thursday, April 10, 1997, Present, Holmes R. Shaver, President of said Commission, and Robert K. Tebay, Commissioner.

The orders and proceedings of the previous session of this Commission, held on Monday, April 7, 1997, were read before the Commission, approved and ordered signed.

IN RE: MINERAL WELLS PUBLIC SERVICE DISTRICT ENLARGEMENT.

ORDER

On the 10th day of April, 1997, at 10:00 a.m., this matter came to be heard, this Commission having heretofore by ORDER entered on the 17th day of March, 1997, which appears of record in Order Book No. 60, at Page 80, fixed this date and time for a public hearing on the enlargement of Mineral Wells Public Service District, and having provided in the ORder that all persons residing in, or owning, or having any interest in property in Mineral Wells Public Service District, or in the proposed addition thereto, might appear before the Commission at this hearing and have the opportunity to be heard for and against the enlargement of the District.

Thereupon, Mineral Wells Public Service District tendered to the Commission for filing:

1) The affidavit of Janice Ruble that notice of the time and place of this hearing was published in the Parkersburg Sentinel on the 24th day of March, 1997, which was more than ten (10) days prior to the date of this hearing.

2) The affidavit of Jerald Spears, an employee of Mineral Wells Public Service District, that notice of the time and place of this hearing was posted by him in at least five (5) conspicuous places in the proposed boundaries of Mineral Wells Public Service District not less than ten (10) days before the date of this hearing.

The Commission having examined the foregoing and the same appearing to be proper, these documents are hereby ordered to be, and are hereby, filed herein.

It further appearing to the Commission that all interested persons have been afforded any opportunity of being heard, for and against, the enlargement of the District, the Commission did proceed to hear and consider testimony and evidence relating to the necessity and feasibility of enlarging Mineral Wells Public Service District, so as to include therein the territory described in the Petition heretofore filed herein, and in the notice hereinabove referred to. From all of which, the Commission does find that it is necessary, feasible and proper to enlarge Mineral Wells Public Service District so as to include the territory described in the Petition; and that the enlargement of Mineral Wells Public Service District will be conducive to the preservation of the public health, comfort and convenience within the area of the enlarged public service district.

IT IS ACCORDINGLY ORDERED, as follows:

1) That the bondaries of Mineral Wells Public Service District be enlarged so as to include within the boundaries of the District, for purposes of providing water service, the area which is more fully described and set forth on Exhibit A attached hereto and made a part hereof by reference.

2) That the Petitioner cause a certified copy of this Ordere to be served upon the Executive Secretary of the Public Service Commission of West Virginia within ten (10) days of its entry.

(SEE PHOTOSTAT BOOK 44N PAGE 85 FOR COPY OF EXHIBIT A IN ITS ENTIRETY)

THE COUNTY COMMISSION OF WOOD COUNTY, WEST VIRGINIA
s/ Holmes R. Shaver
Holmes R. Shaver, President
David A. Couch, Commissioner (Absent)
s/ Robert K. Tebay
Robert K. Tebay, Commissioner

s/ Holmes R. Shaver
Holmes R. Shaver, President
s/ Robert K. Tebay
Robert K. Tebay, Commissioner

There appearing no further business to claim the attention of this Commission, it is hereby ordered that is Commission, do now adjourn to meet in Regular Session, Monday, April 14, 1997, at 9:00 o'clock A. M.

President

STATE OF WEST VIRGINIA,
COUNTY OF WOOD, TO WIT:

I JAMIE SIX, Clerk of the County Commission in and for the County of Wood and State of West Virginia, having a Seal, and the Officer in whose custody of files, books and records of said Office are required by laws of said State to be kept, do hereby certify that the attached and foregoing writing is a full, true and complete transcript and copy of

IN RE: MINERAL WELLS PUBLIC SERVICE DISTRICT ENLARGEMENT
ORDER

and the same appears of record in my said Office in ORDER BOOK 60, Page 92

IN WITNESS WHEREOF, I have hereunto set my hand and the Seal of said Office, at the City of Parkersburg, County of Wood and State of West Virginia, this the 20th day of OCTOBER, 20 09.

JAMIE SIX, CLERK
WOOD COUNTY COMMISSION
By: Brenda Bloxton
Deputy

65/242

APRIL TERM

MONDAY, JUNE 24, 2002
TWENTY FIFTH DAY

JUNE, 2002

At a Regular Session of the County Commission, continued and held for the County of Wood at the Courthouse thereof, Monday, june 24, 2002, Present, Robert K. Tebay, President of said Commission, Rick Modesitt, and K. D. Merritt, Commissioners.

The orders and proceedings of the previous sessions of this Commission, held on Monday, June 17, 2002, were read before the County Commission, approved and ordered signed.

IN RE; MINERAL WELLS PUBLIC SERVICE DISTRICT ENLARGEMENT

ORDER

On the 24th day of June, 2002, at 10:00 a.m., this matter came to be heard, this Commission having heretofore by ORDER entered on the 23rd day of May, 2002, which appears of record, fixed this date and time for a public hearing on the enlargement of Mineral Wells Public Service District, and having provided in the Order that all persons residing in, or owning, or having any interest in property in Mineral Wells public Service District, or in the proposed addition thereto, might appear before the Commission at this hearing and have the opportunity to be heard for and against the enlargement of the District.

Thereupon, Mineral Wells Public Service District tendered to the Commission for filing:

1) The affidavit of James McGoldrick that notice of the time and place of this hearing was published in the Wirt County Journal on the 5th day of June, 2002.
2) The affidavit of Sherry Brunett that notice of the time and place of this hearing was published in the Parkersburg News and the Parkersburg Sentinel on the 6th day of June, 2002.
3) The affidavit of Michael Ruben that notice of the time and place of this hearing was published in the Jackson Hearled on the 12th day of June, 2002.
4) The affidavit of Shayne Brabham, an employee of Mineral Wells Public Service District, that notice of the time and place of this hearing was posted by him in at least five (5) conspicuous places in the proposed boundaries of Mineral Wells Public Service District not less than ten 910) days before the date of this hearing.
5) The certificate of service showing that a copy of the notice of the time and place of this hearing was mailed to the Executive Secretary of the Public Service Commission of West Virginia, the Clerk of the County Commission of Wirt County, and Clerk of the County Commission of Jackson County.

The Commission having examined the foregoing and the same appearing to be proper, these documents are hereby ordered to be, and are hereby, filed herein.

It further appearing to the Commission that all interested persons have been afforded an opportunity of being heard, for and against,

the enlargement of the District, the Commission did proceed to hear and consider testimony and evidence relating to the necessity and feasibility of enlarging Mineral Wells public Service District, so as to include therein the territory described in the Petition heretofore filed hereinabove referred to. From all of which, the Commission does find that it is necessary, feasible and proper to enlarge Mineral Wells Public Service District so as to include the territory described in the Petition; and that the enlargement of Mineral Wells Public Service District will be conducive to the preservation of the public health, comfort and convenience within the area of the enlardged public service district.

IT IS ACCORDINGLY ORDERED, as follows:

1) That the boundaries of Mineral Wells Public Service District be enlarged so as to include within the boundaries of the District, for purposes of providing water service, the area which is more fully described and set forth on Exhibit A attached hereto and made a part hereof by reference.
2) That the Petitioner cause a certified copy of this Order to be served upon the Executive Secretary of the Public Service Commission of West Virginia within ten (10) days of its entry.

(SEE PHOTOSTAT BOOK 44T, PAGE 103
FOR COPY OF EXHIBIT A AND PLAT
IN ITS ENTIRETY)

THE COUNTY COMMISSION OF WOOD COUNTY,
WEST VIRGINIA
s/ Robert K. Tebay
Robert K. Tebay, Jr., President

There appearing no further business to claim the attention of this Commission, it is hereby ordered that this Commission do now adjourn to meet in Regular Session, Thursday, June 27, 2002, at 9:30 o'clock A.M.

President

STATE OF WEST VIRGINIA,
COUNTY OF WOOD, TO WIT:

I JAMIE SIX, Clerk of the County Commission in and for the County of Wood and State of West Virginia, having a Seal, and the Officer in whose custody of files, books and records of said Office are required by laws of said State to be kept, do hereby certify that the attached and foregoing writing is a full, true and complete transcript and copy of

IN RE: MINERAL WELLS PUBLIC SERVICE DISTRICT ENLARGEMENT
ORDER

and the same appears of record in my said Office in ORDER BOOK 65 ,Page 242

IN WITNESS WHEREOF, I have hereunto set my hand and the Seal of said Office, at the City of Parkersburg, County of Wood and State of West Virginia, this the 20th day of OCTOBER, 20 09.

JAMIE SIX, CLERK
WOOD COUNTY COMMISSION
By: Brenda Blondin
Deputy

BOOK 18 PAGE 804

IN THE COUNTY COMMISSION OF WIRT COUNTY, WEST VIRGINIA

IN RE:

MINERAL WELLS PUBLIC SERVICE DISTRICT ENLARGEMENT

ORDER

On the 21st day of May, 2002 came Mineral Wells Public Service District, by its Counsel, and presented to the Commission the Petition of Mineral Wells Public Service District to enlarge the District so as to include within the same areas in Steele, Slate and Tygart Magisterial Districts in Wood County, West Virginia; Tucker and Reedy Districts in Wirt County, West Virginia; and Grant District in Jackson County, West Virginia, fully described in said petition and shown upon a plat attached hereto as Exhibit A.

It appearing to the Commission from the Petition that the existing and additional areas sought to be embraced by Mineral Wells Public Service District are sufficiently described in the Petition; and it further appearing that the territory within Wirt County within the proposed enlargement is not embraced by any other public service district nor within the corporate limits of any municipality; and it further appearing to the Commission that it is necessary, feasible, and proper to enlarge Mineral Wells Public Service District so as to include the areas described in the Petition; and it further appearing that this Commission is authorized by Chapter 16, Article 13A, Section 2 of the Code of West Virginia of 1931, as amended, to consider the enlargement of the District, this Commission does accordingly, on its own motion, ORDER as follows:

1) That on June 18, 2002, at the hour of 11:00 o'clock A.m. this Commission shall meet in the Wirt County Courthouse, Elizabeth, West Virginia, for the purpose of conducting a public hearing pursuant to Chapter 16, Article 13A, Section 2 of the Code of West Virginia of 1931, as amended, relative to the enlargement of Mineral Wells Public Service District so as to include therein areas in Steele, Slate and Tygart Magisterial Districts in Wood County, West Virginia; Tucker and Reedy Districts in Wirt County, West Virginia; and Grant District in Jackson County, West Virginia, fully described in the Petition herein and shown on the plat attached hereto, at which time and place all persons residing in or owning or having any interest in property in Mineral Wells Public Service District, or in the additional areas proposed to be included within the Mineral Wells Public Service District, may appear before this Commission and shall have an opportunity to be heard for and against the enlargement of the District, and at such hearing this Commission shall consider and determine the feasibility of the enlargement of Mineral Wells Public Service District, and whether such enlargement, in order to furnish water service as set forth below, will be conducive to the public health, comfort and convenience.

2) That Petitioner cause notice of the public hearing, substantially in the form of the notice contained in Exhibit B attached hereto, to be published in the Wirt County Journal, the Parkersburg News and the Jackson Herald at least once prior to the date of the hearing, which publication shall be not less than ten (10) days prior to the hearing.

3) That the Petitioner cause notice of the hearing to be given to the Executive Secretary of the Public Service Commission of West Virginia and that at least ten (10) days prior to such hearing, Petitioner shall forward to the Executive Secretary of the Public Service Commission of West Virginia a copy of its Petition in this matter, along with a copy of this Order.

4) That Petitioner cause notice of the hearing substantially in the form of the notice contained in Exhibit B attached hereto to be posted in at least five (5) conspicuous places in the proposed boundaries of Mineral Wells Public Service District, not less than ten (10) days before the date of the hearing.

5) That Petitioner cause notice of the hearing to be given to the County Commission of Wood County, West Virginia, and the Clerk thereof, substantially in the form set out above, not less than ten (10) days before the date of the hearing.

6) That Petitioner cause notice of the hearing to be given to the County Commission of Jackson County, West Virginia, and the Clerk thereof, substantially in the form set out above, not less than ten (10) days before the date of the hearing.

THE COUNTY COMMISSION OF
WIRT COUNTY, WEST VIRGINIA

D. Lention Offutt, Jr. President

I, SUELLEN CALEBAUGH, do hereby certify
that this is a true copy from the record.
Teste: SUELLEN CALEBAUGH, CLERK
Wirt County Commission

Date 10/19/09 By Suellen Calebaugh
Deputy

IN THE COUNTY COMMISSION OF JACKSON COUNTY, WEST VIRGINIA

IN RE:

MINERAL WELLS PUBLIC SERVICE DISTRICT ENLARGEMENT

ORDER

On the 27th day of June, 2002, at 4:00 p.m., this matter came to be heard, this Commission having heretofore by ORDER entered on the 30th day of May, 2002, which appears of record, fixed this date and time for a public hearing on the enlargement of Mineral Wells Public Service District, and having provided in the Order that all persons residing in, or owning, or having any interest in property in Mineral Wells Public Service District, or in the proposed addition thereto, might appear before the Commission at this hearing and have the opportunity to be heard for and against the enlargement of the District.

Thereupon, Mineral Wells Public Service District tendered to the Commission for filing:

1) The affidavit of James McGoldrick that notice of the time and place of this hearing was published in the Wirt County Journal on the 5th day of June, 2002.

2) The affidavit of Sherry Brunett that notice of the time and place of this hearing was published in the Parkersburg News and the Parkersburg Sentinel on the 6th day of June, 2002.

3) The affidavit of Michael Ruben that notice of the time and place of this hearing was published in the Jackson Herald on the 12th day of June, 2002.

4) The affidavit of Shayne Brabham, an employee of Mineral Wells Public Service District, that notice of the time and place of this hearing was posted by him in at least five (5) conspicuous places in the proposed boundaries of Mineral Wells Public Service District not less than ten (10) days before the date of this hearing.

5) The certificate of service showing that a copy of the notice of the time and place of this hearing was mailed to the Executive Secretary of the Public Service Commission of West Virginia, the Clerk of the County Commission of Wirt County, and the Clerk of the County Commission of Wood County.

6) Agreement with Silverton Public Service District.

7) Legal description for the Silverton Public Service District boundary, along with map showing the expanded boundaries of Mineral Wells Public Service District and the corresponding reduction of Silverton Public Service District boundaries.

The Commission having examined the foregoing and the same appearing to be proper, these documents are hereby ordered to be, and are hereby, filed herein.

Return: Sandy Garrett picked up

It further appearing to the Commission that all interested persons have been afforded an opportunity of being heard, for and against, the enlargement of the District, the Commission did proceed to hear and consider testimony and evidence relating to the necessity and feasibility of enlarging Mineral Wells Public Service District, so as to include therein the territory described in the Petition heretofore filed herein, and in the notice hereinabove referred to. From all of which, the Commission does find that it is necessary, feasible and proper to enlarge Mineral Wells Public Service District so as to include the territory described in the Petition; and that the enlargement of Mineral Wells Public Service District will be conducive to the preservation of the public health, comfort and convenience within the area of the enlarged public service district.

IT IS ACCORDINGLY ORDERED, as follows:

1) That the boundaries of Mineral Wells Public Service District be enlarged so as to include within the boundaries of the District, for purposes of providing water service, the area which is more fully described and set forth on Exhibit A attached hereto and made a part hereof by reference.

2) That the Petitioner cause a certified copy of this Order to be served upon the Executive Secretary of the Public Service Commission of West Virginia within ten (10) days of its entry.

THE COUNTY COMMISSION OF JACKSON COUNTY,
WEST VIRGINIA

Virginia J. Starcher

Virginia J. Starcher, President

Thence, running in a southeasterly direction, 2100 feet to the northwest corner of a previously described boundary for the Mineral Wells Public Service District, for water authority, said point located at latitude north 39°12'02.3" and longitude west 81°33'08.8";

Thence, N89°30'E 5,750 feet to a point in the centerline of State Route 15 at latitude north 39°12'02" and longitude west 81°31'56";

Thence, S59°45'E 950 feet to a point located at latitude north 39°11'57" and longitude west 81°31'45";

Thence, N6°10'W 1,950 feet to a point in the centerline of County Route 21/34 at latitude north 39°12'16" and longitude west 81°312'48";

Thence, following an Old Road Bench, N55°08'E 3,300 feet to a point in the centerline of I-77 at latitude north 39°12'35" and longitude west 81°31'14";

Thence, in a north-northwesterly direction with the centerline of I-77, 4,100 feet to a point at latitude north 39°13'11.9" and longitude west 81°31'40.5";

Thence, S84°28'E 1,000 feet to a point in the centerline of the Little Kanawha River at its confluence with Jackson Run at latitude north 39°13'11" and longitude west 81°31'28";

Thence, running upstream with the centerline of the Little Kanawha River and the magisterial line between Slate and Clay Districts, in a southeasterly direction. 57,500 feet to the point of beginning, containing 73,373 acres or 115 square miles, more or less, which said area is shown on a map prepared by Cerrone Associates, Inc. and dated March 12, 2002, a copy of which is attached hereto and made a part hereof. Copies of the map are also on file with the Clerks of the County Commissions of Jackson, Wirt, and Pleasants Counties, West Virginia.

EXHIBIT A

The existing and additional areas sought to be embraced by Mineral Wells Public Service District for purposes of providing water service are located in Steele, Slate and Tygart Magisterial Districts in Wood County, West Virginia; Tucker and Reedy Districts in Wirt County, West Virginia; and Grant District in Jackson County, West Virginia; and are more particularly described by metes and bounds as follows:

Beginning at latitude north 39°08'14" and longitude west 81°25'35", said point being the centerline of the Little Kanawha River and the easterly most corner of Slate District, and the easterly most corner of a previously described boundary for the Mineral Wells Public Service District;

Thence; S48°28'W, 200 feet to a point on the southwest bank of the Little Kanawha River at a corner of the Wood County-Wirt County Line, common corner with Claywood Park P.S.D. at latitude north 39°08'13" and longitude west 81°25'36";

Thence, running with the county line between Wood County and Wirt County and said Claywood Park P.S.D., S48°28'W 8,000 feet to the corner of Newark and Tucker Districts in Wirt County and a common corner with Claywood Park P.S.D. located at latitude north 38°07'15" and longitude west 81°26'53";

Thence, running with the county line between Wood County and Wirt County in a southwesterly direction 12,800 feet;

Thence, leaving the county line, S48°28'E, 17,770' to a point; Thence, S33°0'W 1,370', crossing County Route 1 to a point 500' past the centerline of C.R. 1; Thence, due west 6,440' to a point; Thence, S53°0'W 9,160' to a point; Thence due South 8,370' to a point; Thence due West 9,240' to a point 500' from the centerline of C.R. 20/5; Thence, in a southerly direction, parallel with and at right angles to the centerline of C.R. 20/5 at 500', to a point 1,670' south of Niggletetwist Run; Thence, S46°0'W 1,000' to a point; Thence, in a northerly direction, parallel with and at right angles to the centerline of C.R. 20/5 at 500', to the extension of the prior westerly line; due West 8,980' to a point; Thence, S41°0'W 2,400' to a point; Thence due West 1,600' to a point; Thence, N25°0'W 14,530' to a point; Thence, N28°0'E, 1,000' to a point located on the Wood-Jackson County Line;

Thence, running with the county line between Wood County and Jackson County in a northwesterly direction, 26,580 feet to a point in the centerline of Wood County Route 25 (Jackson County Route 1/2) at latitude north 39°12'21" and longitude west 81°33'15";

Thence, leaving the county line between Wood County and Jackson County in a northeasterly direction 62,200 feet to a point in the centerline of Wood County Route 21/17 at latitude north 39°12'21" and longitude west 81°33'15".

IN THE COUNTY COMMISSION OF JACKSON COUNTY, WEST VIRGINIA

IN RE:

MINERAL WELLS PUBLIC SERVICE DISTRICT ENLARGEMENT

ORDER

On the 30th day of May, 2002 came Mineral Wells Public Service District, by its Counsel, and presented to the Commission the Petition of Mineral Wells Public Service District to enlarge the District so as to include within the same areas in Steele, Slate and Tygart Magisterial Districts in Wood County, West Virginia; Tucker and Reedy Districts in Wirt County, West Virginia; and Grant District in Jackson County, West Virginia, fully described in said petition and shown upon a plat attached hereto as Exhibit A.

It appearing to the Commission from the Petition that the existing and additional areas sought to be embraced by Mineral Wells Public Service District are sufficiently described in the Petition; and it further appearing that the territory within the proposed enlargement is not embraced by any other public service district, except for the Silverton Public Service District, which District does not provide water service within said territory and which District has agreed to the enlargement; and it further appearing that the territory within the proposed enlargement is not within the corporate limits of any municipality; and it further appearing to the Commission that it is necessary, feasible, and proper to enlarge Mineral Wells Public Service District so as to include the areas described in the Petition; and it further appearing that this Commission is authorized by Chapter 16, Article 13A, Section 2 of the Code of West Virginia of 1931, as amended, to consider the enlargement of the District, this Commission does accordingly, on its own motion, ORDER as follows:

1) That on June 27, 2002, at the hour of 4:00 o'clock p.m. this Commission shall meet in the Jackson County Courthouse, Ripley, West Virginia, for the purpose of conducting a public hearing pursuant to Chapter 16, Article 13A, Section 2 of the Code of West Virginia of 1931, as amended, relative to the enlargement of Mineral Wells Public Service District so as to include therein areas in Steele, Slate and Tygart Magisterial Districts in Wood County, West Virginia; Tucker and Reedy Districts in Wirt County, West Virginia; and Grant District in Jackson County, West Virginia, fully described in the Petition herein and shown on the plat attached hereto, at which time and place all persons residing in or owning or having any interest in property in Mineral Wells Public Service District, or in the additional areas proposed to be included within the Mineral Wells Public Service District, may appear before this Commission and shall have an opportunity to be heard for and against the enlargement of the District, and at such hearing this Commission shall consider and determine the feasibility of the enlargement of Mineral Wells Public Service District, and whether such enlargement, in order to furnish water service as set forth below, will be conducive to the public health, comfort and convenience.

2) That Petitioner cause notice of the public hearing, substantially in the form of the notice contained in Exhibit B attached hereto, to be published in the Jackson Herald, the

Return: Sandy Garrett picked up

Parkersburg News and the Wirt County Journal at least once prior to the date of the hearing, which publication shall be not less than ten (10) days prior to the hearing.

3) That the Petitioner cause notice of the hearing to be given to the Executive Secretary of the Public Service Commission of West Virginia and that at least ten (10) days prior to such hearing, Petitioner shall forward to the Executive Secretary of the Public Service Commission of West Virginia a copy of its Petition in this matter, along with a copy of this Order.

4) That Petitioner cause notice of the hearing substantially in the form of the notice contained in Exhibit B attached hereto to be posted in at least five (5) conspicuous places in the proposed boundaries of Mineral Wells Public Service District, not less than ten (10) days before the date of the hearing.

5) That Petitioner cause notice of the hearing to be given to the County Commission of Wood County, West Virginia, and the Clerk thereof, substantially in the form set out above, not less than ten (10) days before the date of the hearing.

6) That Petitioner cause notice of the hearing to be given to the County Commission of Wirt County, West Virginia, and the Clerk thereof, substantially in the form set out above, not less than ten (10) days before the date of the hearing.

THE COUNTY COMMISSION OF
JACKSON COUNTY, WEST VIRGINIA

Virginia J. Starcher

~~Jim Waybright~~, President
Virginia J. Starcher

JACKSON COUNTY CLERK
DEED - MISC Clerk 02
Date/Time: 05/30/2002 15:17
Inst #: 29158
Book/Page: 362- / 316-
Recd/Tax: .00 .00

EXHIBIT B

NOTICE OF PUBLIC HEARINGS RELATIVE TO THE ENLARGEMENT OF MINERAL WELLS PUBLIC SERVICE DISTRICT

Notice is hereby given that the County Commissions of Jackson, Wirt, and Wood Counties West Virginia, by Orders entered of record on their own motions, have each determined and ordered to be held, a public hearing regarding the enlargement of Mineral Wells Public Service District so as to include in the District, for purposes of providing water service, areas in Steele, Slate and Tygart Magisterial Districts in Wood County, West Virginia; Tucker and Reedy Districts in Wirt County, West Virginia; and Grant District in Jackson County, West Virginia.

The existing and additional areas sought to be embraced by Mineral Wells Public Service District for purposes of providing water service are located in Steele, Slate and Tygart Magisterial Districts in Wood County, West Virginia; Tucker and Reedy Districts in Wirt County, West Virginia; and Grant District in Jackson County, West Virginia; and are more particularly described by metes and bounds as follows:

Beginning at latitude north 39°08'14" and longitude west 81°25'35", said point being the centerline of the Little Kanawha River and the easterly most corner of Slate District, and the easterly most corner of a previously described boundary for the Mineral Wells Public Service District;

Thence; S48°28'W, 200 feet to a point on the southwest bank of the Little Kanawha River at a corner of the Wood County-Wirt County Line, common corner with Claywood Park P.S.D. at latitude north 39°08'13" and longitude west 81°25'36";

Thence, running with the county line between Wood County and Wirt County and said Claywood Park P.S.D., S48°28'W 8,000 feet to the corner of Newark and Tucker Districts in Wirt County and a common corner with Claywood Park P.S.D. located at latitude north 38°07'15" and longitude west 81°26'53";

Thence, running with the county line between Wood County and Wirt County in a southwesterly direction 12,800 feet;

Thence, leaving the county line, S48°28'E, 17,770' to a point; Thence, S33°0'W 1,370', crossing County Route 1 to a point 500' past the centerline of C.R. 1; Thence, due west 6,440' to a point; Thence, S53°0'W 9,160' to a point; Thence due South 8,370' to a point; Thence due West 9,240' to a point 500' from the centerline of C.R. 20/5; Thence, in a southerly direction, parallel with and at right angles to the centerline of C.R. 20/5 at 500', to a point 1,670' south of Niggletetwist Run; Thence, S46°0'W 1,000' to a point; Thence, in a northerly direction, parallel with and at right angles to the centerline of C.R. 20/5 at 500', to the extension of the prior westerly line; due West 8,980' to a point; Thence, S41°0'W 2,400' to a point; Thence due West

All persons residing in, or owning, or having any interest in property in Mineral Wells Public Service District, or in the proposed additions to Mineral Wells Public Service District, are hereby notified as follows:

The County Commission of Jackson County, West Virginia will conduct a public hearing on _____ ____, 2002, at ___:___ __ .m. in the County Commission Room of the Jackson County Courthouse at Ripley, West Virginia, at which time and place all interested persons may appear before the Jackson County Commission and shall have an opportunity to be heard for and against the enlargement of Mineral Wells Public Service District, and at which time and place the County Commission of Jackson County, West Virginia shall determine whether it is necessary, feasible and proper to enlarge the District, and whether the enlargement of the District will be conducive to the preservation of public health, comfort and convenience of the area.

The County Commission of Wirt County, West Virginia will conduct a public hearing on _____ ____, 2002, at ___:___ __ .m. in the County Commission Room of the Wirt County Courthouse at Elizabeth, West Virginia, at which time and place all interested persons may appear before the Wirt County Commission and shall have an opportunity to be heard for and against the enlargement of Mineral Wells Public Service District, and at which time and place the County Commission of Wirt County, West Virginia shall determine whether it is necessary, feasible and proper to enlarge the District, and whether the enlargement of the District will be conducive to the preservation of public health, comfort and convenience of the area.

The County Commission of Wood County, West Virginia will conduct a public hearing on _____ ____, 2002, at ___:___ __ .m. in the County Commission Room of the Wood County Courthouse at Parkersburg, West Virginia, at which time and place all interested persons may appear before the Wood County Commission and shall have an opportunity to be heard for and against the enlargement of Mineral Wells Public Service District, and at which time and place the County Commission of Wood County, West Virginia shall determine whether it is necessary, feasible and proper to enlarge the District, and whether the enlargement of the District will be conducive to the preservation of public health, comfort and convenience of the area.

/s/ Jeff Waybright
Clerk of the County Commission of
Jackson County, West Virginia

/s/ Suellen Calebaugh
Clerk of the County Commission of
Wirt County, West Virginia

/s/ Jamie Six
Clerk of the County Commission of
Wood County, West Virginia

JACKSON COUNTY CLERK
DEED - MISC Clerk 02
Date/Time: 05/30/2002 15:17
Inst #: 2915B
Book/Page: 362- / 316-
Recd/Tax: .00 .00

020901alj061803.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
07-08-03

Entered: June 18, 2003

CASE NO. 02-0901-PWD-PC

WIRT COUNTY COMMISSION
Petition to enlarge the boundaries of Mineral Wells Public Service District for purpose of providing water service.

CASE NO. 02-0965-PWD-PC

WOOD COUNTY COMMISSION
Petition to enlarge the boundaries of Mineral Wells Public Service District.

CASE NO. 02-0966-PWD-PC

JACKSON COUNTY COMMISSION
Petition to enlarge the boundaries of Mineral Wells Public Service District.

RECOMMENDED DECISION

On June 27, 2002, the Wirt County Commission (WCC) filed an Order with the Public Service Commission to enlarge the boundaries of Mineral Wells Public Service District (District), pursuant to West Virginia Code §16-13A-2. This case was designated as Case No. 02-0901-PWD-PC.

On July 9, 2002, the Wood County Commission and the Jackson County Commission filed petitions with the Public Service Commission for approval to enlarge the boundaries of Mineral Wells Public Service District to provide water service to additional residents in Steele, Slate and Tygart Districts in Wood County; Tucker and Reedy Districts in Wirt County; and Grant District in Jackson County. These cases were designated as Case Nos. 02-0965-PWD-PC and 02-0966-PWD-PC, respectively.

On July 16, 2002, Cecelia Jarrell filed an Initial and Final Joint Staff Memorandum, attached to which was an Initial and Final Internal Memorandum from Karen L. Buckley, Utilities Analyst II, Water and Wastewater Division, and David W. Holley, Technical Analyst-In-Training, Engineering Division. According to Staff, this filing is somewhat unique because WCC is seeking to enlarge the Mineral Wells Public Service

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District water service boundaries into two (2) additional counties, specifically Wood and Jackson. Exhibit A of WCC's June 18, 2002 Order describes the actual boundary adjustments by metes and bounds, but, generally, the District's boundaries will be expanded into Steele, Slate and Tygart Magisterial Districts in Wood County, West Virginia; into Tucker and Reedy Districts in Wirt County, West Virginia; and into Grant District in Jackson County, West Virginia.

Staff noted that West Virginia Code §16-13A-2 requires that, in such a circumstance, the County Commission proposing such an expansion or enlargement of one of its duly created public service districts must provide notice to the other affected county commissions. A county commission hearing regarding the proposed expansion was conducted by the Wirt County Commission on June 18, 2002. The Jackson County Commission conducted a public hearing regarding the proposed expansion of the Mineral Wells Public Service District on June 27, 2002. The Wood County Commission conducted a public hearing on the proposed expansion of the Mineral Wells Public Service District on June 24, 2002.

Upon review of all materials submitted with this filing and upon review of the attached Initial and Final Internal Memorandum, it appeared to Legal Division Staff that the requirements and mandates of West Virginia Code §16-13A-2 have been satisfied. Staff did request that WCC obtain from the County Commissions of Jackson and Wood Counties copies of the respective County Commission Orders entered after the conclusion of the public hearings in those two counties. Staff requested that WCC be required to provide those Orders as soon as possible, but no later than the day of the Public Service Commission hearing.

On July 24, 2002, a Commission Referral Order was issued in Case No. 02-0901-PWD-PC, referring it to the Division of Administrative Law Judges for a decision to be rendered on or before January 23, 2003.

By Order entered on August 19, 2002, in Case No. 02-0901-PWD-PC, it was ordered that a hearing be held in this matter on September 20, 2002, in the Wirt County Courthouse, 2nd Floor, Elizabeth, West Virginia, at 11:00 a.m.; in the Wood County Courthouse, County Commission Meeting Room No. 1, Court Square, Parkersburg, West Virginia, at 1:30 p.m.; and in the Ravenswood Council Chambers, City Hall, 212 Walnut Street, Ravenswood, West Virginia, at 3:30 p.m. It was further ordered that the Wirt County Commission obtain from the Jackson and Wood County Commissions copies of their respective County Commission Orders and file those Orders on or before the day of hearing. It was further ordered that the Wirt County Commission give notice of the proposed expansion of the boundaries of the Mineral Wells Public Service District by publishing a copy of the Notice of Hearing, attached thereto as Appendix A, once in newspapers duly qualified by the Secretary of State, published and generally circulated in Wirt, Wood and Jackson Counties, returning proof of proper publication within ten (10) days of said publication, but no later than September 13, 2002.

On August 22, 2002, Commission Referral Orders were issued in Case Nos. 02-0965-PWD-PC and 02-0966-PWD-PC referring those proceedings to the Division of Administrative Law Judges for decisions to be rendered on or before January 23, 2003.

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Charleston

By Procedural Order entered on August 30, 2002, Case Nos. 02-0901-PWD-PC, 02-0965-PWD-PC and 02-0966-PWD-PC were consolidated for hearing and decision. It was determined that the previously established publication requirements did not require modification.

The Administrative Law Judge convened the scheduled hearings on September 20, 2002. Appearances were entered by Breck Martin, Esq., in place of Steven Hardman, for Mineral Wells Public Service District, and Staff Attorney Ronald R. Robertson, on behalf of Commission Staff. The District submitted affidavits of publication for all three counties, verifying that publication occurred as required. At the Wirt County hearing, four people opposed to the underlying water project appeared, although they indicated that they had no particular objection to the expansion of the District's boundaries. They also recognized that these proceedings were not the right forum in which to voice their objections to the water project itself. (See, Wirt County Transcript, pp. 15-18). No one appeared in protest at the other two hearings. At the Jackson County hearing, it was learned that this expansion does encroach upon the existing boundaries of the Silverton Public Service District (Silverton), in Jackson County. Silverton Public Service District is in the process of working with the Jackson County Commission for the entry of an additional Jackson County Commission Order that reduces the Silverton boundaries.

On October 10, 2002, Staff Attorney Robertson filed a motion with the Commission to extend the Administrative Law Judge's decision due date until March 25, 2003.

By Commission Order entered on October 11, 2002, the Administrative Law Judge's decision due date was extended from January 23, 2003 to March 25, 2003.

By Order entered on January 13, 2003, the Jackson County Commission was directed to file its order reducing the Silverton Public Service District's boundaries by January 21, 2003, or this case would be dismissed.

On January 22, 2003, Steven R. Hardman, Council for Mineral Wells Public Service District, filed a Motion for an extension of time in which to file the required order reducing the boundaries of Silverton Public Service District. For cause, he stated that a dismissal of this case would seriously endanger the District's ability to meet the time requirements of a pending project's funding sources and could result in a loss of funding for the project.

By Procedural Order entered on January 23, 2003, the Jackson County Commission was given until February 28, 2003, to file its County Commission Order.

On February 4, 2003, Steven R. Hardman, Counsel for Mineral Wells Public Service District, filed a motion to extend the Administrative Law Judge's decision due dates in these proceedings.

By Commission Order entered on February 4, 2003, the Administrative Law Judge's decision due date of March 25, 2003, for these proceedings was extended until June 25, 2003.

On February 19, 2003, the Jackson County Commission filed a letter/petition seeking Public Service Commission approval to reduce the boundaries of the Silverton Public Service District in the area of Grant District, Jackson County, West Virginia. After the reduction, the customers in the affected area will be served by Mineral Wells. The letter/petition stated that, in connection with the proposed reduction, proceedings had been initiated before the Jackson County Commission, in accordance with West Virginia Code §16-13A-2, and the Jackson County Commission had ordered Silverton to cause notice of a public hearing relative to the proposed reduction to be published. The following documents were attached to the letter/petition, to-wit:

1. The petition filed with the Jackson County Commission by Silverton on February 13, 2003; and

2. An Order entered by the Jackson County Commission on February 20, 2003, setting a public hearing on the proposed reduction of the boundaries of Silverton Public Service District on March 6, 2003.

The letter/petition went on to state that notice of the public hearing was to be published in The Jackson Herald and to be posted in at least five conspicuous places within the proposed boundaries of Silverton. The County Commission would file its order reducing the boundaries of Silverton Public Service Commission within ten (10) days of the entry of such Order. The County Commission concluded by stating that this matter should be consolidated with Case No. 02-0901-PWD-PC, Wirt County Commission; Case No. 02-0965-PWD-PC, Wood County Commission; and Case No. 02-0966-PWD-PC, Jackson County Commission, now pending before the Public Service Commission. The letter/petition was designated as Case No. 03-0187-PWD-PC.

On March 11, 2003, Staff Attorney Ronald E. Robertson, Jr., filed an Initial and Final Joint Staff Memorandum in Case No. 03-0187-PWD-PC, attaching a February 26, 2003 Initial and Final Internal Memorandum from Karen L. Buckley, Utilities Analyst II, Water and Wastewater Division. Ms. Buckley noted that the Jackson County Commission had previously filed on July 9, 2002, in Case No. 02-0966-PWD-PC, a petition to expand the boundaries of Mineral Wells in Jackson County, specifically into an area currently served by Silverton Public Service District. Commission Staff recommended that Case No. 03-0187-PWD-PC be dismissed and that its contents be transferred to Case No. 02-0966-PWD-PC. Once that had been done, Commission Staff stated that it would review the material filed and file a final recommendation in Case No. 02-0966-PWD-PC. Commission Staff also recommended that this matter be retained by the three Commissioners of the Public Service Commission.

On March 13, 2003, the Jackson County Commission filed a copy of its Order continuing the public hearing regarding the reduction of Silverton's boundaries until March 27, 2003.

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Charleston

By Order dated March 20, 2003, the Commission referred Case No. 03-0187-PWD-PC to the Division of Administrative Law Judges for further disposition and ordered that an Administrative Law Judge's decision be rendered on or before April 18, 2003.

By Recommended Decision entered on March 25, 2003, in Case No. 03-0187-PWD-PC, the letter/petition filed on February 19, 2003, by the Jackson County Commission seeking Commission approval to reduce the boundaries of the Silverton Public Service District in the area of Grant District, Jackson County, West Virginia, was dismissed and removed from the Commission's docket of open cases without specifically considering or ruling upon the merits of said petition. It was further ordered that the Commission's Executive Secretary immediately transfer the entire contents of that file to the file for Case No. 02-0966-PWD-PC.

On April 13, 2003, the Jackson County Commission filed a publication affidavit indicating that it had given notice of the proposed reduction of the boundaries of Silverton Public Service District by publishing a copy of the Notice of Hearing in The Jackson Democrat, a newspaper, published and generally circulated in Jackson County. It also filed its Order dated March 27, 2003, reducing the boundaries of the Silverton Public Service District.

On April 24, 2003, Ronald E. Robertson, Jr., filed a Final Joint Staff Memorandum in this proceeding. Staff stated that the Jackson County Commission has complied with the requirements of West Virginia Code §16-13A-2 regarding the reduction of the boundaries of Silverton Public Service District. Staff further recommended that, when appropriate, Mineral Wells and Silverton file a joint petition to obtain Commission approval for the future conveyance of the transmission line and customers back to Silverton Public Service District. Staff noted that, in order to meet the remaining requirements of the statute, a Public Service Commission hearing needed to be scheduled in Jackson County, West Virginia, regarding the boundary reduction of Silverton Public Service District.

By Order entered on May 12, 2003, it was ordered that a hearing would be held in Case No. 02-0966-PWD-PC, regarding the Silverton Public Service District reduction in the Ravenswood Council Chambers, City Hall, 212 Walnut Street, Ravenswood, West Virginia, on June 2, 2003, at 9:30 a.m.

On June 2, 2003, at 9:30 a.m., the Administrative Law Judge convened the hearing as scheduled. Those present were Staff Attorney Robertson on behalf of Commission Staff and Steven R. Hardman, Esq., on behalf of Mineral Wells Public Service District. Mr. Hardman presented the affidavit of publication showing that proper publication was made in Jackson County. No protestants were present. Staff Attorney Robertson stated that the Jackson County Commission has complied with all requirements for the reduction of Silverton's boundaries. (See, Tr., p. 23).

Upon consideration of all of the above the Administrative Law Judge is of the opinion and finds that the Mineral Wells boundary expansion proposed in Case No. 02-0901-PWD-PC, Wirt County Commission, Case No. 02-

0965-PWD-PC, Wood County Commission, and Case No. 02-0966-PWD-PC, Jackson County Commission, should be approved and that the Silverton Public Service District boundary reduction, in Case No. 02-0966-PWD-PC, should be approved, as well.

FINDINGS OF FACT

1. On June 27, 2002, the Wirt County Commission (WCC) filed an Order with the Public Service Commission to enlarge the boundaries of Mineral Wells Public Service District (District), pursuant to West Virginia Code §16-13A-2. This case was designated as Case No. 02-0901-PWD-PC. On July 9, 2002, the Wood County Commission and the Jackson County Commission filed petitions with the Public Service Commission for approval to enlarge the boundaries of Mineral Wells Public Service District to provide water service to additional residents in Steele, Slate and Tygart Districts in Wood County; Tucker and Reedy Districts in Wirt County; and Grant District in Jackson County. These cases were designated as Case Nos. 02-0965-PWD-PC and 02-0966-PWD-PC, respectively. These three cases were consolidated by Procedural Order dated August 30, 2002. (See, Petitions).

2. Hearings were held in these matters on September 20, 2003, in the Wirt County Courthouse, Second Floor, Elizabeth, West Virginia, at 11:00 a.m.; in the Wood County Courthouse, County Commission Meeting Room No. 1, Court Square, Parkersburg, West Virginia, at 1:30 p.m.; and in the Ravenswood Council Chambers, City Hall, 212 Walnut Street, Ravenswood, West Virginia, at 3:30 p.m. No one appeared at any of the hearings in opposition to the boundary expansion. (See, transcript generally).

3. In the Jackson County hearing, it was learned that this expansion would encroach upon the existing boundaries of the Silverton Public Service District in Jackson County. (See, Tr., p. 12, September 20, 2002 hearing, Ravenswood, West Virginia).

4. On April 3, 2003, the Jackson County Commission filed its Order reducing the boundaries of the Silverton Public Service District. (See, Jackson County Order filed April 3, 2003).

5. Hearing was held in Case No. 02-0966-PWD-PC, regarding the Silverton boundary reduction, in the Ravenswood Council Chambers, City Hall, 212 Walnut Street, Ravenswood, West Virginia, on June 2, 2003, at 9:30 a.m. At this hearing, Staff stated that the Jackson County Commission has complied with all of the requirements regarding the reduction of the boundaries of Silverton Public Service District and recommended approval thereof. (See, Tr., p. 23, June 2, 2003 transcript).

6. Staff recommended approval of the Mineral Wells Public Service District boundary expansion. (See, Staff Exhibits 1-3, September 20, 2003 hearings).

CONCLUSION OF LAW

Since there were no protests to the Mineral Wells Public Service District boundary expansion in Case No. 02-0901-PWD-PC, Case No. 02-0965-

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Charleston

PWD-PC, and Case No. 02-0966-PWD-PC, and since there were no protests to the Silverton Public Service District's boundary reduction in Case No. 02-0966-PWD-PC, the Orders of the Wirt, Wood and Jackson County Commissions adopting the Mineral Wells expansion and the Order of the Jackson County Commission reducing the Silverton boundaries should be approved.

ORDER

IT IS, THEREFORE, ORDERED that the June 18, 2002 Order of the Wirt County Commission, the June 24, 2002 Order of the Wood County Commission and the June 27, 2002 Order of the Jackson County Commission, all expanding the boundaries for Mineral Wells Public Service District, be, and they hereby are, approved.

IT IS FURTHER ORDERED that the Jackson County Commission's March 27, 2003 Order reducing the boundaries of Silveton Public Service District be, and hereby is, approved.

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

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

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

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

Miles C. Cary
Administrative Law Judge

MC:jas
020901ad.wpd

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RULES OF PROCEDURE

MINERAL WELLS
PUBLIC SERVICE DISTRICT

ARTICLE I
NAME AND PLACE OF BUSINESS

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

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

Section 3. The official seal of the District shall consist of 2 concentric circles between which circles shall be inscribed Mineral Wells 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 Wood 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 Chairman 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, 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
WTAP-TV	One Television Plaza Parkersburg, West Virginia 26101
WXIL-FM, WHBR-FM, WGGE-FM, WKYG-AM WADC-AM	P. O. Box 1228 Parkersburg, West Virginia 26102
WRZZ-FM, WLTP-AM, WRVB-FM, WNUS-FM, WVVV-FM, WDMX-FM	P. O. Box 5559 Vienna, West Virginia 26105
The Parkersburg News	519 Juliana Street Parkersburg, West Virginia 26101
The Parkersburg Sentinel	519 Juliana Street Parkersburg, West Virginia 26101
Wirt County Journal	P. O. Box 309 Elizabeth, West Virginia 26143

A notice shall be considered distributed to a news medium when it has either been (i) 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 or (ii) sent by facsimile transmission to such news medium. 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. 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, 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 either been (i) 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 or (ii) sent by facsimile transmission to such news medium.

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 Chairman 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 Chairman, Secretary and Treasurer. The Chairman 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 Chairman shall preside as Chairman 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 Chairman is absent from any meeting, the remaining members of the Board shall select a temporary Chairman.

Section 3. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. If requested by the County Commission, duplicate records shall be filed with the County Commission and shall include the minutes of all Board meetings. He/She shall, together with the Chairman, 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 Chairman and Secretary, or such other person or persons authorized by the Chairman 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 27th day of October, 2003.

Chairman and Member

Member

Member

CERTIFICATION

Certified a true copy of the Rules of Procedure duly adopted by the Board of Mineral Wells Public Service District on October 27, 2003.

Dated this 17th day of June, 2004.

[SEAL]

James R. Letts
Secretary

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At a Regular Session of the County Commission, continued and held for the County of Wood at the Courthouse thereof, Thursday, June 23, 2005, Present, Rick Modesitt, President of said Commission, and Gary D. Deem, Commissioner.

The orders and proceedings of the previous sessions of this Commission, held on Thursday, June 16, 2005, were read before the County Commission, approved and ordered signed.

IN RE: THE COUNTY COMMISSION REAPPOINTED JAMES R. LETT TO THE MINERAL WELLS PUBLIC SERVICE DISTRICT BOARD. HIS NEW TERM WILL EXPIRE JULY 16, 2011.

ORDER

On this date, and pursuant to an Order appearing in Order Book 51, at Page 433 and bearing the date of April 1, 1991, dealing with the procedure policy for appointments being made by the County Commission of Wood County, the County Commission, upon a motion made by Rick Modesitt, seconded by Gary D. Deem and passed, reappointed James R. Lett to the Mineral Wells Public Service District Board. His new term will expire July 16, 2011.

Approved:
THE COUNTY COMMISSION OF WOOD COUNTY
s/Rick Modesitt
Rick Modesitt, President
s/Gary D. Deem
Gary D. Deem, Commissioner

There appearing no further business to claim the attention of this Commission, it is hereby ordered that this Commission do now adjourn to meet in Regular Session, June 27, 2005, at 9:30 o'clock A.M.

President

STATE OF WEST VIRGINIA,
COUNTY OF WOOD, TO WIT:

I JAMIE SIX, Clerk of the County Commission in and for the County of Wood and State of West Virginia, having a Seal, and the Officer in whose custody of files, books and records of said Office are required by laws of said State to be kept, do hereby certify that the attached and foregoing writing is a full, true and complete transcript and copy of

IN RE: THE COUNTY COMMISSION REAPPOINTED JAMES R. LETT TO THE MINERAL WELLS PUBLIC SERVICE DISTRICT BOARD. HIS NEW TERM WILL EXPIRE JULY 16, 2011

and the same appears of record in my said Office in ORDER BOOK 67, Page 82

IN WITNESS WHEREOF, I have hereunto set my hand and the Seal of said Office, at the City of Parkersburg, County of Wood and State of West Virginia, this the 20th day of OCTOBER, 20 09.

JAMIE SIX, CLERK
WOOD COUNTY COMMISSION
By: Blinda Blinder
Deputy

APRIL TERM | THURSDAY, JUNE 23, 2005 TWENTY SECOND DAY | JUNE, 2005

At a Regular Session of the County Commission, continued and held for the County of Wood at the Courthouse thereof, Thursday, June 23, 2005, Present, Rick Modesitt, President of said Commission, and Gary D. Deem, Commissioner.

The orders and proceedings of the previous sessions of this Commission, held on Thursday, June 16, 2005, were read before the County Commission, approved and ordered signed.

IN RE: JAMES R. LETT—OATH OF OFFICE—REAPPOINTED MEMBER TO THE MINERAL WELLS PUBLIC SERVICE DISTRICT BOARD.

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

I, JAMES R. LETT, do solemnly swear that I will support the Constitution of the United States, the Constitution of West Virginia, and that I will faithfully and impartially discharge the duties of the office of REAPPOINTED MEMBER TO THE MINERAL WELLS PUBLIC SERVICE DISTRICT, in and for Wood County, West Virginia, to the best of my skill and judgment, during my continuance in the same; SO HELP ME GOD.

s/James R. Lett

Subscribed and sworn to, before the County Commission of Wood County, West Virginia, this 23rd day of June, 2005.

Jamie Six,
Clerk Wood County Commission
By: Brenda Blondin, Deputy

There appearing no further business to claim the attention of this Commission, it is hereby ordered that this Commission do now adjourn to meet in Regular Session, June 27, 2005, at 9:30 o'clock A.M.

President

STATE OF WEST VIRGINIA,
COUNTY OF WOOD, TO WIT:

I JAMIE SIX, Clerk of the County Commission in and for the County of Wood and State of West Virginia, having a Seal, and the Officer in whose custody of files, books and records of said Office are required by laws of said State to be kept, do hereby certify that the attached and foregoing writing is a full, true and complete transcript and copy of

IN RE: JAMES R LETT-OATH OF OFFICE-REAPPOINTED MEMBER TO THE MINEARL WELLS PUBLIC SERVICE DISTRICT BOARD

and the same appears of record in my said Office in ORDER BOOK 67, Page 83

IN WITNESS WHEREOF, I have hereunto set my hand and the Seal of said Office, at the City of Parkersburg, County of Wood and State of West Virginia, this the 20th day of OCTOBER, 20 09.

JAMIE SIX, CLERK
WOOD COUNTY COMMISSION
By: Brenda Blondin
Deputy

63/164

OCTOBER TERM | THURSDAY, NOVEMBER 29, 2007 FOURTEENTH DAY | NOVEMBER 2007

At a Regular Session of the County Commission, continued and held for the County of Wood at the Courthouse thereof, Thursda November 29, 2007, Present, Robert K. Tebay, President of said Commission, Rick Modesitt, and David Blair Couch, Commissioners.

The orders and proceedings of the previous sessions of this Commission, held on Monday, November 26, 2007, were read before t County Commission, approved and ordered signed.

IN RE: THE COUNTY COMMISSION REAPPOINTED ROY RADABAUGH TO THE MINERAL WELLS PUBLIC SERVICE DISTRICT BOARD.

ORDER

On this date, the County Commission of Wood County, upon a motion made by David Blair Couch, seconded by Rick Modesitt and m unanimous by Robert K. Tebay, reappointed Roy Radabaugh to the Mineral Wells Public Service District. Said vacancy is pursuant to Order appearing in Order Book 51, at Page 433 and bearing the date of April 1, 1991, dealing with the procedure policy for appointment Boards and Authorities. Mr. Radabaugh's new term will expire November 30, 2013.

Approved:
THE COUNTY COMMISSION OF WOOD COUNTY
s/Robert K. Tebay
Robert K. Tebay, President
s/Rick Modesitt
Rick Modesitt, Commissioner
s/David Blair Couch
David Blair Couch, Commissioner

There appearing no further business to claim the attention of this Commission, it is hereby ordered that this Commission do no adjourn to meet in Regular Session, Monday, December 3, 2007, at 9:30 o'clock A.M.

President

STATE OF WEST VIRGINIA,
COUNTY OF WOOD, TO WIT:

I JAMIE SIX, Clerk of the County Commission in and for the County of Wood and State of West Virginia, having a Seal, and the Officer in whose custody of files, books and records of said Office are required by laws of said State to be kept, do hereby certify that the attached and foregoing writing is a full, true and complete transcript and copy of

IN RE: THE COUNTY COMMISSION REAPPOINTED ROY RADABAUGH TO THE MINERAL WELLS PUBLIC SERVICE DISTRICT BOARD

and the same appears of record in my said Office in ORDER BOOK 68, Page 164

IN WITNESS WHEREOF, I have hereunto set my hand and the Seal of said Office, at the City of Parkersburg, County of Wood and State of West Virginia, this the 20th day of OCTOBER, 20 09.

JAMIE SIX, CLERK
WOOD COUNTY COMMISSION
By: Brenda Blender
Deputy

65/264

THURSDAY, APRIL 10, 2008

APRIL TERM THIRD DAY APRIL 2008

At a Regular Session of the County Commission, continued and held for the County of Wood at the Courthouse thereof, Thursda April 10, 2008, Present, Robert K. Tebay, President of said Commission, Rick Modesitt, and David Blair Couch, Commissioners.

The orders and proceedings of the previous sessions of this Commission, held on Monday, April 7, 2008, were read before the Count Commission, approved and ordered signed.

IN RE: ROY L. RADABAUGH—OATH OF OFFICE—REAPPOINTED MEMBER TO THE MINERAL WELLS PUBLIC SERVICE DISTRICT BOARD.
STATE OF WEST VIRGINIA,
COUNTY OF WOOD, TO-WIT:

I, ROY L. RADABAUGH, do solemnly swear or affirm that I will support the Constitution of the United States, the Constitution of West Virginia, and that I will faithfully and impartially discharge the duties of the office of REAPPOINTED MEMBER TO THE MINERAI WELLS PUBLIC SERVICE DISTRICT BOARD in and for Wood County, West Virginia, to the best of my skill and judgment, during my continuance in the same, SO HELP ME GOD.

s/Roy L. Radabaugh

Subscribed and sworn to, before the County Commission, of Wood County, West Virginia, this 10th day of April, 2008.

Jamie Six
Clerk Wood County Court
By: Brenda Blondin, Deputy

There appearing no further business to claim the attention of this Commission, it is hereby ordered that this Commission do adjourn to meet in Regular Session, Monday, April 14, 2008, at 9:30 o'clock A.M.

President

STATE OF WEST VIRGINIA,
COUNTY OF WOOD, TO WIT:

I JAMIE SIX, Clerk of the County Commission in and for the County of Wood and State of West Virginia, having a Seal, and the Officer in whose custody of files, books and records of said Office are required by laws of said State to be kept, do hereby certify that the attached and foregoing writing is a full, true and complete transcript and copy of

IN RE: ROY L. RADABAUGH-OATH OF OFFICE-REAPPOINTED MEMBER TO THE MINERAL WELLS PUBLIC SERVICE DISTRICT BOARD

and the same appears of record in my said Office in ORDER BOOK 68 ,Page 264

IN WITNESS WHEREOF, I have hereunto set my hand and the Seal of said Office, at the City of Parkersburg, County of Wood and State of West Virginia, this the 20th day of OCTOBER, 20 09.

JAMIE SIX, CLERK
WOOD COUNTY COMMISSION
By: Brenda Blondin
Deputy

At a Regular Session of the County Commission, continued and held for the County of Wood at the Courthouse thereof, Thursda march 19, 2009, and sitting in regard to the Budget for the fiscal year 2009/2010,, Present, Rick Modesitt, President of said Commissic David Blair Couch, and Wayne Dunn, Commissioners.

The orders and proceedings of the previous sessions of this Commission, held on Monday, March 16, 2009, were read before t County Commission, approved and ordered signed.

65/509

IN RE: THE COUNTY COMMISSION REAPPOINTED CHARLES STEWART TO THE MINERAL WELLS PUBLIC SERVICE DISTRICT BOARD.

ORDER

On this date, the County Commission of Wood County, upon a motion made by Wayne Dunn, seconded by Rick Modesitt and ma unanimous by David Blair Couch, reappointed Charles Stewart to the Mineral Wells Public Service District Board. Said appointment pursuant to an Order appearing in Order Book 51, at Page 433 and bearing the date of April 1, 1991, dealing with the procedure policy f appointments to Boards and Authorities. Mr. Stewart's term will expire March 1, 2015.

Approved:
THE COUNTY COMMISSION OF WOOD COUNTY
s/Rick Modesitt
Rick Modesitt, President
s/David Blair Couch
David Blair Couch, Commissioner
s/Wayne Dunn
Wayne Dunn, Commissioner

There appearing no further business to claim the attention of this Commission, it is hereby ordered that this Commission do now adjourn to meet in Regular Session, Monday, March 23, 2009, at 9:30 o'clock A.M., and sitting in regard to the Budget for fiscal year 2009/2010.

Wayne Dunn, Commissioner

President

STATE OF WEST VIRGINIA,
COUNTY OF WOOD, TO WIT:

I JAMIE SIX, Clerk of the County Commission in and for the County of Wood and State of West Virginia, having a Seal, and the Officer in whose custody of files, books and records of said Office are required by laws of said State to be kept, do hereby certify that the attached and foregoing writing is a full, true and complete transcript and copy of

IN RE: THE COUNTY COMMISSION REAPPOINTED CHARLES STEWART TO THE MINERAL WELLS PUBLIC SERVICE DISTRICT BOARD

and the same appears of record in my said Office in ORDER BOOK 68, Page 509

IN WITNESS WHEREOF, I have hereunto set my hand and the Seal of said Office, at the City of Parkersburg, County of Wood and State of West Virginia, this the 20th day of OCTOBER, 20 09.

JAMIE SIX, CLERK
WOOD COUNTY COMMISSION
By: Brenda Blondin
Deputy

CERTIFICATE OF OATH

I, CHARLES STEWART, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia and will faithfully discharge the duties of Board Member of the Mineral Wells Public Service Commission to the best of my skill and judgment, so help me God.

Charles Lee Stewart

CHARLES STEWART

Sworn to and subscribed before me, J.D. BEANE, Judge of the Fourth Judicial Circuit Court of West Virginia, a Court of Record, this 20th day of October, 2009.

J.D. Beane

Judge

Which Oath of Office is hereby ORDERED filed with the secretary of the Mineral Wells Public Service District.

J.D. Beane

Judge

10-20-2009

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MINUTES OF A REGULAR MONTHLY BOARD MEETING OF THE PUBLIC SERVICE BOARD OF THE MINERAL WELLS PUBLIC SERVICE DISTRICT HELD THURSDAY, JANUARY 15, 2009, AT 5:00 P.M. IN THE DISTRICT'S OFFICE LOCATED AT MINERAL WELLS, WEST VIRGINIA

Mr. Radabaugh, Chairman, called the meeting to order at 5:00 p.m. He asked everyone present to sign the attendance roster. James R. Lett, Secretary; Charles M. Stewart, Treasurer; Cathy Dyer, Office Manager; Todd Anderson, Operations Manager; Manning Frymier, Cerrone Associates, Inc.; Nellie Radcliff, Office Clerk; Darin Crites, Operations Tech; Mark Dennis, Operations Tech; William Byers, Operations Tech; Linda Watson, Office Clerk; Denny Brown, Chief Operator; Kevin and Stephanie Anderson, James and Kay Hill of the Butcher Bend Lagoon Maintenance Association, were present.

The first order of business was the re-election of officers of the Board. Mr. Lett made a motion that all positions remain as is: Mr. Radabaugh, Chairman; Mr. Lett, Secretary; Mr. Stewart, Treasurer. The motion was seconded by Mr. Stewart. The motion passed unanimously.

There was no one present from the public.

Kay Hill, Jim Hill, Kevin & Stephanie Anderson were present to discuss the Butcher Bend Lagoon. They asked the District to take over the responsibility of taking care of the Anderson Subdivision Lagoon. They presented some of the facts in regards to the lagoon, but the Board wanted more information before they made a decision. The Board informed Ms. Hill and Mr. Anderson that the District would take the request under advisement. Mr. & Mrs. Hill and Mr. & Mrs. Kevin Anderson excused themselves from the rest of the meeting.

Mr. Frymier, Cerrone Associates, Inc., presented the Board with the Sewer System Improvement Project. It is quite an extensive project and there will need to be a sewer rate increase to cover the cost of the project. According to the calculation of the rates and costs the rate increase may be a 25% increase. Labor costs should go down after the Improvement Project is completed. There is some smoke testing that still needs to be done before the project gets started. Mr. Lett made a motion for Cerrone Associates, Inc., to file an Application for Funding with Infrastructure and USDA Rural Utility Services. Mr. Stewart seconded the motion. The motion passed unanimously. Mr. Frymier excused himself from the rest of the meeting.

Mr. Lett made a motion to approve the Minutes of the December 18, 2008, Regular Board Meeting as presented. Mr. Stewart seconded the motion. The motion passed unanimously. Mr. Lett signed the Minutes.

The District has a 6" water meter on a Fire Line at Matheny Motor Co. that froze and caused the District to lose several thousand gallons of water before it was discovered. The District needs to install a read out head so that it can be read monthly. The Board authorized the operations manager to install a read - out head on this meter.

The District discussed payback on the two spec houses that Cutlip Enterprises is building in Crown

Manor. Since the District is receiving the minium bill on both houses, it will payback the amount required on a payback rule.

Mr. Lett made a motion that the District renew its membership with West Virginia Rural Water Association. The membership fee is $681.85 for the up coming year. Mr. Stewart seconded the motion. The motion passed unanimously.

The District had received an invoice for $1,125.00 from Trimble & Associates Arbitrage Rebate Calculation for the Sewer System Revenue. Mr. Lett made a motion to approve the invoice as presented. Mr. Stewart seconded the motion. The motion passed unanimously.

Mr. Stewart made a motion to approve the Financial Statement dated December 31, 2008, for All Finances (copy attached). Mr. Lett seconded the motion. The motion passed unanimously.

Mr. Stewart made a motion to approve the Financial Statement dated December 31, 2008, for Water Revenue Checking Account (copy attached). Mr. Lett seconded the motion. The motion passed unanimously.

Mr. Stewart made a motion to approve the Financial Statement dated December 31, 2008, for Sewer Revenue Checking Account (copy attached). Mr. Lett seconded the motion. The motion passed unanimously.

Mr. Stewart made a motion to approve checks 39345 thru 39426 written on the consolidate Water and Sewer Revenue Checking Account (copy attached) between December 18, 2008 thru January 15, 2009. Mr. Lett seconded the motion. The motion passed unanimously.

Mr. Stewart made a motion to approve Payroll checks 2208 thru 2239 written on the Consolidated Payroll Account (copy attached) between December 18, 2008 and January 15, 2009. Mr. Lett seconded the motion. The motion passed unanimously.

The following letters were discussed.

Letter 2 - Copy of letter dated December 19, 2008, to Vicki Young, PSC, attaching a signed copy of Sewer Tariff # 9 signed at the December 18, 2009, Board Meeting.

Letter 3 - Copy of letter dated December 18, 2008, to Sandra Squires, PSC requesting an Emergency Rate increase for Sewer.

Letter 4 - Check dated December 17, 2008, in the amount of $6,316.47 from Municipal Bond Council excess revenue funds, deposited on December 19, 2008 in the Sewer Checking Account

Fund.
Letter 9 - Letter dated December 19, 2008, from Margie Flinn, Manager, Northern Jackson County Public Service District requesting cost info on the water lines from Lockhart Fork to the end of our water lines which includes three water customers.

Letter 14 - letter dated December 22, 2008, from Sandra Squires, PSC Emergency 19A sewer rate increase was received and forwarded to Commission and Staff for Processing.

Letter 32 - Stamped approved copy of Sewer Tariff #9 from the Public Service Commission.

Letter 62 - Eleven letters dated January 13, 2009, to customers that have been terminated with delinquent balances.

Mrs. Dyer reported that the District has implemented the new Phone- Tree call system with the Pettyville customers. All has went very well. The customers have been very receptive. Filing Cabinets have been changed around in the office so as to comply with the Auditors wish that Payroll Checks and Records be locked at all times. Accounts Payable checks are locked, also. This concluded Mrs. Dyers report.

Mr. Anderson reported that the Bar Screen at the Plant needs repaired. Mr. Lett made a motion that the District get the repairs made as soon as possible. Mr. Stewart seconded the motion. The motion passed unanimously.

Comfort Suites was sold to new owners and the District had asked that the water meters be changed around, but it was so costly to the new owners that the District decided to let the meters stay like they have been for years. The new owners requested a letter be mailed to them saying that the District was not going to make them make this change.

All business having been discussed, Mr. Lett made a motion the meeting be adjourned. Mr. Stewart seconded the motion. The motion passed unanimously. Mr. Radabaugh adjourned the meeting at 7:00 p.m.

CERTIFICATION

I, James R. Lett, Secretary of the Public Service Board of the Mineral Wells Public Service District, a West Virginia corporation, do hereby certify that the foregoing and hereto annexed Minutes are a true and accurate record of the meeting held at the time and place aforesaid.

James R. Lett

James R. Lett, Secretary of the Public Service Board of the Mineral Wells Public Service District, Mineral Wells, West Virginia

MINERAL WELLS PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS
(MISCELLANEOUS WATER SYSTEM IMPROVEMENTS PROJECT) ,
SERIES 2009A

MINUTES ON ADOPTION OF BOND
RESOLUTION AND SUPPLEMENTAL RESOLUTION

I, James R. Lett, Secretary of the Public Service Board of Mineral Wells Public Service District, hereby certify that the following is a true and correct excerpt of the minutes of a special meeting of the said Public Service Board:

****** ****** ******

The Public Service Board of Mineral Wells Public Service District met in special session, pursuant to notice duly posted, on the 20th day of October, 2009, at Mineral Wells, West Virginia, at the hour of 10:00 a.m.

PRESENT: Roy L. Radabaugh
Charles M. Stewart
James R. Lett

Roy L. Radabaugh, Chairman, presided, and James R. Lett served as Secretary.

Thereupon the Chairman presented a proposed Bond Resolution in writing entitled:

RESOLUTION AUTHORIZING THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS SYSTEM OF THE MINERAL WELLS PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE MINERAL WELLS PUBLIC SERVICE DISTRICT OF WATER REVENUE BONDS (MISCELLANEOUS WATER SYSTEM IMPROVEMENTS PROJECT), SERIES 2009A, IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED SIX HUNDRED SIXTY THOUSAND DOLLARS ($660,000); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE SERIES 2009A BONDS; AUTHORIZING INTERIM CONSTRUCTION FINANCING; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDERS OF THE SERIES 2009A BONDS AND THE HOLDERS OF THE INTERIM FINANCING NOTES AND FOR A STATUTORY MORTGAGE LIEN; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

and caused the same to be read and there was discussion. Thereupon, on motion by Charles M. Stewart, seconded by James R. Lett, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

*** *** ***

I hereby certify that the foregoing action of said Public Service Board remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 22nd day of October, 2009.

James R. Lett

Secretary,
Mineral Wells Public Service District

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MINERAL WELLS PUBLIC SERVICE DISTRICT

BOND RESOLUTION

RESOLUTION AUTHORIZING THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS SYSTEM OF THE MINERAL WELLS PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE MINERAL WELLS PUBLIC SERVICE DISTRICT OF WATER REVENUE BONDS (MISCELLANEOUS WATER SYSTEM IMPROVEMENTS PROJECT), SERIES 2009A, IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED SIX HUNDRED SIXTY THOUSAND DOLLARS ($660,000); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE SERIES 2009A BONDS; AUTHORIZING INTERIM CONSTRUCTION FINANCING; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDERS OF THE SERIES 2009A BONDS AND THE HOLDERS OF THE INTERIM FINANCING NOTES AND FOR A STATUTORY MORTGAGE LIEN; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF THE MINERAL WELLS PUBLIC SERVICE DISTRICT:

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ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution (together with any order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is adopted pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law.

Section 1.02. Findings and Determinations. It is hereby found, determined and declared that:

A. The Mineral Wells Public Service District (the "Issuer") is a public service district, public corporation and political subdivision of the State of West Virginia in Wood, Wirt and Jackson Counties of said State, created by The County Commission of Wood County.

B. The Issuer presently owns and operates a public waterworks system. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed certain additions, betterments and improvements to the Issuer's existing waterworks system, including the additions, betterments and improvements described in Exhibit A hereto (collectively, the "Project") (the Issuer's existing waterworks system, the Project and any further additions, extensions, betterments and improvements thereto are herein called the "System") in accordance with the plans and specifications prepared by Cerrone Associates, Inc., Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of the System, the principal of and interest on the Series 2009A Bonds and the Prior Bonds and all Sinking Funds, Reserve Accounts and other payments provided for herein, all as such terms are hereinafter defined.

D. It is further deemed necessary for the Issuer to issue its Series 2009A Bonds in the principal amount of not more than $660,000, to permanently finance a portion of the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Series 2009A Bonds prior to and during construction and acquisition and for a period not exceeding 6 months after completion of construction of the Project; amounts which may be deposited in the Series 2009A Bonds Reserve Account; engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2009A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs

prior to the issuance of the Series 2009A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes, shall be deemed Costs of the Project, as hereinafter defined.

E. The estimated maximum cost of the acquisition and construction of the Project and the issuance of the Series 2009A Bonds is $660,000, all of which will be obtained from the sale of the Series 2009A Bonds described above.

F. The period of usefulness of the System after completion of the Project is not less than 40 years.

G. It is in the best interest of the Issuer that its Series 2009A Bonds be issued and sold to the Purchaser (as hereinafter defined) pursuant to the terms and provisions of the Letter of Conditions dated February 8, 2008 (the "Letter of Conditions").

H. There are outstanding obligations of the Issuer which will rank on parity with the Series 2009A Bonds as to liens and sources of and security for payment, which obligations (collectively, the "Prior Bonds") are designated and have the lien positions, together with the Series 2004 Bonds, as follows:

Designation	Lien Position
Water Revenue Bond, Series 1979, dated January 7, 1980 (the "Series 1979 Bond"), issued in the original principal amount of $430,000;	First Lien
Water Revenue Bond, Series 1997A, dated August 14, 1997 (the "Series 1997A Bond"), issued in the original principal amount of $650,000;	First Lien
Water Revenue Bond, Series 1999A, dated September 23, 1999 (the "Series 1999A Bond"), issued in the original principal amount of $700,000;	First Lien
Water Revenue Bond Series 1999B, dated September 23, 1999 (the "Series 1999B Bond"), issued in the original principal amount of $2,012,000;	First Lien
Water Revenue Bond, Series 2004A, dated June 17, 2004 (the "Series 2004A Bond"), issued in the original principal amount of $3,750,000;	First Lien
Water Revenue Bond, Series 2004B, dated June 17, 2004 (the "Series 2004B	First Lien

Bond"), issued in the original principal amount of $780,000;

The Series 2009A Bonds shall be issued on parity with the Prior Bonds with respect to liens, pledges and sources of and security for payment and in all other respects. The Issuer has received, or will receive prior to the bond closing date the consent of the registered owners of the Prior Bonds to the issuance of the Series 2009A Bonds on a parity with the Prior Bonds and the certificate of an Independent Certified Public Accountant stating that the coverage tests on the Prior Bonds are met or a waiver by the Holder or Holders of the applicable Prior Bonds of such requirement. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by the revenues or assets of the System.

J. The Issuer has complied with all requirements of West Virginia law and the Letter of Conditions relating to authorization of the planning, development, design, acquisition, construction and operation of the Project and the System and issuance of the Series 2009A Bonds or will have so complied prior to issuance of any thereof, including, among other things, the approval of the Project and the obtaining of a Certificate of Public Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which has expired prior to the issuance of the Series 2009A Bonds or has been waived by all necessary parties.

K. There are at least 2,324 bona fide users of the System.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2009A Bonds by those who shall be the registered owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the registered owners of any and all of such Bonds, as the case may be, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

Section 1.04. Definitions. The following terms shall have the following meanings herein unless the context expressly requires otherwise:

"Act" means Chapter 16, Article 13A of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

"Authorized Officer" means the Chairman of the Public Service Board of the Issuer or any other officer of the Issuer duly appointed by the Governing Body.

"Bond Legislation," "Resolution," "Bond Resolution" or "Local Act" means this Bond Resolution and all orders and resolutions supplemental hereto or amendatory hereof.

"Bond Registrar" means the Secretary of the Issuer or other entity designated as such in a Supplemental Resolution and its successors and assigns.

"Bondholder," "Holder of the Bonds," "Holder" 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.

"Bonds" means, collectively, the Prior Bonds, the Series 2009A Bonds and, where appropriate, any bonds on a parity therewith authorized to be issued hereunder or by another resolution of the Issuer.

"Chairman" means the Chairman of the Governing Body or any temporary Chairman duly appointed by the Governing Body.

"Closing Date" means the date upon which there is an exchange of the Series 2009A Bonds for an advance of more than a de minimis amount of the principal of the Series 2009A Bonds by the Purchaser.

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

"Consulting Engineers" means Cerrone Associates, Inc., Wheeling, West Virginia, or any qualified engineer or firm of professional engineers, licensed by the State, who shall not be a regular, full-time employee of the State or any of its agencies, commissions or political subdivisions, that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended.

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

"Depreciation Reserve established by the 1979 Resolution" means the Depreciation Reserve established by the Series 1979 Bond Resolution (as hereinafter defined) with the Bank and continued by Section 5.01 hereof.

"Event of Default" means any occurrence or event specified in Section 9.01.

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

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

"Governing Body" means the Public Service Board of the Issuer, as it may now or hereafter be constituted.

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

"Gross Revenues" means all rates, rents, fees, charges or other income received by the Issuer, or accrued to the Issuer, or any department, board, agency or instrumentality

thereof in control of the management and operation of the System, and all parts thereof, all as calculated in accordance with sound accounting practices.

"Herein," "hereto" and similar words shall refer to this entire Bond Legislation.

"Independent Certified Public Accountants" shall mean any public accountant or certified public accountant or firm of public accountants or 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 Mineral Wells Public Service District, a public service district, public corporation and political subdivision of the State of West Virginia in Wood, Wirt and Jackson Counties, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated February 8, 2008, and all amendments thereto.

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

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed one-sixth of the budgeted operating expenses stated above for the current year as working capital, and language herein requiring payment of operating expenses, means also retention of not to exceed such sum as working capital.

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

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

"Prior Bonds" means, collectively the Series 1979 Bond, the Series 1997A Bond, the Series 1999A Bond, the Series 1999B Bond, the Series 2004A Bond, and the Series 2004B Bond.

"Prior Resolutions" means, collectively, the Series 1979 Bond Resolution; the Series 1997A Bond Resolution; the Series 1999A Bond Resolution; the Series 1999B Bond Resolution, and the Series 2004 Bonds Resolution, each as supplemented and amended.

"Project" means the additions, betterments and improvements to the Issuer's existing waterworks system, including the additions, betterments and improvements described in Exhibit A hereto.

"PSC" means the Public Service Commission of West Virginia or any successors thereof.

"Purchaser" or "Government" means the United States of America as the purchaser of the Series 2009A Bonds and the Holder of the Series 1979 Bond, the Series 1997A Bond, the Series 1999A Bond, the Series 1999B Bond, and the Series 2004B Bond. "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, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase

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

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

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

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

"Registrar" means the Bond Registrar.

"Resolution" means, collectively, this resolution and any resolution of the Governing Body supplemental hereto.

"Reserve Accounts" means, collectively, the respective Reserve Accounts established for the Series 2009A Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amount required to be on deposit in the Reserve Accounts for the Series 2009A Bonds and Prior Bonds.

"Revenue Fund" means the Revenue Fund established or continued by Section 5.01 hereof.

"Secretary" means the Secretary of the Governing Body.

"Series 1979 Bond" means the Water Revenue Bond, Series 1979, of the Issuer, dated January 7, 1980, issued in the original principal amount of $430,000, bearing interest at the rate of 5% per annum.

"Series 1979 Bond Resolution" means the Resolution adopted by the Issuer on January 7, 1980, authorizing the issuance of the Series 1979 Bond, as supplemented and amended.

"Series 1997A Bond" means the Water Revenue Bond, Series 1997A, of the Issuer, dated August 14, 1987, issued in the original principal amount of $650,000, bearing interest at the rate of 4.875% per annum.

"Series 1997A Bond Resolution" means the Resolution adopted by the Issuer on August 6, 1997, authorizing the issuance of the Series 1997A Bond, as supplemented and amended.

"Series 1999A Bond" means the Water Revenue Bond, Series 1999A, of the Issuer, dated September 23, 1999, issued in the original principal amount of $700,000, bearing interest at the rate of 4.75% per annum.

"Series 1999A Bond Resolution" means the Resolution adopted by the Issuer on September 23, 1999, authorizing the issuance of the Series 1999A Bond, as supplemented and amended.

"Series 1999B Bond" means the Water Revenue Bond, Series 1999B, of the Issuer, dated September 23, 1999, issued in the original principal amount of $2,012,000, bearing interest at the rate of 5.125% per annum.

"Series 1999B Bond Resolution" means the Resolution adopted by the Issuer on September 23, 1999, authorizing the issuance of the Series 1999B Bond, as supplemented and amended.

"Series 2004 Bonds" means collectively the Series 2004A Bonds and the Series 2004B Bonds.

"Series 2004A Bonds" means the Water Revenue Bond, Series 2004A, of the Issuer, dated June 17, 2004, issued in the original principal amount of $3,750,000 bearing no interest.

"Series 2004B Bonds" means the Water Revenue Bond, Series 2004B, of the Issuer, dated June 17, 2004, issued in the original principal amount of $780,000, bearing interest at the rate of 4.375% per annum.

"Series 2004 Bonds Resolution" means the Resolution adopted by the Issuer on June 17, 2004, authorizing the issuance of the Series 2004 Bonds, as supplemented and amended.

"Series 2009A Bonds" or "Series 2009A Bond" means the $660,000 Water Revenue Bond (Miscellaneous Water System Improvements Project) authorized hereby.

"Series 2009A Bonds Construction Trust Fund" means the Series 2009A Bonds Construction Trust Fund established by Section 5.02 hereof.

"Series 2009A Bonds Reserve Account" means the Series 2009A Bonds Reserve Account established in the Series 2009A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2009A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2009A Bonds in the then concurrent or any succeeding year.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds or any other obligations of the Issuer, as further defined in Section 5.03(B) hereof.

"System" means the complete existing waterworks system now owned by the Issuer, consisting of a waterworks system in its entirety or any integral part thereof, including all mains, hydrants, meters, valves, standpipes, storage tanks, pump tanks, pumping stations, intakes, wells, impounding reservoirs, pumps, machinery, equipment, furniture, fixtures, purification plants and softening apparatus and all other facilities necessary, appropriate, useful, convenient or incidental in connection with or to a water supply system, and shall include the Project and any further extensions, additions, betterments and improvements thereto hereafter acquired or constructed for said waterworks system from any sources whatsoever, both within and without the Issuer.

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

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

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

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

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized the acquisition and construction of the Project, at an estimated cost of $660,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The foregoing Project costs, including without limitation costs associated with the issuance of the Series 2009A Bonds, shall be paid with the proceeds of the Series 2009A Bonds. The proceeds of the Series 2009A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and has entered into or 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 Purchaser.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS

Section 3.01. Authorization of Series 2009A Bonds. Subject and pursuant to the provisions hereof, the Bond of the Issuer, to be known as "Water Revenue Bond (Miscellaneous Water System Improvements Project), Series 2009A, is hereby authorized to be issued in the principal amount of $660,000, for the purpose of financing the costs of the acquisition and construction of the Project.

Section 3.02. Description of Bond. The Series 2009A Bond shall be issued in single form, No. AR-1, fully registered to the United States of America and shall be dated on the date of delivery. The Bond shall bear interest from date, payable monthly at the rate of 4.25% per annum, and shall be sold at the par value thereof. The Bond shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the bond form hereinafter set forth.

Section 3.03. Negotiability, Registration, Transfer and Exchange of Series 2009A Bond. The Series 2009A Bond shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Series 2009A Bond, and the right to the principal of, and stated interest on, the Series 2009A Bond, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Series 2009A Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Registrar.

Whenever the Series 2009A Bond 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 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, but the Issuer shall pay any other expenses incurred by the Registrar with respect to such transfer.

No registration of transfer of the Series 2009A Bond shall be permitted to be made after the 15th day next preceding any installment payment date on the Series 2009A Bond.

Section 3.04. Registrar. The Secretary of the Issuer will keep or cause to be kept at the office of the Issuer, sufficient books for the registration and transfer of the Series 2009A Bond, and, upon presentation for such purpose, the Secretary shall register the Series 2009A Bond initially issued pursuant hereto and register the transfer, or cause to be registered, on such books, the transfer of the Series 2009A Bond as hereinbefore provided.

Section 3.05. Execution of Bond. The Series 2009A Bond shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary.

Section 3.06. Mutilated, Destroyed, Stolen or Lost Series 2009A Bond. In case the Series 2009A Bond shall become mutilated, destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new bond of like tenor as the Series 2009A Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Series 2009A Bond or in lieu of and substitution for the Series 2009A Bond destroyed, stolen or lost, and upon the holder of the Series 2009A Bond furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Series 2009A Bond so surrendered shall be canceled and held for the account of the Issuer. If the Series 2009A Bond shall have matured or be about to mature, instead of issuing a substitute Series 2009A Bond the Issuer may pay the same, and, if such bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Series 2009A Bond not to be Indebtedness of the Members of the Public Service Board of the Issuer. The Series 2009A Bond shall not be or constitute an indebtedness of the members of the Public Service Board of the Issuer but shall be payable solely from the Net Revenues and from funds in the Revenue Fund.

Section 3.08. Series 2009A Bond Secured by Pledge of Net Revenues, Funds and Unexpended Series 2009A Bond Proceeds. Payment of the Series 2009A Bond shall be secured forthwith by a first lien on the Net Revenues derived from the System and the funds on deposit in the Revenue Fund on a parity with the Series 1979 Bond, the Series 1997A Bond, the Series 1999A Bond, the Series 1999B Bond, the Series 2004A Bond and the Series 2004B Bond in addition to the statutory mortgage lien on the System provided for herein. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Series 2009A Bond, and to make the payments as hereinafter provided, together with the funds on deposit in the Revenue Fund and the unexpended proceeds of the Series 2009A Bond are hereby irrevocably pledged to the payment of the principal of and interest on the Series 2009A Bond as the same become due.

Section 3.09. Form of Series 2009A Bond. Subject to the provisions hereof, the text of the Series 2009A Bond and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or by any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

[Form of Series 2009A Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
MINERAL WELLS PUBLIC SERVICE DISTRICT
WATER REVENUE BOND
(MISCELLANEOUS WATER SYSTEM IMPROVEMENTS PROJECT), SERIES 2009A

No. AR-1 $660,000

MINERAL WELLS PUBLIC SERVICE DISTRICT, a public service district and political subdivision of the State of West Virginia in Wood, Wirt and Jackson Counties of said State (the "Issuer"), for value received, promises to pay to the order of the United States of America, (the "Purchaser"), or its registered assigns, at its National Finance Office, St. Louis, Missouri, 63103, or at such other place as the Purchaser may hereafter designate in writing, the principal sum of SIX HUNDRED SIXTY THOUSAND DOLLARS ($660,000.00), plus interest on the unpaid principal balance at the rate of [_____ per cent (_____%)] per annum. The said principal and interest shall be paid in the following installments on the following dates: Installments of interest only commencing 30 days following delivery of the Series 2009A Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof and $_____, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Series 2009A Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount hereof is not advanced at the time of closing, the proceeds hereof shall be advanced to Issuer as requested by Issuer and approved by the Purchaser 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 hereon 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. Refunds and extra payments, as defined in the regulations of the Purchaser according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Series 2009A Bond and shall not affect the obligation of Issuer to pay the remaining installments as scheduled herein.

If the United States of America at any time assigns this Series 2009A Bond and insures the payment thereof, Issuer shall continue to make payments to the United States of America as collection agent for the Holder.

While this Series 2009A Bond is held by an insured lender, prepayments made by Issuer may, at the option of the Purchaser, be remitted by the Purchaser to the Holder promptly or, except for final payment, be retained by the Purchaser and remitted to the Holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Issuer, except payments retained and remitted by the Purchaser on an annual installment due date basis, shall be the date of the United States Treasury check by which the Purchaser remits the payment to the Holder. The effective date of any prepayment retained and remitted by the Purchaser to the Holder on an annual installment due date basis shall be the date of the prepayment by Issuer and the Purchaser will pay the interest to which the Holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the Holder.

Any amount advanced or expended by the Purchaser for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Purchaser 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 Issuer to the Purchaser without demand. Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Purchaser.

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 rates and terms in or near its community for loans for similar purposes and periods of time.

This Series 2009A Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing such funds for financing costs of construction of repairs, replacements and improvements to the waterworks system (the "System") of the Issuer, is payable solely from the Revenues to be derived from the operation of the System after there have been first paid from such Revenues the reasonable current costs of operation and maintenance of the System. This Series 2009A Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation.

Registration of this Series 2009A Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Secretary of the Issuer, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Resolutions hereinafter described, and upon surrender and cancellation of this Series 2009A Bond. Upon such transfer a new Series 2009A Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Series 2009A Bond, under the provisions 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, but may only be transferred by transfer of registration hereof with the Secretary of the Issuer.

This Series 2009A Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (herein called the "Act"), and the Bond Resolution of the Issuer adopted on_____ ___, 2009 (the "Resolution").

If at any time it shall appear to the Purchaser that Issuer may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Issuer will, at Purchaser's request, apply for and accept such loan in sufficient amount to repay the Purchaser.

This Series 2009A Bond is given as evidence of a loan to Issuer made or insured by the Purchaser pursuant to the Consolidated Farmers Home Rural Development Act. This Series 2009A Bond shall be subject to the present regulations of the Farmers Home Administration and its successors and assigns and to future regulations not inconsistent with the express provisions hereof.

THIS SERIES 2009A BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH (1) THE WATER REVENUE BOND, SERIES 1979, OF THE ISSUER, DATED JANUARY 7, 1980, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $430,000; (2) THE WATER REVENUE BOND, SERIES 1997A, OF THE ISSUER, DATED AUGUST 14, 1997, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $650,000; (3) THE WATER REVENUE BOND, SERIES 1999A, OF THE ISSUER, DATED SEPTEMBER 23, 1999, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $700,000; (4) THE WATER REVENUE BOND, SERIES 1999B, OF THE ISSUER, DATED SEPTEMBER 23, 1999, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $2,012,000; (5) THE WATER REVENUE BOND, SERIES 2004A, OF THE ISSUER, DATED JUNE 17, 2004, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $3,750,000; AND (6) THE WATER REVENUE BOND, SERIES 2004B, OF THE ISSUER, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $780,000.

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, this Series 2009A Bond will be in default should any proceeds of the Series 2009A Bond be used for a purpose that will contribute to excessive erosion of highly erodible land or the conversion of wetlands to produce an agricultural commodity.

IN WITNESS WHEREOF, the MINERAL WELLS PUBLIC SERVICE DISTRICT has caused this Series 2009A Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Series 2009A Bond to be dated _____, 2009.

MINERAL WELLS PUBLIC SERVICE DISTRICT

Attest:

_____ By: _____

Secretary, Public Service Board Chairman, Public Service Board

[CORPORATE SEAL]

RECORD OF ADVANCES			
AMOUNT	DATE	AMOUNT	DATE
(1) $		(6) $	
(2) $		(7) $	
(3) $		(8) $	
(4) $		(9) $	
(5) $		(10) $	
TOTAL . . . . $			

Date of Registration	In Whose Name Registered	Signature of Secretary or Registrar
_____, 2009	United States of America Post Office Box 678 Morgantown, West Virginia 26505	_____
_____	_____	
_____	_____	

FORM OF ASSIGNMENT

Pay to the Order of

UNITED STATES OF AMERICA

By: _____

(Title)

Section 3.10. Series 2009A Bonds are Issued as Parity Bonds With Respect to Prior Bonds. The Series 2009A Bonds are issued as and shall constitute parity bonds with respect to the Prior Bonds. The Issuer has received the consent of the Holder of all of the Outstanding Prior Bonds for the issuance of the Series 2009A Bonds on a parity with the Prior Bonds.

ARTICLE IV

INTERIM CONSTRUCTION FINANCING

Section 4.01. Authorization and General Terms. In order to pay certain Costs of the Project pending receipt of the gross proceeds of the Series 2009A Bonds, the Issuer may issue and sell its Notes, in an aggregate principal amount not to exceed $660,000. The Notes may be issued as evidence of a line of credit from a commercial bank or other lender, at the discretion of the Issuer, and as shall be set forth in a resolution supplemental hereto. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such date or dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the indenture or supplemental resolution, as applicable.

Section 4.02. Terms of and Security for Notes; Trust Indenture. The Notes, if issued, shall be issued with such terms and secured in the manner set forth in an indenture, if applicable (which indenture in the form to be executed and delivered by the Issuer shall be approved by the supplemental resolution), or supplemental resolution, if no indenture is used.

Section 4.03. Notes are Special Obligations. The Notes shall be special obligations of the Issuer payable as to principal and interest solely from the Surplus Revenues, letter of credit proceeds, if any, and other sources described in an indenture or supplemental resolution. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable and neither the full faith and credit nor the taxing power, if any, of the Issuer is pledged for the payment of the Notes. The holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth in an indenture or the supplemental resolution.

Section 4.04. Letters of Credit. As additional security for the Notes, the Issuer may obtain a letter or letters of credit from a bank or banks, pursuant to which such bank or banks would agree to pay the trustee to be appointed by a supplemental resolution, upon presentation by the trustee of certain certificates, the sum or sums set forth therein but not to exceed $660,000 in the aggregate. In the event of a draw under any such letter of credit, the Issuer shall issue its refunding notes to the bank issuing such letter of credit. Any such letter of credit shall be authorized and shall have such terms as shall be set forth in a resolution supplemental hereto.

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment or Continuance of Funds and Accounts with Depository Bank. The following special funds or accounts are created (or continued if previously established by the Prior Resolutions) with 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:

A. Revenue Fund (created or continued by the Prior Resolutions)

B. Series 1979 Bond Reserve Fund (created by the Series 1979 Bond Resolution);

C. Series 1997A Bond Reserve Account (created by the Series 1997A Bond Resolution);

D. Series 1999A Bond Reserve Account (created by the Series 1999A Bond Resolution);

E. Series 1999B Bond Reserve Account (created by the Series 1999B Bond Resolution);

F. Depreciation Reserve established by the 1979 Resolution (created by the Series 1979 Bond Resolution); and

G. Series 2009A Bonds Construction Trust Fund.

Section 5.02. Establishment or Continuance of Funds and Accounts with Commission. The following special funds or accounts are hereby created (or continued if previously established by the Prior Resolutions) with the Commission:

A. Series 2004A Bonds Sinking Fund;

B. Within the Series 2004A Bonds Sinking Fund, the Series 2004A Bonds Reserve Account;

C. Series 2004B Bonds Reserve Account, and

D. Series 2009A Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds.

A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the

manner herein provided. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

1. The Issuer shall first each month pay from the monies in the Revenue Fund all current Operating Expenses of the System.

2. The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) make the interest payments on the Prior Bonds in the amounts required by the Prior Resolutions; and (ii) remit to the National Finance Office designated in the Series 2009A Bonds the amount required to pay the interest on the Series 2009A Bonds as set forth in the Series 2009A Bonds.

3. The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) make the principal payments on the Prior Bonds in the amounts required by the Prior Resolutions; and (ii) remit to the National Finance Office, commencing 25 months following the date of delivery of the Series 2009A Bonds, the amount of principal due on the Series 2009A Bonds as set forth in the Series 2009A Bonds.

4. The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) make the reserve account payments into the Reserve Accounts of the Prior Bonds in the amounts required by the Prior Resolutions; and (ii) commencing with and including the month in which the first principal installment is due upon the Series 2009A Bonds, if not fully funded upon issuance of the Series 2009A Bonds, remit to the Commission for deposit in the Series 2009A Bonds Reserve Account, an amount equal to 1/120th of the Series 2009A Bonds Reserve Requirement until the amount in the Series 2009A Bonds Reserve Account equals the Series 2009A Bonds Reserve Requirement.

5. The Issuer shall next, from the moneys remaining in the Revenue Fund, on the first day of each month, transfer (i) to the Depreciation Reserve established with the Depository Bank by the 1979 Resolution the greatest of (a) the amount required by the 1979 Resolution to be deposited therein, (b) an amount equal to 2 1/2% of the Gross Revenues each month, exclusive of any payment for account of any Reserve Account; or (c) 1/240 of the Series 2004B Bonds Reserve Requirement until the amount in the Series 2004B Bonds Reserve Account equals the Series 2004B Bonds Reserve Requirement and thereafter, 1/120 of the Series 2004B Bonds Reserve Requirement, so long as the Series 2004B Bonds are outstanding. Moneys in the Depreciation Reserve established by the 1979 Resolution shall be used first to make up any deficiencies for monthly payments of the principal and interest on the Series 1979 Bond, the Series 1997A Bond, the Series 1999A Bond, the Series 1999B Bond, the Series 2004 Bonds, and the Series 2009A Bonds as the same become due, and next to restore to the Series 1979 Bond Reserve Fund, the Series 1997A Bond Reserve Account, the Series 1999A Bond Reserve Account, the Series 1999B Bond Reserve Account, the Series 2004A Bond Reserve Account, the Series 2004B Bond Reserve Account, and the Series 2009A Bonds Reserve Account any sums transferred therefrom, and in the event there are not sufficient moneys in the Depreciation Account established by the 1979 Resolution to make the transfers required by this sentence, such transfers shall be made on a pro rata basis. Thereafter, and provided that payments into the Series 1979 Bond Reserve Fund, the Series 1997A Bond Reserve Account, the Series 1999A Bond Reserve Account, the Series 1999B Bond Reserve Account, the Series

2004A Bonds Reserve Account, the Series 2004 B Bond Reserve Account, and the Series 2009A Bonds Reserve Account are current and in accordance with the foregoing provisions, moneys in the Depreciation Account established by the 1979 Resolution may be withdrawn by the Issuer and used for extraordinary repairs and for capital replacements, improvements or additions and capital equipment for the System, or any part thereof.

Moneys in the Series 2009A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2009A Bonds, as the same shall come due, when other moneys in the Revenue Fund are insufficient therefor, for prepayment of installments on the Series 2009A Bonds or for mandatory prepayment of the Series 2009A Bonds as provided herein, and for no other purpose.

All investment earnings on moneys in the Series 2009A Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer,, and such amounts shall, during construction of the Project, be deposited in the Series 2009A Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing installment of principal and interest due on the Series 2009A Bonds.

Any withdrawals from the Series 2009A Bonds Reserve Account which result in a reduction in the balance of the Series 2009A Bonds Reserve Account to below the Series 2009A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the priority set forth above.

As and when additional Bonds ranking on a parity with the Series 2009A Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional Parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in a amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the respective Series 2009A Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the respective aggregate principal amount of the Series 2009A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

Principal, interest or reserve payments, whether made for a deficiency or otherwise shall be made on a parity and pro rata with respect to the Prior Bonds and the Series 2009A 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 2009A Bonds Reserve Account created hereunder, and all amounts required for said account shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein.

Whenever the money in the Series 2009A Bonds Reserve Account shall be sufficient to prepay the Series 2009A Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2009A Bonds at the earliest practical date and in accordance with the applicable provisions hereof.

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 on the first day of each month (if the first day is not a business day, then the next succeeding business day of each month), deposit with the Commission the required reserve account payment with respect to the Series 2009A Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

D. The Issuer shall remit from the Revenue Fund to the Commission on such dates as the Commission shall require, such additional sums as shall be necessary to pay its charges and fees then due.

E. The moneys in excess of the maximum amounts insured by FDIC in any of the 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.

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

G. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 5.03, and the Gross Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

H. All Tap Fees shall be deposited by the Issuer, as received, in the Revenue Fund and may be used for any lawful purpose of the System.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of any or all of the 2009A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2009A Bonds, there shall first be deposited in the Series 2009A Bonds Construction Trust Fund and then paid, any and all borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project, together with interest accrued thereon to the date of such payment, not otherwise paid from funds of the Issuer.

B. As the Issuer receives advances of the remaining moneys derived from the sale of such Series 2009A Bonds, such moneys shall be deposited with the Depository Bank in the Series 2009A Bonds Construction Trust Fund. The monies in the Series 2009A Bonds Construction Trust Fund shall be applied solely to payment of Costs of the Project in the manner set forth in Section 6.02 and until so transferred or expended, are hereby pledged as additional security for the Series 2009A Bonds.

C. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs of the Project have been paid, any remaining proceeds of the Series 2009A Bonds shall be expended in accordance with the regulations of the Purchaser.

Section 6.02. Disbursements From the Series 2009A Bonds Construction Trust Fund. The moneys in the Series 2009A Bonds Construction Trust Fund in excess of the amount insured by FDIC shall be secured at all times by the Depository Bank by securities or in a manner lawful for the securing of deposits of state and municipal funds under West Virginia law. Moneys in the Series 2004B Bonds Construction Trust Fund shall be expended by the Issuer solely for the purposes provided herein.

Until completion of acquisition and construction of the Project, the Issuer will transfer from the Series 2009A Bonds Construction Trust Fund and pay to the Purchaser on or before the due date thereof, such sums as shall be from time to time required to make the monthly installment payments on the Series 2009A Bonds if there are not sufficient Net Revenues to make such monthly payment.

Moneys in the Series 2009A Bonds Construction Trust Fund shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

If the Issuer shall determine at any time that all funds on deposit in the Series 2009A Bonds Construction Trust Fund exceed the estimated disbursements on account of the Project for the ensuing ninety (90) days, the Issuer may invest such excess funds in Government Obligations which shall mature not later than eighteen (18) months after the date of such

investment. All such investments and the income therefrom shall be carried to the credit of the Series 2009A Bonds Construction Trust Fund.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2009A Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2009A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of said Series 2009A Bonds or the interest thereon is Outstanding and unpaid. Further, all the covenants, agreements and provisions of the respective Prior Resolutions shall remain in full force and effect so long as any of the Prior Bonds remain Outstanding.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2009A Bonds shall not be or 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 Bond Legislation. No Holder or Holders of any Series 2009A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay said Series 2009A Bonds or the interest thereon.

Section 7.03. Series 2009A Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of the Series 2009A Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System, on parity with the lien on said Net Revenues in favor of the Holders of the Prior Bonds. The Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 2009A Bonds and to make the payments into the sinking funds, including the reserve accounts therein, and all other payments provided for in the Bond Legislation and the Prior Resolutions are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Series 2009A Bonds and the Prior Bonds as the same become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges with all requisite appeal periods having expired without successful appeal. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the Recommended Decision of the PSC in Case No. 09-0147-PWD-CN, entered September 16, 2009, which Recommended Decision became the Final Order of the PSC on October 6, 2009, and which rates are incorporated herein by reference as a part hereof and are hereby adopted.

So long as any of the Series 2009A 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 the Bond Legislation. In the event the schedule of rates and charges initially established for the

System in connection with the Series 2009A Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation, the Issuer hereby covenants and agrees that it will, to the extent and in the manner authorized by law, immediately adjust and increase such schedule of rates and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation.

Section 7.05. Sale of the System. So long as the Prior Bonds are Outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, or any part thereof, except as provided in the respective Prior Resolutions. Additionally, so long as the Series 2009A Bonds are Outstanding and except as otherwise required by law or with the written consent of the Purchaser, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Series 2009A Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2009A Bonds, be immediately remitted to the National Finance Office and applied to the payment of principal of and interest, if any, on the Series 2009A Bonds. Any balance remaining after the payment of all the Series 2009A Bonds and Prior Bonds and interest thereon shall be remitted to the Issuer by the Purchaser 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 $50,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Depreciation Reserve established by the 1979 Resolution. 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 $50,000 but not in excess of $200,000, 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 in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property shall be deposited in the Depreciation Reserve established by the 1979 Resolution. Such payment of such proceeds into the Depreciation Reserve established by the 1979 Resolution shall not reduce the amounts required to be paid into said fund by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $200,000 and insufficient to pay the Series 2009A Bonds and Prior Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of the Series 2009A Bonds and Prior Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent

for execution by the then Holders of the Series 2009A Bonds and Prior Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and in Section 7.07, so long as any of the Series 2009A 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 2009A Bonds. All obligations issued by the Issuer after the issuance of the Series 2009A Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 2009A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations. Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2009A Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2009A Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

The Issuer shall give the Purchaser prior written notice of its issuance of any other obligations to be used for the System, payable from the revenues of the System or from any grants, or any other obligations related to the Project or the System.

Section 7.07. Parity Bonds. So long as any of the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the respective Prior Resolutions shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2009A Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2009A Bonds, and must have the prior written consent of the Purchaser.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the design, construction or acquisition of extensions, improvements or betterments to the System or refunding the Prior Bonds, the Series 2009A Bonds issued pursuant hereto or one or more subsequent series of Parity Bonds, or both such purposes.

So long as the Series 2009A 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 the 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 2009A Bonds, representing 75% of the then outstanding principal indebtedness.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Series 2009A Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation or separate resolution authorized said parity Bonds required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the Series 2009A 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 2009A Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Bond Legislation and the Prior Resolutions with respect to the Series 2009A Bonds and Prior Bonds then Outstanding, and any other payments provided for in this Bond Legislation, shall have been made in full as required to the date of delivery of such Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Bond Legislation.

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

The Issuer shall permit the Purchaser, or its agents and representatives, to inspect all records pertaining to the operation and maintenance of the System at all reasonable times

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

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

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Purchaser, or any other original purchaser of the Bonds, and shall mail in each year to any Holder or Holders of Bonds requesting the same, an annual report containing the following:

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

B. A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation with respect to said Bonds and Prior Bonds 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 and the Single Audit Act or successor thereto in effect at the time, to the extent required, and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of Bonds and shall submit said report to the Authority, the Council, the Purchaser or any other original purchaser of the Bonds. Such audit report submitted to the Purchaser shall include a statement that the Issuer is in compliance with the terms and provisions of the Act and this Bond Legislation, and that the Issuer's revenues are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

Subject to the terms, conditions and provisions of 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 Purchaser, or 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 Purchaser, or its agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and the Purchaser with respect to the System pursuant to the Act.

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2009A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2009A Bonds, including without limitation the Prior Bonds; provided that, (i) in the event that amounts equal to or in excess of the reserve requirements are on deposit, respectively, in the Series 2009A Bonds Reserve Accounts and reserve accounts for obligations on a parity with the Series 2009A Bonds, including without limitation the Prior Bonds, are funded at least at the requirement therefor, or (ii) in the event the Series 2004A Bonds are no longer outstanding, 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 2009A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2009A Bonds, including without limitation the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate schedule described in Section 7.04.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Purchaser within 30 days of adoption thereof. The Issuer, with the approval of the Governing Body, may amend the budget during the subject Fiscal Year provided that the budget remains balanced after such amendment. If the budget is so amended, a copy of the amended budget shall be submitted to the Purchaser within 15 days of the adoption of such amendment. After the adoption of any such amendment, the budget, as amended, shall be the budget of the Issuer for the balance of the subject Fiscal Year. 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 registered 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 registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget, any amendments thereto and all resolutions authorizing increased expenditures for operation and maintenance to the Purchaser and to any Holder of any Bonds who shall file his or her address with the Issuer and request in writing that copies of all such budgets, any amendments thereto and resolutions be furnished him or her and shall make available such budgets, any amendments thereto and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Purchaser, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Purchaser is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

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

The Issuer shall employ qualified operating personnel properly certified by the State to operate the System so long as the Series 2009A Bonds are Outstanding.

Section 7.12. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System to all users of the services of the System delinquent in payment of charges for the service of the System and will not restore such services until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and the Issuer 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. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as any of the Series 2009A Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies will be placed in the Depreciation Reserve established by the 1979 Resolution and shall be used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Depreciation Reserve established by the 1979 Resolution. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Purchaser, the prime contractor and all subcontractors as their respective interests may appear during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Issuer, the contractors and subcontractors, as their interests may appear.

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than $1,000,000 per occurrence to protect the Issuer, the Authority and the Purchaser from claims for

bodily injury and/or death and not less than $500,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

(3) WORKERS' COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR: AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code Chapter 38, Article 2, Section 39.

(4) FLOOD INSURANCE, if the facilities of the System are or will be located in designated special flood or mudslide-prone areas and to the extent available at reasonable cost to the Issuer.

(5) BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Issuer.

(6) FIDELITY BONDS, will be provided for every officer, member and employee of the Issuer or the Governing Body having custody of the revenues or of any other funds of the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

B. The Issuer shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to 100% of the contract price of the portion of the Project covered by the particular contract as security for the faithful performance of such contract. The Issuer shall verify such bonds prior to commencement of construction. The Issuer shall also require all contractors engaged in the construction of the Project to carry such workers' compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project; provided that the amounts and terms of such coverage are satisfactory to the Authority, the Council and the Purchaser. The Issuer shall verify such insurance prior to commencement of construction.

Section 7.16. Completion and Operation of Project; Permits and Orders. The Issuer will 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 Public Service Commission of West Virginia and the Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Series 2009A Bonds required by state law, with all requisite appeal periods having expired without successful appeal.

Section 7.17. Compliance With Law. The Issuer shall perform, satisfy and comply with all terms and conditions of the Act. The Issuer also agrees to comply with all applicable laws, rules and regulations issued by the Purchaser 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 7.18. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2009A Bonds or within thirty days thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Purchaser for written approval. The Issuer shall obtain the written approval of the Purchaser before expending any proceeds of the Series 2009A Bonds held in "contingency". The Issuer shall also obtain the written approval of the Purchaser before expending any proceeds of the Series 2009A Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding provided by the Purchaser in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any ground breaking or dedication of the Project.

Section 7.19. 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 7.20. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2009A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2009A Bonds and shall be for the equal benefit of all Holders of each respective series of Series 2009A Bonds; provided, however, that the statutory mortgage lien in favor of the Holders of the Series 2009A Bonds shall be on parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 7.21. Wetlands Covenant. The Issuer shall not use any Series 2009A Bond proceeds for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity. Failure to comply with this covenant shall constitute an Event of Default under Section 9.01 of this Resolution.

ARTICLE VIII

INVESTMENT OF FUNDS

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this Bond Legislation shall be invested and reinvested by the Commission, the Depository Bank, or such other bank or national banking association holding such fund or account, as the case may be, at the written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Bond Legislation, the need for such moneys for the purposes set forth herein, and the specific restrictions and provisions set forth in this Section 8.01.

Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission, the Depository Bank, or such other bank or national banking association, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank or such other bank or national banking association, as the case may be, may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year during which the respective banks hold any such funds, accounts or investments (or more often if reasonably requested by the Issuer), a summary of such funds, accounts, and investment earnings.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2009A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on any of the Series 2009A Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the 2009A Bonds, set forth in this Bond Legislation, any supplemental resolution or in the Series 2009A 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 Purchaser, the Commission, the Depository Bank or any other Paying Agent or other Holder of a Series 2009A Bond; or

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Holders of the Bonds, including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Holders of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that all rights and remedies of the Holders of the Series 2009A Bonds shall be on a parity with the Holders of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Holder of a Bond, may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Holder of a Bond, shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds

and accounts hereby established, and to apply such rates, rentals, fees, charges or other avenues in conformity with the provisions of this Bond Legislation and the Act.

The receiver so appointed shall forthwith, directly or by his or her or its agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold, operate and maintain, manage and control such facilities, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to said facilities as the Issuer itself might exercise.

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this Bond Legislation for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Bond Legislation shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Holder of any Bonds, shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him or her or it, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby, and a successor receiver may be appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Holders of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds, and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Series 2009A Bonds. If the Issuer shall pay or there shall otherwise be paid, to the respective Holders of all Series 2009A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 2009A Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2009A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied. Except through such direct payment to the Holder of the Series 2009A Bonds, the Issuer may not defease the Series 2009A Bonds or otherwise provide for payment thereof by escrow or like manner.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to the issuance of the Series 2009A Bonds, this Resolution may be amended or supplemented in any way by Supplemental Resolution. Following issuance of the Series 2009A Bonds, no material modification or amendment of this Bond Legislation, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Series 2009A Bonds shall be made without the consent in writing of the Holders of the Series 2009A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Series 2009A 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 respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds required for consent to the above-permitted amendments or modifications.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Holders of the Bonds and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution, or the Series 2004 Bonds.

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

Section 11.05. Conflicting Provisions Repealed. All orders, ordinances, or resolutions and or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed, provided that in the event of any conflict between this Resolution and the Prior Resolutions, the Prior Resolutions shall control (unless less restrictive), so long as the respective Prior Bonds or any portion thereof are Outstanding.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the enactment 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 members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 11.07. Public Notice of Proposed Financing. Prior to making formal application to the Public Service Commission of West Virginia for a Certificate of Convenience and Necessity with respect to the Project, the Secretary of the Governing Body shall have caused to be published in a newspaper of general circulation within the boundaries of the Issuer, a Class II legal advertisement stating:

(a) The maximum amount of the Series 2009A Bonds to be issued;

(b) The maximum interest rate and terms of the Series 2009A Bonds originally authorized hereby;

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

(d) The maximum anticipated rates which will be charged by the Issuer; and

(e) The date that the formal application for a Certificate of Convenience and Necessity is to be filed with the Public Service Commission of West Virginia.

Section 11.08. Effective Time. This Resolution shall take effect upon adoption.

Adopted October 20, 2009.

Roy L. Ladabaugh
Chairman, Public Service Board

ATTEST:

By: James R. Tetz
Secretary

[SEAL]

EXHIBIT A

DESCRIPTION OF PROJECT

Construction of improvements to the water distribution system of the Mineral Wells Public Service District including the replacement of two water tanks, replacement of water lines subject to breaks and high maintenance costs, an emergency connection to the City of Parkersburg and an office computer system upgrade.

9

CERRONE
Associates • Consulting Engineers

MINERAL WELLS PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS
(MISCELLANEOUS WATER IMPROVEMENTS PROJECT), SERIES 2009A

CERTIFICATE OF ENGINEER

I, Manning H. Frymier, Registered Professional Engineer, West Virginia License No. 8497, of Cerrone Associates, Inc., Consulting Engineers, having offices in Wheeling, West Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain additions, betterments and improvements (the "Project") to the existing public water system (the "System") of the Mineral Wells Public Service District (the "Issuer"), to be constructed in Wood, County, West Virginia, the costs of which Project are being permanently financed by the above-captioned bonds (the "Series 2009A Bonds") of the Issuer. Capitalized words not defined herein shall have the meaning set forth in the Bond Resolution adopted by the Issuer on October 20, 2009.

2. The Series 2009A Bonds are being issued for the purposes of (i) paying the costs of the Project; and (ii) paying certain costs of issuance of the Series 2009A Bonds and related costs.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the Purchaser and any change orders approved by the Issuer and the Purchaser and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least 40 years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing for the Project; (iv) the successful bidder(s) 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 Purchaser and the bid forms provided to the bidder(s) contain all critical operational components of the Project; (vi) the successful bid(s) include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; and (ix) 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 the grants irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the Purchaser.

CERRONE
Associates • Consulting Engineers

WITNESS my signature and seal on this 22nd day of October, 2009.

CERRONE ASSOCIATES, INC.

By: Manning Frymier

[SEAL]

Manning H. Frymier
Its: President
West Virginia License No. 8497

Suttle & Stalnaker
CERTIFIED PUBLIC ACCOUNTANTS
HarmanThompson Division

MINERAL WELLS PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS
(MISCELLANEOUS WATER IMPROVEMENTS PROJECT)
SERIES 2009A

Mineral Wells Public Service District
Post Office Box 266
Mineral Wells, WV 26150

Bowles Rice McDavid Graff & Love LLP
600 Quarrier Street
Charleston, WV 25301

United States Department of Agriculture
Rural Development
Federal Building, Room 320
75 High Street
Morgantown, WV 26505

West Virginia Water Development Authority
180 Association Drive
Charleston, WV 25301

Ladies and Gentlemen:

Based upon the rates and charges approved in the Recommended Decision of the Public Service Commission of West Virginia entered on September 16, 2009, which became the Final Order of the Public Service Commission of West Virginia on October 5, 2009, in Case No. 09-0147-PWD-CN, for the water system (the "System") of the Mineral Wells Public Service District (the "Issuer") and the projected operating expenses and anticipated customer usage as furnished to us by the Issuer, it is our opinion that such rates and charges will be sufficient (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 debt service on the Issuer's Water Revenue Bonds (Miscellaneous Water System Improvements Project) Series 2009A (the "Series 2009A Bonds"), to be issued to the United States of America, and all other obligations secured by or payable from the revenues of the System on a parity with the Series 2009 A Bonds, including the Prior Bonds. All capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them in the Bond Resolution adopted by the Issuer on October 20, 2009.

Towne Square • 201 Third Street • PO Box 149 • Parkersburg, WV 26102
Phone (304)-485-6584 • Fax (304)-485-0971
The Virginia Center • 1411 Virginia Street, East • Suite 100 • Charleston, WV 25301
Phone (304)-343-4126 or 1-(800)-788-3844 • Fax (304)-343-8008
www.suttlecpas.com • E-mail: cpa@suttlecpas.com
A Professional Limited Liability Company

Mineral Wells Public Service District
Post Office Box 266
Mineral Wells, WV 26150

Bowles Rice McDavid Graff & Love LLP
600 Quarrier Street
Charleston, WV 25301

United States Department of Agriculture
Rural Development
Federal Building, Room 320
75 High Street
Morgantown, WV 26505

West Virginia Water Development Authority
180 Association Drive
Charleston, WV 25301

Further, it is our opinion that the Net Revenues actually derived from the System during 12 consecutive months within the 18 months immediately preceding the date hereof, 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 2009A Bonds are not less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal of and interest on the Series 2009A Bonds and the Prior Bonds.

Finally, it is our opinion that the Net Revenues for the fiscal year following the year in which the Series 2009A Bonds are issued will be at least 115% of the average annual debt service requirements on the Series 2009A Bonds and the Prior Bonds.

Suttle & Stulnaker PLLC

October 22, 2009

11

90147alj091609.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: September 16, 2009

FINAL

10/6/2009

CASE NO. 09-0147-PWD-PC-CN

MINERAL WELLS PUBLIC SERVICE DISTRICT,
a public utility, Wood County.
Application for a certificate of public convenience and necessity to construct improvements to the District's existing water distribution system, including replacement of two water tanks, replacement of water lines subject to breaks and high maintenance costs, an emergency connection with the City of Parkersburg and an office computer system upgrade.

RECOMMENDED DECISION

PROCEDURE

On February 18, 2009, the Mineral Wells Public Service District (District or Applicant) filed a duly verified application for a certificate of public convenience and necessity in order to construct improvements to the District's existing water distribution system, including the replacement of two water tanks, water lines that are subject to break and have high maintenance costs, an emergency connection to the City of Parkersburg and the upgrade of an office computer system. The District estimates that the proposed construction will cost approximately $660,000 and will be financed entirely by a loan from the United States Department of Agriculture-Rural Development (RD) in the amount of $660,000. As a result of the project, the District anticipated rates to increase for all customer classes, except resale customers, by 2%, which will generate approximately $21,467, annually, in additional revenue. The proposed project was not approved by the West Virginia Infrastructure and Jobs Development Council.

On February 18, 2009, the Commission issued a Notice of Filing wherein it ordered the District to publish notice of the proposed project as a Class I legal advertisement in a qualified newspaper published and of general circulation in Wood, Wirt and Jackson Counties, filing the proper certification of publication immediately after publication with the Commission.

On March 13, 2009, the District filed an addendum to its certificate application. Specifically, the District filed copies of Water Service

Agreements for Commission review and approval pertaining to the emergency connection with the City of Parkersburg.

On March 23, 2009, a letter was filed in protest to the certificate application.

On March 26, 2009, Staff Attorney C. Terry Owen filed an Initial Joint Staff Memorandum, including an Initial Staff Internal Memorandum prepared by Utilities Analyst Troy Eggleton of the Water and Wastewater Division. Staff advised that it needed additional information and that the case should be referred to the Division of Administrative Law Judges for disposition and decision.

Also on March 26, 2009, the Staff filed its first data request seeking additional information from the District in order to complete its investigation of the certificate application.

On March 31, 2009, the District filed its response to Staff's first data request.

On April 1, 2009, affidavits of publication were filed by the District confirming that the Notice of Filing was published as Class I legal advertisements, respectively, on March 3 and 4, 2009, in the Jackson Newspapers, a qualified newspaper published and of general circulation in Jackson County; The Parkersburg News, a qualified daily newspaper published and of general circulation in Wood County; and in the Wirt County Journal , a qualified weekly newspaper published and of general circulation in Wirt County. Additionally, the District filed an affidavit attesting that, on March 12, 2009, it had mailed the Notice of Filing to all of its water customers showing that it proposes to increase rates as a result of the proposed project.

By Commission Order entered on April 8, 2009, this case was referred to the Division of Administrative Law Judges with a decision due date of September 16, 2009.

On April 9, 2009, the District filed further responses to Staff's first data request.

On April 13, 2009, the District filed copies of revised engineering plans and specifications for the project supplementing its previous responses filed on April 9, 2009.

On May 7, 2009, another protest letter was filed in opposition to the certificate application.

On May 8, 2009, additional information was filed by the District relating to the total project cost and the project construction contracts.

On May 21, 2009, Commission Staff filed its Final Joint Staff Memorandum recommending approval of the project subject to certain conditions. Also on May 21, 2009, the Staff's final recommendations were mailed to the District and to Alan Dotson who had filed the protest letter on March 23, 2009, with a cover letter providing them each with

ten (10) days from the date of that letter within which to file any response to Staff's recommendations. As of today's date, neither have filed a response.

By Procedural Order issued on July 31, 2009, the undersigned ordered, among other things, that the Applicant provide certain additional information; that the Protestant provide clarification as to his position; and that Staff further explain the impact of the proposed water purchase contracts on the existing water purchase contract that the Applicant has with Claywood Park Public Service District.

On August 10 and 21, 2009, additional filings were made by the Applicant and Commission Staff, respectively. As of today's date nothing further has been filed by the Protestant.

DISCUSSION

Preliminary Matter

Only one timely protest was filed to the certificate application, namely, the protest filed on March 23, 2009. That protest letter stated that, "if the plan is for the MWPSD [Mineral Wells Public Service District] to take a definite term loan and then have our rates increased indefinitely after the repayment of that loan, then this letter is to be considered an outraged protest!"

In the July 31, 2009 Procedural Order, the Administrative Law Judge explained that the rates that would be established, if the certificate is approved, would be permanent because, without those rates, the project would not be convenient. In addition, the undersigned placed the Protestant squarely on notice that his failure to file a written response to the July 31, 2009 Order would be deemed as a withdrawal of his protest. Since nothing has been filed by the Protestant in response to the July 31, 2009 Procedural Order and the explanation provided therein, the undersigned considers the protest to the certificate application as having been withdrawn.

Project Discussion

By filing this project, the Applicant proposes to construct improvements to the District's existing water distribution system, including the replacement of two water tanks, water lines that are subject to break and have high maintenance costs, an emergency connection to the City of Parkersburg and an office computer system upgrade.

According to the review undertaken by the Engineering Division's Technical Analyst, the two tanks that are to be replaced were built in 1971 and are showing signs of deterioration. Alternatives to their replacement were considered; however, based upon the cost benefit analysis, projected over 40 years, the replacement of the two tanks, as proposed by the District, is more economical than repainting them every 15 years.

The Technical Analyst also reviewed the proposed water line replacements. The Technical Analyst agrees with the District's

assessment that the replacement of the lines is necessary because of the numerous line breaks, primarily due to the instability of the ground upon which they are located. Replacement and stabilization of the lines will ensure, in part, a continuous and reliable supply of potable water for the District's customers.

Additionally, the Technical Analyst agrees with the emergency tie-in that is proposed with the City of Parkersburg in order to facilitate water purchases by the District in case of an emergency as well as the upgrade of the District's computer system, including the purchase of a new server, workstations, software, training, etc.

The Technical Analyst does not anticipate that yearly operation and maintenance expenses will increase as a result of the project. The Technical Analyst has also determined that the requisite permits for the project have all been applied for and has verified that the project's plans and specifications do not conflict with the Commission's Rules and Regulations for the Government of Water Utilities.

The project is estimated to cost $660,000 and will be totally funded by an RD loan at 4.725% interest for a term of 40 years. As reported by the Utilities Analyst in his final recommendations, the total costs associated with the proposed project, including debt service requirements and reserves, are estimated to be $39,833. The proposed 2% increase in rates and charges will generate an additional $21,467. In order to cover the total amount necessary for the project costs, the District will draw down $18,366 from its going-level cash surplus, leaving it with a surplus of $45,031 and debt service coverage of 128.16%. The Administrative Law Judge observes that, if the total debt service and expenses for the proposed project are drawn down from the District's going-level cash surplus, without any increase in rates and charges, the District's cash surplus lowers to $23,509, and the District's debt service coverage drops to 102.8%, which violates the District's existing bond covenants. Therefore, the 2% increase in rates and charges, proposed by Staff, will allow the District to construct the project and maintain appropriate debt service coverage. On the other hand, without the proposed increase, the project would not be convenient.

Water Purchase Contracts

Within the context of this certificate case, the District seeks Commission approval of two water purchase contracts between itself and the City of Parkersburg. In the July 31, 2009 Procedural Order, the Administrative Law Judge expressed concern about the proposed water purchase agreements with the City of Parkersburg for which the District seeks approval. The Administrative Law Judge was concerned, in part, that the proposed water purchase contracts might foster utility-on-utility competition since the District currently purchases its total water supply from the Claywood Park Public Service District and the revenues involved are a significant portion of Claywood's annual sales. In response to the Administrative Law Judge's concerns, filings were made by the District and Commission Staff. The District supplied copies of its May 15, 2008 Board minutes and the City's November 14, 2007 minutes from its Utility Board wherein both bodies approved the interconnection between the utilities. Additionally, the District supplied a copy of its

water purchase contract that it has with the Claywood Park Public Service District and explained why it believed that its contracts with the City did not require the approval of the Attorney General. Among other things, Staff explained that the Claywood Park Public Service District was aware of the water purchase contracts that the District proposed to enter into with the City of Parkersburg and did not object thereto. The Administrative Law Judge is satisfied, based on the representations and filings made by the District and Staff that the water purchase contracts will not foster utility-on-utility competition and will be beneficial to both the District and the City of Parkersburg, if an emergency arises.

FINDINGS OF FACT

1. On February 18, 2009, the Mineral Wells Public Service District filed a duly verified application for a certificate of public convenience and necessity in order to construct improvements to the District's existing water distribution system, including the replacement of two water tanks, water lines that are subject to break and have high maintenance costs, an emergency connection to the City of Parkersburg and the upgrade of an office computer system. (See, application filed on February 18, 2009).

2. As a result of the project, rates are anticipated to increase for all customer classes, except resale customers, by 2% and will generate approximately $21,467, annually, in additional revenue. (Id.).

3. Affidavits of publication were filed by the District on April 1, 2009, confirming that the Notice of Filing was published as Class I legal advertisements, respectively, on March 3 and 4, 2009, in the Jackson Newspapers, a qualified newspaper published and of general circulation in Jackson County; The Parkersburg News a qualified daily newspaper published and of general circulation in Wood County; and in the Wirt County Journal, a qualified weekly newspaper published and of general circulation in Wirt County. Additionally, the District filed an affidavit attesting that, on March 12, 2009, it had mailed the Notice of Filing to all of its water customers showing that it proposes to increase rates as a result of the proposed project. (See, filing made on April 1, 2009).

4. One timely protest filed on March 23, 2009, effectively has been withdrawn by the Protestant failing to respond to an order. (See, protest filed on March 23, 2009; July 31, 2009 Procedural Order; case file generally).

5. After investigation and review of the proposed project, Commission Staff recommended that the project, its funding and the proposed water purchase agreements be approved. (See, Final Joint Staff Memorandum filed May 21, 2009; Second Final Joint Staff Memorandum filed on August 21, 2009).

6. The State Office of Environmental Health Services issued Permit Nos. 17,853 and 18,005 for the project on January 21, 2008, and June 11, 2008, respectively, for the connection between the District and the City of Parkersburg and the proposed water system improvements. (See, case file generally; Final Joint Staff Memorandum filed on May 21, 2009).

7. The project, which will cost approximately $660,000, will be financed entirely by a loan from the United States Department of Agriculture-Rural Development. The commitment letter is contained in the case file. (See, application filed February 18, 2009).

8. No new customers will be served by the project. However, the project will enhance service reliability and a continuous supply of potable water for the District's customers. (See, May 21, 2009 Final Joint Staff Memorandum).

CONCLUSIONS OF LAW

1. It is reasonable to grant the certificate application filed on February 18, 2009, without hearing, but subject to the Staff-recommended conditions, since the protest filed on March 23, 2009, effectively has been withdrawn because the Protestant did not respond to the July 31, 2009 Procedural Order; since the public convenience and necessity require the project, which will abate leakage and water loss; and since the project is fully funded.

2. It is reasonable to approve the water purchase contracts between the District and the City of Parkersburg, notwithstanding the fact that the District currently purchases its total supply from the Claywood Park Public Service District, since any purchases will be on an emergency basis only and will not foster utility-on-utility competition; since the Claywood Public Service District is aware of the contracts and does not object thereto; and since the alternate water source will keep the District's customers in service in case of an emergency.

ORDER

IT IS, THEREFORE, ORDERED that the duly verified application for a certificate of public convenience and necessity filed on February 18, 2009, by the Mineral Wells Public Service District to construct improvements to the District's existing water distribution system, be, and hereby is, approved.

IT IS FURTHER ORDERED that financing for the project, consisting of a loan in the amount of $660,000 at 4.375% interest for 40 years from the United States Department of Agriculture-Rural Development, be, and hereby is, approved.

IT IS FURTHER ORDERED that the rates and charges, attached hereto as Appendix A, be, and hereby are, approved for all service rendered by the Mineral Wells Public Service District upon substantial completion of the project.

IT IS FURTHER ORDERED that Mineral Wells Public Service District file with the Commission an original and at least five (5) copies of a proper tariff, reflecting the rates and charges approved herein, no later than ten (10) days after the date that the certificate of substantial completion is filed with the Commission.

IT IS FURTHER ORDERED that Mineral Wells Public Service District file with the Commission all outstanding governmental agency permits and approvals required for the construction of the project immediately upon receipt.

IT IS FURTHER ORDERED that Mineral Wells Public Service District seek and obtain separate Commission approval, if any changes occur in the plans, scope or financing for the project, prior to commencing construction.

IT IS FURTHER ORDERED that Mineral Wells Public Service District file a copy of the engineer's certified tabulation bids with the Commission, within ten days of the bid opening date, for each construction contract or vendor bid contract to be awarded for the project.

IT IS FURTHER ORDERED that Mineral Wells Public Service District file the executed water purchase contracts between it and the City of Parkersburg which hereby are approved, without specifically approving all of the terms and conditions, with all blanks filled in, within ten days of the date that this decision becomes a final order of the Commission.

IT IS FURTHER ORDERED that Mineral Wells Public Service District file a copy of the certificate of substantial completion with the Commission for each contract associated with the project within ten days of issuance.

IT IS FURTHER ORDERED that Mineral Wells Public Service District adhere to all rules and regulations of the Department of Highways, if any of the Department of Highways' rights-of-way are utilized during construction.

IT IS FURTHER ORDERED that this proceeding be, and hereby is, removed from the Commission's docket of open cases.

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

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

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

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

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

Meyishi Pearl Blair
Administrative Law Judge

MPB:s:cdk
090147aa.wpd

MINERAL WELLS PUBLIC SERVICE DISTRICT
CASE NO. 09-0147-PWD-CN
APPROVED TARIFF

APPLICABILITY
Applicable within the entire territory served.

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

RATES

First	6,000 gallons used in two month period	$8.12 per 1,000 gallons
Next	14,000 gallons used in two month period	$7.37 per 1,000 gallons
Next	20,000 gallons used in two month period	$5.41 per 1,000 gallons
All Over	40,000 gallons used in two month period	$3.71 per 1,000 gallons

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

5/8 inch x 3/4-inch meter	$ 48.72 bimonthly
3/4-inch meter	$ 73.08 bimonthly
1 -inch meter	$ 121.80 bimonthly
1-1/2-inch meter	$ 243.60 bimonthly
2 -inch meter	$ 389.76 bimonthly
3 -inch meter	$ 730.80 bimonthly
4 -inch meter	$1,218.00 bimonthly

DELAYED PAYMENT PENALTY
The above schedule is net. On all accounts not paid in full when due, ten percent 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.

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.

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

A tap fee of $350.00 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.

LEAK ADJUSTMENT

$2.05 per 1,000 gallons 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 bank 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.

MINERAL WELLS PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS
(MISCELLANEOUS WATER SYSTEM IMPROVEMENTS PROJECT), SERIES 2009A

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS, BIDDING AND AWARD OF CONTRACT
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. CONTRACTORS' INSURANCE, ETC.
10. RATES; PUBLIC SERVICE COMMISSION ORDER
11. SIGNATURES AND DELIVERY
12. BOND PROCEEDS
13. PUBLICATION OF NOTICE OF BORROWING AND PSC FILING
14. SPECIMEN BONDS
15. CONFLICT OF INTEREST
16. PROCUREMENT OF ENGINEERING SERVICES
17. AWARD OF SERIES 2009A BONDS

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Mineral Wells Public Service District, in Wood, Wirt and Jackson Counties, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the $660,000 aggregate principal amount of the Mineral Wells Public Service District Water Revenue Bonds (Miscellaneous Water System Improvements Project), Series 2009A (the "Series 2009A Bonds, as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning as in the Bond Resolution of the Issuer adopted October 20, 2009 (the "Resolution").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Series 2009A Bonds, the acquisition or 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 Series 2009A Bonds or any proceedings of the Issuer taken with respect to the issuance or sale of the Series 2009A 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, sale and issuance of the Bonds, the

acquisition and construction of the Project, the operation of the System, or such pledge or application of moneys and security or the collection of the Gross Revenues or pledge of the Net Revenues as security for the Bonds.

3. GOVERNMENTAL APPROVALS, BIDDING AND AWARD OF CONTRACT: All applicable and necessary approvals, 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, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2009A Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project were solicited in accordance with Chapter 5, Article 22, Section 1 of the Code of West Virginia of 1931. The Issuer has awarded the construction contract for the Project in two separate contracts to the respective lowest bidders thereof:

Contract 1	Stonegate Construction, Inc.
Contract 2	Mid Atlantic Storage Systems, Inc.

The Issuer has on or prior to this date issued a notice of award to each of said contractors for the Project and the Issuer contemplates entering into a construction contract with each of said contractors for the Project on October 22, 2009.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the date of the Letter of Conditions for the Series 2009A Bonds and the Issuer has met all conditions prescribed in the Letter of Conditions. The Issuer has or can provide the financial, institutional, legal, and managerial capabilities necessary to complete the Project. Other than the Prior Bonds, there are no outstanding bonds or other obligations of the Issuer which are secured by revenues and/or assets of the System. The Series 2009A Bonds are issued on parity with respect to the liens, pledge and source of and security for payment in favor of the Holders of the Prior Bonds. The Issuer has obtained the written consent of the Holders of the Prior Bonds to the issuance of the Bonds on a parity with the Prior Bonds and the certificate of an Independent Certified Public Accountant stating that the coverage tests of the Prior Bonds are met or a waiver by the Holder or Holders of the applicable Prior Bonds of such requirement.

The Bonds are on parity with the Prior Bonds with respect to liens, pledge and source of and security for payment.

5. CERTIFICATION OF COPIES OF DOCUMENTS: The copies of the below-listed documents hereto attached or delivered herewith or heretofore delivered are true, correct and complete copies of the originals of the documents of which they purport to be copies, and such original documents are in full force and effect and have not been repealed, rescinded, amended, altered, supplemented or changed in any way unless modifications appears from later documents also listed below:

Bond Resolution

Recommended Decision of the Public Service Commission of West Virginia (the "PSC") entered on September 16, 2009 in Case No. 09-0147-PWD-CN, which, became the Final Order of the PSC on October 6, 2009

Certified copy of Orders of the County Commissions of Wood, Wirt and Jackson Counties proposing, creating and enlarging the Issuer, including the PSC Recommended Decisions relating thereto

Certified copies of Orders of the County Commission of Wood County appointing current members to Public Service Board of the Issuer

Certified copies of Oaths of Office of current members of Public Service Board of the Issuer

Rules of Procedure

Affidavits of Publication on Borrowing and Filing of PSC Application

Minutes of 2009 Organizational Meeting of Public Service Board

Minutes on Adoption of Bond Resolution and Supplemental Resolution

Environmental Health Services Permit

Consents of Holders of Prior Bonds

Evidence of Insurance

Prior Bond Resolutions

RUS Letter of Conditions and Closing Instructions

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Mineral Wells Public Service District." The Issuer is a public service district and public corporation duly created by The County Commission of Wood County, West Virginia, and presently existing under the laws of, and a political subdivision of, the State of West Virginia. The governing body of the Issuer is its Public Service Board consisting of 3 duly appointed, qualified and acting members, whose names and dates of commencement and termination of current terms of office are as follows:

Name	Date of Commencement of Office	Date of Termination of Office
Roy L. Radabaugh	November 30, 2007	November 30, 2013
Charles M. Stewart	March 3, 2009	March 1, 2015
James R. Lett	July 16, 2005	July 16, 2011

The names of the duly elected and/or appointed qualified and acting officers of the Public Service Board of the Issuer for the calendar year 2009 are as follows:

Chairman	-	Roy L. Radabaugh
Secretary	-	James R. Lett
Treasurer	-	Charles M. Stewart

The duly appointed and acting counsel to Issuer is Bowles Rice McDavid Graff & Love LLP, Parkersburg, West Virginia.

7. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition and construction of the Project and the operation and maintenance of the System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which 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 Series 2009A Bonds.

8. MEETINGS, ETC.: All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds and the acquisition, construction, operation and financing of the Project and the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to all applicable rules of the Governing Body and all applicable statutes, including, without limitation, Chapter 6, Article 9A, of the Code of West Virginia of 1931, as amended, and a quorum of duly elected or appointed, qualified and acting members of the Governing Body 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.

9. CONTRACTORS' INSURANCE, ETC.: All contractors have been required to maintain Workers' Compensation, public liability and property damage insurance and builder's risk insurance in accordance with the Resolution. All insurance for the System required by the Resolution is in full force and effect.

10. RATES, PUBLIC SERVICE COMMISSION ORDERS: The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia entered in Case No. 09-0147-PWD-CN on September 16, 2009, which, became the Final Order of the PSC on October 6, 2009, approving the rates and charges for the System and the financing for the Project and granting a certificate of public convenience and necessity for the Project. The

time for appeal of such Final Order has expired prior to the date hereof. Such Final Order remains in full force and effect.

12. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Chairman did officially sign the Series 2009A Bond, consisting of a single Series 2009A Bond dated October 22, 2009, by his manual signature, and the undersigned Secretary did officially cause the official seal of the Issuer to be affixed upon each of said Bonds and to be attested by his manual signature, the Secretary did officially authenticate and deliver the Series 2009A Bonds to a representative of the Purchaser as the original purchaser of the Series 2009A Bonds under the Letter of Conditions. Said official seal is also impressed above the signatures appearing on this certificate.

13. BOND PROCEEDS: On the date hereof the Issuer received from the Purchaser the sum of $83,300, being the first advance of the principal amount of the Series 2009A Bonds. The balance of the principal amount of the Series 2009A Bonds will be advanced to the Issuer as the acquisition and construction of the Project progress.

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

15. SPECIMEN BOND: Delivered concurrently herewith is a true and accurate specimen of the Series 2009A Bond.

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 in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Series 2009A 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 in all respects with the requirements of Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended, in the procurement of engineering services to be paid from proceeds of the Bonds.

18. AWARD OF SERIES 2009A BONDS: The entire issue of the Series 2009A Bonds has been duly awarded to the United States of America pursuant to the Letter of Conditions from the Department of Agriculture, Rural Utilities Service (RUS) and as appears in the Resolution authorizing the issuance of the Series 2009A Bonds

WITNESS our signatures and the official seal of the MINERAL WELLS PUBLIC SERVICE DISTRICT on this 22nd day of October, 2009.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
Roy K. Lodabarg	Chairman
James R. Tetto	Secretary
Steven R. Hardman	Counsel to Issuer

MINERAL WELLS PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF $430,000 WATER REVENUE BOND, SERIES 1979, OF MINERAL WELLS PUBLIC SERVICE DISTRICT TO FINANCE CONSTRUCTION OF EXTENSIONS AND IMPROVEMENTS FOR ITS WATERWORKS SYSTEM; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDERS OF THE BOND; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF MINERAL WELLS PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for This Resolution. This Resolution is adopted pursuant to the provisions of Article 13A, Chapter 16 of the West Virginia Code (the "Act") and other applicable provisions of law. Mineral Wells Public Service District (the "Issuer") is a public service district created pursuant to the Act by the County Commission of Wood County.

Section 1.02. Findings and Determinations. It is hereby found, determined and declared as follows:

(A) The Issuer now owns a public waterworks system.

(B) It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer and, accordingly, it is hereby ordered, that there be constructed additions, extensions and improvements for the existing waterworks system of the Issuer consisting of an office building, additional transmission lines and modifications of the existing system with all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. Water will be purchased from the Claywood Park Public Service District pursuant to a water purchase agreement to be made between said Public Service District and the Issuer. The construction and acquisition of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

(C) It is necessary for the Issuer to issue its revenue bond in the principal amount of $430,000 to finance the costs of such construction in the manner hereinafter provided.

(D) The estimated maximum cost of the construction of the Project is $430,000 all which will be obtained from the proceeds of sale of the Bond herein authorized.

(E) The cost of such construction shall be deemed to include, without being limited to, the construction or acquisition of the Project, the acquisition of any necessary property, real or personal, or interest therein; interest on the Bond prior to, during and for six months after completion of such construction to the extent that revenues of the System are not sufficient therefor; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the construction of the Pronect and the financing authorized hereby.

(F) The period of usefulness of the System after completion of the Project is not less than forty years.

(G) There are outstanding obligations of the Issuer which will rank on a parity with the Bond as to lien and source of and security for payment, as follows:

The Water System Revenue Bonds, Series 1969, issued in the aggregate principal amount of $322,000, dated October 7, 1969, now held by the Government.

There are not any other obligations of the Issuer which will rank prior to or on a parity with the Bond.

(H) The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bond, or will have so complied prior to issuance of the Bond including, among other things, the consent and approval, pursuant to the Act, of the issuance of the Bond by the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired.

Section 1.03. Resolution to Constitute Contract. In consideration of the acceptance of the Bond by the Purchaser, this Resolution (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Bondholder, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Purchaser as holder of the Bond.

Section 1.04. Definitions. The following terms shall have the following meanings herein unless the text otherwise expressly requires:

"Act" means Article 13A, Chapter 16 of the West Virginia Code.

"Bond" means the Water Revenue Bond, Series 1979, authorized hereby.

"1969 Bonds" means the bonds described in Section 1.03(G).

"Bond Legislation" means this Resolution and all resolutions supplemental hereto.

"Bonds" means collectively the 1969 Bonds and the Bond.

"Chairman" means the Chairman of the Governing Body.

"Consulting Engineer" means Cerrone and Vaughn, Wheeling, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

"Facilities" or "waterworks facilities" means all the tangible properties of the System and also any tangible properties which may hereafter be added to the System by additions, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefor, hereafter at any time constructed or acquired.

"Fiscal Year" means each year beginning on July 1 and ending on the succeeding June 30.

"Governing Body" means the Public Service Board of the Issuer.

"Government" means United States Department of Agriculture, Farmers Home Administration.

"Herein" means in this Bond Legislation.

"Holder of the Bond" or "Bondholder" or any similar term means any person who shall be the bearer or owner of the Bond.

"Issuer" means Mineral Wells Public Service District of Wood County, West Virginia, and includes the Governing Body.

"Net Revenues" means the balance of the gross revenues, as defined below, remaining after deduction only of operating expenses, as defined below.

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed one-sixth of the budgeted operating expenses stated above for the current year as working capital, and language herein requiring payment of operating expenses means also retention of not to exceed such sum as working capital.

"Project" shall have the meaning stated in Section 1.02(B) above.

"Purchaser" means United States Department of Agriculture, Farmers Home Administration and any successor thereof.

"1969 Resolution" means the resolution of the Public Service Board of the Issuer which authorized the 1969 Bonds.

"Revenues" or "gross revenues" means all rates, rents, fees, charges or other income received by the Issuer, or accrued to the Issuer, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, from the operation of the System, and all parts thereof, all as calculated in accordance with sound accounting practices.

"Secretary" means the Secretary of the Governing Body.

"System" means the Project initially, and includes the complete waterworks system of the Issuer and all waterworks facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the waterworks system; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the waterworks system after completion of the Project.

Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND

Section 2.01. Authorization of Bond. Subject and pursuant to the provisions hereof, the Bond of the Issuer, to be known as "Water Revenue Bond, Series 1979," is hereby authorized to be issued in the aggregate principal amount of not exceeding Four Hundred Thirty Thousand Dollars ($430,000) for the purpose of financing a portion of the cost of the construction and acquisition of the Project.

Section 2.02. Description of Bond. The Bond shall be issued in single form, No. 1, and shall be dated on the date of delivery. The Bond shall bear interest from date, payable monthly at the rate of five per centum (5%) per annum, and shall be sold for the par value thereof.

The Bond shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the Bond form hereinafter set forth.

Section 2.03. Execution of Bond. The Bond shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary.

Section 2.04. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Bond so surrendered shall be canceled and held for the account of the Issuer. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 2.05. Bond Secured by Pledge of Revenues. The payment of the debt service of the Bond shall be secured forthwith by a first lien on the net revenues derived from the System in addition to the statutory mortgage lien on the System hereinafter provided for, both on a parity in all respects with the 1969 Bond. The net revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bond, and to make the payments as hereinafter provided, are hereby irrevocably pledged, on a parity with such pledge in favor of the 1969 Bond, to the payment of the principal of and interest on the Bond as the same become due.

Section 2.06. Form of Bond. Subject to the provisions hereof, the text of the Bond and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(Form of Bond)

WATER REVENUE BOND, SERIES 1979

MINERAL WELLS PUBLIC SERVICE DISTRICT

$430,000

No. 1 Date:_____

FOR VALUE RECEIVED, MINERAL WELLS PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (the "Government"), at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designated in writing, the principal sum of Four Hundred Thirty Thousand Dollars ($430,000) plus interest on the unpaid principal balance at the rate of five per cent (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Installments of interest only on the first day of each month for the first twenty-four months after the date hereof and $2,112, covering principal and interest, thereafter on the first day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the reverse hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual

installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain suficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of construction and acquisition of a new waterworks system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Article 13A of Chapter 16 of the West Virginia Code (herein called the "Act") and a Resolution duly adopted by the Borrower.

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its

future regulations not inconsistent with the express provisions hereof.

This Bond is on a parity in all respects with the 1969 Bond described in said Resolution.

MINERAL WELLS PUBLIC SERVICE DISTRICT
(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

(Post Office Box No. or Street Address)

Mineral Wells, West Virginia 26150
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Attesting Official)

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(6)	$	
(2)	$		(7)	$	
(3)	$		(8)	$	
(4)	$		(9)	$	
(5)	$		(10)	$	

TOTAL $_____

ASSIGNMENT

Pay to the Order of _____

_____

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By _____

_____
(Title)

ARTICLE III

BOND PROCEEDS; REVENUES
AND APPLICATION THEREOF

Section 3.01. Bond Proceeds; Project Construction Account. The proceeds of sale of the Bond shall be deposited on receipt by the Issuer in Commercial Banking & Trust Company, Parkersburg, West Virginia, a member of Federal Deposit Insurance Corporation (the "FDIC"), in a special account hereby created and designated as "Mineral Wells Public Service District Construction Account" (herein called the "Project Construction Account"). The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by such bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

could be invest without fear of commis arbitr

Until six months after completion of construction of the Project, the Issuer will transfer from the Project Construction Account and pay to the Government on or before the fifteenth day of each month, such sums as shall be from time to time required to make the monthly installments on the Bonds if there are not sufficient Net Revenues to make such monthly payment.

If the Issuer shall determine at any time that all funds on deposit in the Project Construction Account exceed the estimated disbursements on account of the Project for the ensuing 90 days, the Issuer may invest such excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America, which shall mature not later than eighteen months after the date of such investment. All such investments and the income therefrom shall be carried to the credit of the Project Construction Account.

When construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Project Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

Section 3.02. Covenants of the Issuer as to Revenues and Funds. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund hereinafter established, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the holder of the Bond as follows:

(A) Revenue Fund. The entire gross revenues derived from the operation of the System, and all parts thereof, and all tap fees received, shall be deposited as collected by the Issuer in a special fund in a bank or trust company in the State of West Virginia which is a member of FDIC, which Fund, known as the "Revenue Fund" was established by the 1969 Resolution with the Bank named in Section 3.01. The Revenue Fund shall constitute a trust fund for the

purposes provided herein and shall be kept separate and distinct from all other funds of the Issuer and used only for the purposes and in the manner provided herein.

(B) Disposition of Revenues. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority, and subject to (E) below:

(1) The Issuer shall first each month pay from the moneys in the Revenue Fund all current Operating Expenses.

(2) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and pay to the National Finance Office designated in the Bond the amount required to pay the interest on the Bond, and to amortize the principal of the Bond over the life of the Bond issue.

(3) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit with the said Bank in the Reserve Fund hereby initially established with said Bank, 1/12th of 1/10th of the amount of principal and interest becoming due on the Bond in any year until the amount in the Reserve Fund equals the sum of $26,000, such sum being herein called the "Minimum Reserve." After the Minimum Reserve has been accumulated in the Reserve Fund, the Issuer shall monthly deposit into the Reserve Fund such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on the Bond and for payment of operating expenses of the System, as shall be required to maintain the Minimum Reserve in the Reserve Fund. Moneys in the Reserve Fund shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Bond to said National Finance Office as the same shall become due or for prepayment of installments on the Bond, or for mandatory prepayment of the Bond as hereinafter provided, and for no other purpose.

(4) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit in the Depreciation Reserve, hereby initially established with said Bank, the moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in the Depreciation Reserve the aggregate sum of $13,000, and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Depreciation Reserve shall be used first to make up any deficiencies for monthly payments of principal of and interest on the Bond as the same become due, and next to restore to the Reserve Fund any sum or sums transferred therefrom. Thereafter, and provided that payments into the Reserve Fund are current and in accordance with the foregoing provisions, moneys in the Depreciation Reserve may be withdrawn by the Issuer and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part thereof.

(5) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, any moneys remaining therein and not permitted to be retained therein may be used to prepay installments of the Bond or for any lawful purpose.

Whenever the moneys in the Reserve Fund shall be sufficient to prepay the Bond in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding,

to prepay the Bond at the earliest practical date and in accordance with applicable provisions hereof.

The aforesaid Bank (and any successor appointed by the Issuer) is hereby designated as the Fiscal Agent for the administration of the Reserve Fund and the Depreciation Reserve as herein provided, and all amounts required therefor will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such Fund.

All the funds provided for in this Section shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Bond and the interest thereon, but the aforesaid Bank shall not be a trustee as to such funds. The moneys in excess of the sum insured by FDIC in any of such funds shall at all times be secured, to the full extent thereof in excess of such insured sum, in a manner lawful for securing deposits of State and municipal funds under the laws of the State of West Virginia.

If on any payment date the revenues are insufficient to make the payments and transfers as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

The Fiscal Agent shall keep the moneys in the Reserve Fund and the Depreciation Reserve invested and reinvested to the fullest extent practicable in direct obligations of, or obligations the payment of the principal of and interest on which are guaranteed by, the United States of America and having maturities not exceeding two years. Earnings upon moneys in the Reserve Fund, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually in January into the Revenue Fund by the Fiscal Agent.

(C) Change of Fiscal Agent. The Issuer may designate another bank insured by FDIC as Fiscal Agent if the aforesaid Bank should cease for any reason to serve or if the Governing Body determines by resolution that said Bank or its successor should no longer serve as Fiscal Agent. Upon any such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the Purchaser.

(D) User Contracts. The Issuer shall, prior to delivery of the Bond, obtain signed user agreements from at least 20 bona fide new full time users, and shall collect from such users, and deposit in the Project Construction Account not less than $2,000, based on a tap fee of $100.

(E) Notwithstanding any other provision hereof, payments from the Revenue Fund shall be made simultaneously as in this Section provided with the times provided by the 1969 Resolution on account of the 1969 Bond, so that the funds and accounts established by the 1969 Resolution and hereby are treated in all respects as on a parity. All funds and accounts established by the 1969 Resolution and hereby shall be and are hereby ordered to be considered as identical and for the pro-rata benefit of the 1969 Bond and the Bond on the basis of the original amount of each series.

Differences in the depositories for the funds provided in the 1969 Resolution and herein are to meet changed procedures.

ARTICLE IV

GENERAL COVENANTS

Section 4.01. General Statement. So long as the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund and the Reserve Account established by the 1969 Resolution a sum sufficient to prepay the entire principal of the Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Government.

Section 4.02. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide revenues in each fiscal year sufficient to produce net revenues equal to not less than 110% of the annual debt service on the Bonds and to make the payments required herein into the Reserve Fund and the Depreciation Reserve and the payments required in the 1969 Resolution and all the necessary expenses of operating and maintaining the System during such fiscal year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate revenues for such purposes.

Section 4.03. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Bonds or the 1969 Bond is outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 4.04. Issuance of Additional Parity Bonds. No additional parity bonds payable out of the revenues of the System shall be issued after the issuance of the Bond pursuant hereto except with the prior written consent of the Purchaser.

Section 4.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Bond remains outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground structures of the System in an amount equal to the actual cost thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or

death, and not less than $200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Bond.

(c) Vehicular Public Liability Insurance, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated at any time or times for the benefit of the Issuer, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than $200,000 to protect the Issuer from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle for the Issuer.

(d) Workmen's Compensation Coverage for all Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds will be filed with the Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39.

(e) Fidelity Bonds will be provided as to every member of the Governing Body and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount of $10,000 upon the treasurer, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned so long as checks thereon require the signature of a representative of the Purchaser.

(f) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Bond is outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

Section 4.06. Statutory Mortgage. For the further protection of the holder of the Bond, 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 the delivery of the Bond, on a parity with such lien in favor of the 1969 Bond.

Section 4.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

(A) Failure to make payment of any monthly amortization installment at the date specified for payment thereof;

(B) Failure duly and punctually to observe or perform any of the covenatns, conditions and agreements on the part of the Issuer contained in the Bond or herein, or violation of or failure to observe any provision of any pertinent law.

Section 4.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by the Purchaser, such court may, upon proof of such default appoint a receiver for the affairs of the Issuer and the System. The receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the court to obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 4.09. Fiscal Year; Budget. While the Bond is outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a fiscal year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than thirty days prior to the beginning of each fiscal year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such fiscal year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each fiscal year.

If for any reason the Issuer shall not have adopted the Annual Budget before the first day of any fiscal year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the next year preceding by more than ten per centum; and provided further, that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the Issuer. Each such Budget of Current Expenses shall be mailed immediately to the Purchaser.

Section 4.10. Compensation of Members of Governing Body. The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision hereof.

Section 4.11. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Secretary on the date of adoption hereof, subject to permitted changes.

Section 4.12. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

The Issuer shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants and shall mail a copy of such audit report to the Purchaser.

Section 4.13. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bond is outstanding.

Section 4.14. No Competition. The Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

Section 4.15. Concerning Arbitrage. The proceeds of sale of the Bond will not be invested in such a way as to violate the regulations of the Internal Revenue Service or of the Treasury Department of the United States of America in connection with the arbitrage provisions of Section 103(c) of the Internal Revenue Code of 1954, as amended.

ARTICLE V

RATES, ETC.

Section 5.01. Initial Schedule of Rates and Charges; Rules. A. The schedule of rates and charges for the services and facilities of the System shall initially be those now on file with the Public Service Commission of West Virginia.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Delivery of Bond No. 1. The Chairman, Secretary and Treasurer of the Governing Body are hereby authorized and directed to cause Bond No. 1, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 6.02. Severability of Invalid Provision. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bond.

Section 6.03. Conflicting Provisions Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47).

Section 6.04. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 6.05. Effective Time. This Resolution shall take effect immediately upon its adoption.

Adopted January 7, 1980.

Joseph A. Morrison
Chairman of Public Service Board

Earl E. Carney
Member

James P. Smith
Member

RESOLUTION AUTHORIZING THE ISSUANCE OF A WATER REVENUE BOND (SAMS CREEK/CHESTERVILLE ROAD EXTENSION PROJECT), SERIES 1997 A, OF MINERAL WELLS PUBLIC SERVICE DISTRICT IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $650,000 ON A PARITY WITH THE SERIES 1969 BONDS AND THE SERIES 1979 BOND TO FINANCE THE ACQUISITION AND CONSTRUCTION OF AN EXTENSION TO THE EXISTING WATERWORKS SYSTEM; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; AUTHORIZING INTERIM CONSTRUCTION FINANCING; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND AND THE HOLDERS OF THE INTERIM FINANCING NOTES AND FOR A STATUTORY MORTGAGE LIEN; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

MINERAL WELLS PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF A $650,000
WATER REVENUE BOND
(SAMS CREEK/CHESTERVILLE ROAD EXTENSION PROJECT)
SERIES 1997 A

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PKB-18864

RESOLUTION AUTHORIZING THE ISSUANCE OF A WATER REVENUE BOND (SAMS CREEK/CHESTERVILLE ROAD EXTENSION PROJECT), SERIES 1997 A, OF MINERAL WELLS PUBLIC SERVICE DISTRICT IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $650,000 ON A PARITY WITH THE SERIES 1969 BONDS AND THE SERIES 1979 BOND TO FINANCE THE ACQUISITION AND CONSTRUCTION OF AN EXTENSION TO THE EXISTING WATERWORKS SYSTEM; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; AUTHORIZING INTERIM CONSTRUCTION FINANCING; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND AND THE HOLDERS OF THE INTERIM FINANCING NOTES AND FOR A STATUTORY MORTGAGE LIEN; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF MINERAL WELLS PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for This Resolution. This Resolution is adopted pursuant to the provisions of Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (the "Act"), other applicable provisions of law. Mineral Wells Public Service District (the "Issuer") is a public service district of Wood County, West Virginia, created pursuant to the Act by the County Commission of Wood County.

Section 1.02. Definitions. All capitalized terms used in this Resolution and not otherwise defined herein shall have the following meanings herein unless the context otherwise expressly requires:

"Bank" means Commercial Banking and Trust Company, Parkersburg, West Virginia, a member of the FDIC.

"Bond" means the $650,000 Water Revenue Bond (Sams Creek/Chesterville Road Extension Project), Series 1997 A, authorized hereby.

"Bonds" means collectively the Bond, the Series 1969 Bond, and the Series 1979 Bond.

"Chairman" means the Chairman of the Governing Body.

"Construction Account" means the Mineral Wells Public Service District Construction Account established by Section 4.01 hereof.

"Consulting Engineer" means Cerrone & Associates, Inc., Wheeling, West Virginia, or any qualified engineer or firm of engineers which at any time hereafter may be retained by the Issuer as Consulting Engineer for the System.

"FDIC" means the Federal Deposit Insurance Corporation.

"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.

"Grant Proceeds" means the proceeds to be received by the Issuer from the grant described in Section 1.03 (D) hereof.

"Herein" means in this Resolution.

"Issuer" means Mineral Wells Public Service District, of Wood County, West Virginia, and, unless the context clearly indicates otherwise includes the Board of the Issuer and any commission, board or department established by the Issuer to operate and maintain the System.

"Net Revenues" means the balance of the gross revenues, as defined below, remaining after deduction only of operating expenses, as defined below.

"Notes" means the line of credit notes of the Issuer as defined in Section 3.01 hereof.

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may be reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed one-sixth of the budgeted operating expenses stated above for the current year as working capital, and language herein requiring payment of operating expenses means also retention of not to exceed such sum as working capital.

"Prior Resolutions" means, collectively, the 1969 Resolution and the 1980 Resolution.

"Project" means the acquisition and construction of an extension to the existing waterworks system of the Issuer known as the Sams Creek/Chesterville Road Extension Project to be financed in part with the proceeds of the sale of the Bond, as herein provided.

"Project Costs" means all those costs set out in Section 1.03(E) hereof.

"Purchaser" means United States of America as the holder of the Bond.

"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, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

(F) Money market funds or similar funds whose only assets are investments of the type described in paragraphs (A) through (E) above;

(G) Repurchase agreements, fully secured by investments of the types described in paragraphs (A) through (E) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments

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

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

"Resolution" means collectively this Resolution and any resolution of the Board supplemental hereto.

"1969 Resolution" means the Resolution adopted by the Issuer on October 7, 1969, authorizing the issuance of the Series 1969 Bonds.

"1980 Resolution" means the Resolution adopted by the Issuer on January 7, 1980, authorizing the issuance of the Series 1979 Bond.

"Revenues" or "gross revenues" means all rates, rents, fees, charges or other income received by the Issuer, or accrued to the Issuer, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, and all parts thereof, all as calculated in accordance with sound accounting practices.

"Series 1969 Bonds" shall have the meaning provided in Section 1.03(G) hereof.

"Series 1979 Bond" shall have the meaning provided in Section 1.03(G) hereof.

"Series 1997 A Bond Reserve Account" means the Water Revenue Bond (Sams Creek/Chesterville Road Extension Project), Series 1997 A Reserve Account created and established by Section 4.02(B) hereof.

"Series 1997 A Bond Reserve Requirement" means the maximum amount of principal and interest which will come due on the Bond in the then current or any fiscal year thereafter.

"System" means the existing waterworks of the Issuer as expanded by the Project, and includes the complete waterworks of the Issuer and all facilities owned by the Issuer in connection with its waterworks and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the waterworks; and shall also include any and all additions, extensions, improvements, properties or other

facilities at any time acquired or constructed for the waterworks after completion of the Project.

Words importing the singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

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

(A) The Issuer now has a waterworks system which does not extend to the Sams Creek/Chesterville Road area of Wood County. The residents of that area urgently need water service and have requested the Issuer to provide such water service.

(B) The Project is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Mineral Wells Public Service District and, accordingly, it is hereby ordered that there be acquired and constructed an extension of the existing System of the Issuer to the Sams Creek/Chesterville Road area of Wood County, particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed with the Secretary of the Issuer. The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

(C) It is necessary for the Issuer to issue its revenue bond in the principal amount of $650,000 to finance a portion of the costs of such acquisition and construction in the manner hereinafter provided.

(D) The estimated maximum cost of the acquisition and construction of the Project is $1,250,000 of which $650,000 will be obtained from the proceeds of the sale of the Bond herein authorized, and the balance, not to exceed $600,000 will be obtained in the form of a grant from the United States Department of Agriculture, Rural Utilities Service.

(E) The cost of such construction shall be deemed to include, without being limited to, the construction of the Project; the acquisition of any necessary property, real or personal, or interest therein; interest on the Bond and the Notes or any note, bond, construction loan, or other indebtedness of the Issuer issued to provide interim financing of the Project in anticipation of the issuance of the Bond prior to, during and for six months after completion of such construction; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the construction of the Project and the financing authorized hereby.

(F) The period of usefulness of the System after completion of the Project is not less than forty years.

(G) The only outstanding obligations of the Issuer which will rank on a parity with the Bond as to liens and source of and security for payment are the following:

Water System Revenue Bonds, Series 1969, dated October 7, 1969 ("Series 1969 Bonds"), issued in the original principal amount of $322,000, bearing interest at the rate of 5% per annum; and

Water Revenue Bond, Series 1979, dated January 7, 1980 ("Series 1979 Bond"), issued in the original principal amount of $430,000, bearing interest at the rate of 5% per annum;

(H) The Issuer has complied with all requirements of the law of West Virginia and the Prior Resolutions relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bond, or will have so complied prior to issuance of the Bond including, among other things, obtaining a certificate of convenience and necessity for the Project from the Public Service Commission of West Virginia by final order, the time for a rehearing and appeal of which shall have been waived or shall have expired. The rates, charges and rules as provided by Article VI hereof shall be in full force and effect.

(I) Under the provisions of the Prior Resolutions, additional parity bonds may be issued by the Issuer only with the consent of the Purchaser, which consent, in writing, has been obtained and is filed in the office of the Issuer.

(J) The Purchaser is expected by the Issuer to purchase the entire principal amount of the Bond.

Section 1.04. Resolution to Constitute Contract. In consideration of the acceptance of the Bond by the Purchaser, this Resolution shall be deemed to be and shall constitute a contract between the Issuer and the Purchaser, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Purchaser as holder of the Bond.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND

Section 2.01. Authorization of Bond. Subject and pursuant to the provisions hereof, the Bond of the Issuer, to be known as "Water Revenue Bond (Sams Creek/Chesterville Road Extension Project), Series 1997 A", is hereby authorized to be

issued in the principal amount of $650,000, for the purpose of financing in part the costs of the acquisition and construction of the Project.

Section 2.02. Description of Bond. The Bond shall be issued in single form, No. R-1, fully registered to the United States of America and shall be dated on the date of delivery. The Bond shall bear interest from date, payable monthly at the rate of 4.875% per annum, and shall be sold at the par value thereof. The Bond shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the bond form hereinafter set forth.

Section 2.03. Negotiability, Registration, Transfer and Exchange of Bond. The Bond shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Bond, and the right to the principal of, and stated interest on, the Bond, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 2.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Registrar.

Whenever the Bond 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 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, but the Issuer shall pay any other expenses incurred by the Registrar with respect to such transfer.

No registration of transfer of the Bond shall be permitted to be made after the 15th day next preceding any installment payment date on the Bond.

Section 2.04. Registrar. The Secretary of the Issuer will keep or cause to be kept at the office of the Issuer, sufficient books for the registration and transfer of the Bond, and, upon presentation for such purpose, the Secretary shall register the Bond initially issued pursuant hereto and register the transfer, or cause to be registered, on such books, the transfer of the Bond as hereinbefore provided.

Section 2.05. Execution of Bond. The Bond shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary.

Section 2.06. Mutilated, Destroyed, Stolen or Lost Bond. In case the Bond shall become mutilated, destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder of the Bond furnishing the Issuer

proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Bond so surrendered shall be canceled and held for the account of the Issuer. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such bond be destroyed, stolen or lost, without surrender thereof.

Section 2.07. Bond not to be Indebtedness of the Members of the Public Service Board of the Issuer. The Bond shall not be or constitute an indebtedness of the members of the Public Service Board of the Issuer but shall be payable solely from the Net Revenues and from funds in the Revenue Fund.

Section 2.08. Bond Secured by Pledge of Net Revenues, Funds and Unexpended Bond Proceeds. Payment of the Bond shall be secured forthwith by a first lien on the Net Revenues derived from the System and the funds on deposit in the Revenue Fund on a parity with the the Series 1969 Bonds and the Series 1979 Bond, in addition to the statutory mortgage lien on the System provided for herein. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bond, and to make the payments as hereinafter provided, together with the funds on deposit in the Revenue Fund and the unexpended proceeds of the Bond are hereby irrevocably pledged to the payment of the principal of and interest on the Bond as the same become due.

Section 2.09. Form of Bond. Subject to the provisions hereof, the text of the Bond and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or by any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(Form of Bond)

WATER REVENUE BOND
(SAMS CREEK/CHESTERVILLE ROAD EXTENSION PROJECT),
SERIES 1997 A

MINERAL WELLS PUBLIC SERVICE DISTRICT

$650,000.00

No. R-1 Date: _____ __, 1997

MINERAL WELLS PUBLIC SERVICE DISTRICT (the "Issuer"), for value received, promises to pay to the order of the United States of America, (the "Purchaser"), or its registered assigns, at its National Finance Office, St. Louis, Missouri, 63103, or at such other place as the Purchaser may hereafter designate in writing, the principal sum of $650,000.00, plus interest on the unpaid principal balance at the rate of [_____ per cent (_____%)] per annum. The said principal and interest shall be paid in the following installments on the following dates: Installments of interest only commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof and $_____, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount hereof is not advanced at the time of closing, the proceeds hereof shall be advanced to Issuer as requested by Issuer and approved by the Purchaser 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 hereon 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. Refunds and extra payments, as defined in the regulations of the Purchaser according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Issuer to pay the remaining installments as scheduled herein.

If the United States of America at any time assigns this Bond and insures the payment thereof, Issuer shall continue to make payments to the United States of America as collection agent for the holder.

While this Bond is held by an insured lender, prepayments made by Issuer may, at the option of the Purchaser, be remitted by the Purchaser to the Holder promptly or, except for final payment, be retained by the Purchaser and remitted to the Holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Issuer, except payments retained and remitted by the Purchaser on an annual installment due date basis, shall be the date of the United States Treasury check by which the Purchaser remits the payment to the Holder. The effective date of any prepayment retained and remitted by the Purchaser to the Holder on an annual installment due date basis shall be the date of the prepayment by Issuer and the Purchaser will pay the interest to which the Holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the Holder.

Any amount advanced or expended by the Purchaser for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Purchaser 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 Issuer to the Purchaser without demand. Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Purchaser.

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 rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing such funds for financing costs of construction of repairs, replacements and improvements to the waterworks system (the "System") of the Issuer, is payable solely from the Revenues to be derived from the operation of the System after there have been first paid from such Revenues the reasonable-current costs of operation and maintenance of the System. This Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Secretary of the Issuer, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Resolutions hereinafter described, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions 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, but may only be transferred by transfer of registration hereof with the Secretary of the Issuer.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (herein called the "Act") and Resolutions of the Issuer adopted on October 7, 1969, January 7, 1980, and on August 6, 1997.

If at any time it shall appear to the Purchaser that Issuer may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Issuer will, at Purchaser's request, apply for and accept such loan in sufficient amount to repay the Purchaser.

This Bond is given as evidence of a loan to Issuer made or insured by the Purchaser pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Farmers Home Administration and its successors and assigns and to future regulations not inconsistent with the express provisions hereof.

This Bond is issued on a parity in all respects with the Series 1969 Bonds and the Series 1979 Bond described in the Resolutions above described.

MINERAL WELLS PUBLIC SERVICE DISTRICT

Attest:

_____
Secretary, Public Service Board

By: _____
Chairman, Public Service Board

[CORPORATE SEAL]

RECORD OF ADVANCES			
AMOUNT	DATE	AMOUNT	DATE
(1) $		(6) $	
(2) $		(7) $	
(3) $		(8) $	
(4) $		(9) $	
(5) $		(10) $	
TOTAL . . . . $			

(No writing on this Bond except by the Issuer as Registrar.)

Date of Registration	In Whose Name Registered	Signature of Secretary or Registrar
_____, 1997	United States of America Post Office Box 678 Morgantown, West Virginia 26505	_____
_____	_____	_____
_____	_____	_____

ASSIGNMENT

Pay to the Order of _____

_____

_____

UNITED STATES OF AMERICA

By: _____

_____
(Title)

ARTICLE III

INTERIM CONSTRUCTION FINANCING

Section 3.01. Authorization and General Terms. In order to pay certain Costs of the Project pending receipt of the gross proceeds of the Bond and the Grant Proceeds, the Issuer may issue and sell its Notes, in an aggregate principal amount not to exceed $650,000. The Notes may be issued as evidence of a line of credit from a commercial bank or other lender, at the discretion of the Issuer, and as shall be set forth in a resolution supplemental hereto. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such date or dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the indenture or supplemental resolution, as applicable.

Section 3.02. Terms of and Security for Notes; Trust Indenture. The Notes, if issued, shall be issued with such terms and secured in the manner set forth in an indenture, if applicable (which indenture in the form to be executed and delivered by the Issuer shall be approved by the supplemental resolution), or supplemental resolution, if no indenture is used.

Section 3.03. Notes are Special Obligations. The Notes shall be special obligations of the Issuer payable as to principal and interest solely from the surplus revenues, letter of credit proceeds, if any, and other sources described in an indenture or supplemental resolution. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable and neither the full faith and credit nor the taxing power, if any, of the Issuer is pledged for the payment of the Notes. The holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth in an indenture or the supplemental resolution.

Section 3.04. Letters of Credit. As additional security for the Notes, the Issuer may obtain a letter or letters of credit from a bank or banks, pursuant to which such bank or banks would agree to pay the trustee to be appointed by a supplemental resolution, upon presentation by the trustee of certain certificates, the sum or sums set forth therein but not to exceed $650,000 in the aggregate. In the event of a draw under any such letter of credit, the Issuer shall issue its refunding notes to the bank issuing such letter of credit. Any such letter of credit shall be authorized and shall have such terms as shall be set forth in a resolution supplemental hereto.

ARTICLE IV

BOND PROCEEDS; REVENUES AND APPLICATION THEREOF

Section 4.01. Bond Proceeds; Project Construction Account. The proceeds of the sale of the Bond shall be deposited on receipt by the Issuer in the Bank, in a special account hereby created and designated "Mineral Wells Public Service District, Sams Creek/Chesterville Road Extension Project Construction Account". The moneys in the Construction Account in excess of the amount insured by FDIC shall be secured at all times by the Bank by securities or in a manner lawful for the securing of deposits of state and municipal funds under West Virginia law. Moneys in the Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Until completion of acquisition and construction of the Project, the Issuer will transfer from the Construction Account and pay to the Purchaser on or before the due date thereof, such sums as shall be from time to time required to make the monthly installment payments on the Bond if there are not sufficient Net Revenues to make such monthly payment.

Moneys in the Construction Account shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

If the Issuer shall determine at any time that all funds on deposit in the Construction Account exceed the estimated disbursements on account of the Project for the ensuing ninety (90) days, the Issuer may invest such excess funds in Government Obligations which shall mature not later than eighteen (18) months after the date of such investment. All such investments and the income therefrom shall be carried to the credit of the Construction Account.

When construction of the Project has been completed and all costs have been paid or provision for such payment has been made, any balance remaining in the Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

Section 4.02. Covenants of the Issuer as to Revenues and Funds. As long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Series 1997 A Bond Reserve Account hereinafter established, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the holder of the Bond as follows:

(A) Revenue Fund. The entire gross revenues derived from the operation of the System, and all parts thereof, and all tap fees received, shall be deposited as collected by the Issuer in the Revenue Fund established by the 1969 Resolution. The Revenue Fund shall constitute a trust fund for the purposes provided in the Prior Resolutions and herein and shall be kept separate and apart from all other funds of the Issuer and used only for the purposes and in the manner provided herein. The holder of the Bond shall have a lien on and a pledge, hereby granted, of all the revenues of the System, as herein provided, and a statutory mortgage lien upon the System, granted and created by the Act, as long as the Bond remains unpaid, on a parity in all respects with the holders of the Series1969 Bonds and the Series 1979 Bond.

(B) Disposition of Revenues. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

(1) The Issuer shall first each month pay from the moneys in the Revenue Fund all current Operating Expenses.

(2) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and pro rata (i) pay to the West Virginia Municipal Bond Commission, for deposit into the Sinking Fund established by the 1969 Resolution one-twelfth of the amount of principal maturing on the Series 1969 Bonds on the next principal maturity date and one-twelfth of the amount required to pay the interest becoming due on the Series 1969 Bonds on the next interest payment date and (ii) pay to the National Finance Office designated in the Bond the amount required to pay the interest on the Series 1979 Bond and the Bond, and to amortize the principal of the Series 1979 Bond and the Bond over the lives of the Series 1979 Bond and the Bond, respectively.

(3) The Issuer shall next, by the fifteenth day of each month beginning with and including the month in which the first principal installment is due upon the Bond, transfer from the Revenue Fund and deposit pro rata (i) in the Reserve Account established by the 1969 Resolution within the Sinking Fund, one-twelfth of one-tenth of the maximum annual aggregate amount of interest and principal which will fall due on the 1969 Bonds until the amount in the Reserve Account is equal to the maximum annual aggregate amount of principal and interest which will fall due on the Series 1969 Bonds; (ii) in the Reserve Fund established by the 1980 Resolution, one-twelfth of one-tenth of the maximum annual aggregate amount of interest and principal which will fall due on the Series 1979 Bond until the amount in the Reserve Fund is equal to the Minimum Reserve as defined in the 1979 Resolution; and (iii) in an account to be designated the "Series 1997 A Bond Reserve Account" which is hereby established with the Bank and within the Reserve Fund, one-twelfth of one-tenth of the maximum annual aggregate amount of interest and principal which will fall due on the Bond until the amount in the Series 1997 A Bond Reserve Account is equal to the Series 1997 A Bond Reserve Requirement. After the maximum annual aggregate amount of principal and interest which will fall due on the Series 1969 Bonds has been accumulated in the Reserve Account, the Minimum Reserve has been accumulated in the Reserve Fund, and the Series 1997 A Bond Reserve

Requirement has been accumulated in the Series 1997 A Bond Reserve Account, the Issuer shall deposit monthly pro rata into the Reserve Account, the Reserve Fund, and the Series 1997 A Bond Reserve Account, such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on the Bonds and for payment of Operating Expenses of the System, as shall be required to maintain the maximum annual aggregate amount of principal and interest which will fall due on the Series 1969 Bonds, the Minimum Reserve, and the Series 1997 A Bond Reserve Requirement. Moneys in the Reserve Account shall be used solely to make up any deficiency in the Sinking Fund payment of the principal and interest on the Series 1969 Bonds as the same shall mature or for mandatory prepayment of the Series 1969 Bonds, as provided in the 1969 Resolution and herein, and for no other purpose. Moneys in the Reserve Fund shall be used solely to make up any deficiency for monthly installments required to be paid on the Series 1979 Bond as the same shall become due, for prepayment of installments on the Series 1979 Bond or for mandatory prepayment of the Series 1979 Bond as provided in the 1980 Resolution and herein, and for no other purpose. Moneys in the Series 1997 A Bond Reserve Account shall be used solely to make up any deficiency for monthly installments required to be paid on the Bond as the same shall become due, for prepayment of installments on the Bond or for mandatory prepayment of the Bond as provided herein, and for no other purpose.

(4) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit pro rata (i) in the Depreciation Reserve established with the West Virginia Municipal Bond Commission by the 1969 Resolution moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in said Depreciation Reserve the aggregate sum of $9,000.00 and thereafter such sums as shall be required to maintain such amount therein, and (ii) in the Depreciation Reserve established with the Bank by the 1980 Resolution moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in said Depreciation Reserve the aggregate sum of $13,000.00 and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Depreciation Reserve established by the 1969 Resolution shall be used first to make up any deficiencies in the Sinking Fund for payment of principal and interest on the Series 1969 Bonds as the same mature, and next to restore to the Reserve Account any sum or sums transferred therefrom. Thereafter, and provided that payments into the Reserve Account are current and in accordance with the foregoing provisions, moneys in said Depreciation Reserve may be withdrawn by the Issuer and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part thereof, and for capital additions and improvements for the System. Moneys in the Depreciation Reserve established by the 1980 Resolution shall be used first to make up any deficiencies for monthly payments of installments on the Series 1979 Bond as the same mature, and next to restore to the Reserve Fund any sum or sums transferred therefrom. Thereafter, and provided that payments into the Reserve Fund are current and in accordance with the foregoing provisions, moneys in said Depreciation Reserve may be withdrawn by the Issuer and used for extraordinary repairs and for replacements of equipment and improvements

for the System, or any part thereof, and for capital additions and improvements for the System.

(5) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, any moneys remaining therein and not permitted to be retained therein may be used to prepay installments of the Bonds or for any lawful purpose.

Whenever the money in the Series 1997 A Bond Reserve Account shall be sufficient to prepay the Bond in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Bond at the earliest practical date and in accordance with applicable provisions hereof.

The West Virginia Municipal Bond Commission is hereby designated as Fiscal Agent for the administration of the Sinking Fund, the Reserve Account and the Depreciation Reserve established by the 1969 Resolution as herein provided, and all amounts required therefor will be deposited by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund. The Bank (and any successor appointed by the Issuer) is hereby designated as Fiscal Agent for the administration of the Reserve Fund, the Series 1997 A Bond Reserve Account, and the Depreciation Reserve established by the 1980 Resolution as herein provided, and all amounts required therefor will be deposited by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund.

All the funds provided for in this Section shall constitute trust funds and shall be used solely for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Bonds and the interest thereon. The moneys in excess of the sum insured by FDIC in the Revenue Fund, the Reserve Fund, the 1997 A Bond Reserve Account, and the Depreciation Reserve established by the 1980 Resolution shall at all times be secured, to the full extent thereof in excess of such insured sum, in a manner lawful for securing deposits of state and municipal funds under the laws of the State of West Virginia. The Bank shall not be a trustee as to such funds.

If on any payment date the revenues are insufficient to make the payments and transfers as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

The West Virginia Municipal Bond Commission shall keep the moneys in the Sinking Fund, the Reserve Account and the Depreciation Reserve established by the 1969 Resolution invested and reinvested to the fullest extent practicable in direct obligations of, or obligations the payment of the principal of and interest on which are guaranteed by, the United States of America and having maturities not exceeding two years. The Bank shall

keep the moneys in the Reserve Fund, the Series 1997 A Bond Reserve Account, and the Depreciation Reserve established by the 1980 Resolution invested and reinvested to the fullest extent practicable in direct obligations of, or obligations the payment of the principal of and interest on which are guaranteed by, the United States of America. Earnings upon moneys in the Reserve Fund and the Series 1997 A Bond Reserve Account, as long as the Minimum Reserve and the Series 1997 A Bond Reserve Requirement are on deposit and maintained in the Reserve Fund shall be paid annually in January into the Revenue Fund by the Fiscal Agent.

(C) Change of Bank as Fiscal Agent. The Issuer may designate another bank insured by FDIC as Fiscal Agent for the administration of the Reserve Fund, the Series 1997 A Bond Reserve Account, and the Depreciation Reserve established by the 1980 Resolution if the Bank should cease for any reason to serve or if the Board determines by resolution that the Bank or its successor should no longer serve as Fiscal Agent. Upon any such change, the Board will cause note of the change to be sent by registered or certified mail to the Purchaser.

(D) Additional User Contracts. The Issuer shall, prior to delivery of the Bond, have at least 1417 bona fide users of the System.

ARTICLE V

GENERAL COVENANTS

Section 5.01. General Statement. As long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund, the Reserve Account, and the Series 1997 A Bond Reserve Account a sum sufficient to prepay the entire principal of the Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Purchaser.

Until the payment in full of the principal of and interest on the Notes when due, and to the extent they do not materially adversely affect the holders of the Bonds, the covenants, agreements and provisions contained herein shall, where applicable, also inure to the benefit of the holders of the Notes and the trustee therefor and constitute valid and legally binding covenants of the Issuer, enforceable in any court of competent jurisdiction by the trustee or any holder or holders of the Notes as prescribed in the indenture or supplemental resolution; provided, that Section 5.05 shall not be applied to the Notes.

Section 5.02. Covenants of Prior Resolutions Applicable. All covenants and provisions of the Prior Resolutions except for any and all covenants relating

to arbitrage and those covenants specifically herein modified shall apply equally and ratably to the Bond.

Section 5.03. Bonds and Notes not to be Indebtedness of the Issuer. Neither the Bonds nor the Notes shall be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Resolution. No holder or holders of any Bonds or Notes shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay said Bonds or Notes or the interest thereon.

Section 5.04. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide revenues in each fiscal year sufficient to produce Net Revenues equal to not less than 110% of the annual debt service on the Bonds and to make the payments required herein into the Reserve Fund, the Reserve Account, the Series 1997 A Bond Reserve Account, the Depreciation Reserve established by the 1969 Resolution, the Depreciation Reserve established by the 1980 Resolution and all the necessary expenses of operating and maintaining the System during such fiscal year, and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate revenues for such purposes.

Section 5.05. Statutory Mortgage. For the further protection of the holder of the Bond, 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 Bond for the benefit of the holder of the Bond on a parity with the Series 1969 Bonds and the Series 1979 Bond.

Section 5.06. Interim Financing. The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bond and the Notes, if issued, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a Certificate of Convenience and Necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which shall have been waived or shall have expired. The Notes, if issued, will not be payable from the Net Revenues, but shall be payable from Bond proceeds, grant receipts, surplus revenues and proceeds from a letter of credit, if any, all as shall be set forth in the indenture or a supplemental resolution authorizing the Notes.

Section 5.07. Investments. The Issuer shall invest and reinvest, and hereby instructs the Bank to invest and reinvest, in Qualified Investments any moneys held as part of the funds and accounts created by this Resolution, other than the Revenue Fund, to the fullest extent possible subject to applicable laws and this Resolution, and the need for such moneys for the purposes set forth herein, and the specific restrictions and

provisions set forth in this Section 5.07. The Issuer may direct the Bank in writing as to what particular permitted investments shall be made.

Except as provided herein and in the indenture, if any, any investment shall be held in and at all times be deemed a part of the fund or account in which the moneys and investments are held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the corresponding fund or account. The Bank 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 any loss on such liquidation. The Issuer may invest funds on deposit with the Bank through the trust department of the Bank. The Bank shall not be responsible for any losses from such investments, except losses due to its own gross negligence or willful misconduct.

ARTICLE VI

RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules. The schedule of rates and charges for the services and facilities of the extension to the System initially shall be those contained in the Orders of the Public Service Commission of West Virginia dated June 19, 1997, and July 25, 1997, and such rates are hereby adopted.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Modification or Amendment. No modification or amendment of this Resolution, or of any resolution amendatory hereof or supplemental hereto, may be made without the prior consent in writing of the Purchaser.

Section 7.02. Delivery of Bond No. 1. The Chairman, Secretary and Treasurer of the Issuer are hereby authorized and directed to cause Bond No. 1, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 7.03. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited,

or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bond.

Section 7.04. Conflicting Provisions Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed, but excluding the Loan Resolution (Form FmHA 442-47) and the Prior Resolutions.

Section 7.05. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 7.06. Covenant of Due Procedure, etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the final enactment and passage of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, the Secretary and the Treasurer of the Board were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such service.

This Resolution shall become effective immediately upon its adoption.

Adopted August 6, 1997.

Chairman, Public Service Board

PKB-18864

CERTIFICATION

I, James R. Lett, Secretary of the Public Service Board of the Mineral Wells Public Service District, Wood County, West Virginia, do hereby certify that the attached is a true and accurate copy of the Resolution adopted by the Public Service Board on August 6, 1997, authorizing the Mineral Wells Public Service District's Water Revenue Bond (Sams Creek/Chesterville Road Extension Project), Series 1997 A.

Given under my hand and seal of Mineral Wells Public Service District this 14th day of August, 1997.

James R. Lett
Secretary

[SEAL]

PKB-25099

RESOLUTION AUTHORIZING THE ISSUANCE OF A WATER REVENUE BOND (ROCKPORT EXTENSION PROJECT), SERIES 1999 A, OF MINERAL WELLS PUBLIC SERVICE DISTRICT IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $700,000 ON A PARITY WITH THE SERIES 1969 BONDS, THE SERIES 1979 BOND, THE SERIES 1997 A BOND, AND THE SERIES 1999 B BOND TO FINANCE THE ACQUISITION AND CONSTRUCTION OF AN EXTENSION TO THE EXISTING WATERWORKS SYSTEM; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; AUTHORIZING INTERIM CONSTRUCTION FINANCING; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND AND THE HOLDERS OF THE INTERIM FINANCING NOTES AND FOR A STATUTORY MORTGAGE LIEN; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

MINERAL WELLS PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF A $700,000
WATER REVENUE BOND
(ROCKPORT EXTENSION PROJECT)
SERIES 1999 A

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DATE OF ADOPTION 25

RESOLUTION AUTHORIZING THE ISSUANCE OF A WATER REVENUE BOND (ROCKPORT EXTENSION PROJECT), SERIES 1999 A, OF MINERAL WELLS PUBLIC SERVICE DISTRICT IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $700,000 ON A PARITY WITH THE SERIES 1969 BONDS, THE SERIES 1979 BOND, THE SERIES 1997 A BOND, AND THE SERIES 1999 B BOND TO FINANCE THE ACQUISITION AND CONSTRUCTION OF AN EXTENSION TO THE EXISTING WATERWORKS SYSTEM; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; AUTHORIZING INTERIM CONSTRUCTION FINANCING; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND AND THE HOLDERS OF THE INTERIM FINANCING NOTES AND FOR A STATUTORY MORTGAGE LIEN; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF MINERAL WELLS PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for This Resolution. This Resolution is adopted pursuant to the provisions of Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (the "Act"), other applicable provisions of law. Mineral Wells Public Service District (the "Issuer") is a public service district of Wood County, West Virginia, created pursuant to the Act by the County Commission of Wood County.

Section 1.02. Definitions. All capitalized terms used in this Resolution and not otherwise defined herein shall have the following meanings herein unless the context otherwise expressly requires:

"Bank" means Wesbanco Bank Parkersburg, a state banking corporation and a member of the FDIC.

"Bond" means the $700,000 Water Revenue Bond (Rockport Extension Project), Series 1999 A, authorized hereby.

"Bondholders," "Holder of the Bonds," "Holder," or any similar term, whenever used herein with respect to the Bond or Bonds means the person in whose name such Bond is registered.

"Bonds" means collectively the Bond, the Series 1969 Bond, the Series 1979 Bond, the Series 1997 A Bond, and the Series 1999 B Bond.

"Chairman" means the Chairman of the Governing Body.

"Construction Account" means the 1999 A Mineral Wells Public Service District Construction Account established by Section 4.01 hereof.

"Consulting Engineer" means Cerrone & Associates, Inc., Wheeling, West Virginia, or any qualified engineer or firm of engineers which at any time hereafter may be retained by the Issuer as Consulting Engineer for the System.

"FDIC" means the Federal Deposit Insurance Corporation.

"Governing Body" means the Public Service Board of the Issuer.

"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.

"Grant Proceeds" means the proceeds to be received by the Issuer from the grant described in Section 1.03 (D) hereof.

"Herein" means in this Resolution.

"Issuer" means Mineral Wells Public Service District, of Wood County, West Virginia, and, unless the context clearly indicates otherwise includes the Board of the Issuer and any commission, board or department established by the Issuer to operate and maintain the System.

"Net Revenues" means the balance of the gross revenues, as defined below, remaining after deduction only of operating expenses, as defined below.

"Notes" means the line of credit notes of the Issuer as defined in Section 3.01 hereof.

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may be reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed one-sixth of the budgeted operating expenses stated

above for the current year as working capital, and language herein requiring payment of operating expenses means also retention of not to exceed such sum as working capital.

"Prior Resolutions" means, collectively, the 1969 Resolution,1980 Resolution and the 1997 Resolution.

"Project" means the acquisition and construction of an extension to the existing waterworks system of the Issuer known as the Rockport Extension Project to be financed in part with the proceeds of the sale of the Bond, as herein provided.

"Project Costs" means all those costs set out in Section 1.03(E) hereof.

"Purchaser" means United States of America as the holder of the Bond.

"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, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

(F) Money market funds or similar funds whose only assets are investments of the type described in paragraphs (A) through (E) above;

(G) Repurchase agreements, fully secured by investments of the types described in paragraphs (A) through (E) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

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

"Resolution" means collectively this Resolution and any resolution of the Board supplemental hereto.

"1969 Resolution" means the Resolution adopted by the Issuer on October 7, 1969, authorizing the issuance of the Series 1969 Bonds.

"1980 Resolution" means the Resolution adopted by the Issuer on January 7, 1980, authorizing the issuance of the Series 1979 Bond.

"1997 Resolution" means the Resolution adopted by the Issuer on August 6, 1997, authorizing the issuance of the Series 1997 A Bond.

"1999 B Resolution" means the Resolution adopted by the Issuer on September 23, 1999, authorizing the issuance of the Series 1999 B Bond.

"Revenues" or "gross revenues" means all rates, rents, fees, charges or other income received by the Issuer, or accrued to the Issuer, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, and all parts thereof, all as calculated in accordance with sound accounting practices.

"Series 1969 Bonds" shall have the meaning provided in Section 1.03(G) hereof.

"Series 1979 Bond" shall have the meaning provided in Section 1.03(G) hereof.

"Series 1997 A Bond" shall have the meaning provided in Section 1.03(G) hereof.

"Series 1999 B Bond" shall have the meaning provided in Section 1.03(G) hereof.

"Series 1999 A Bond Reserve Account" means the Water Revenue Bond (Rockport Road Extension Project), Series 1999 A Reserve Account created and established by Section 4.02(B) hereof.

"Series 1999 A Bond Reserve Requirement" means the maximum amount of principal and interest which will come due on the Bond in the then current or any fiscal year thereafter.

"System" means the existing waterworks of the Issuer as expanded by the Project, and includes the complete waterworks of the Issuer and all facilities owned by the Issuer in connection with its waterworks and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the waterworks; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the waterworks after completion of the Project.

Words importing the singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

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

(A) The Issuer now has a waterworks system which does not extend to the Rockport area of Wood County. The residents of that area urgently need water service and have requested the Issuer to provide such water service.

(B) The Project is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Mineral Wells Public Service District and, accordingly, it is hereby ordered that there be acquired and constructed an extension of the existing System of the Issuer to the Rockport area of Wood County, particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed with the Secretary of the Issuer. The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

(C) It is necessary for the Issuer to issue its revenue bond in the principal amount of $700,000 to finance a portion of the costs of such acquisition and construction in the manner hereinafter provided.

(D) The estimated maximum cost of the acquisition and construction of the Project is $1,200,000 of which $700,000 will be obtained from the proceeds of the sale of the Bond herein authorized, and the balance, not to exceed $500,000 will be obtained in the form of a grant from the United States Department of Agriculture, Rural Utilities Service.

(E) The cost of such construction shall be deemed to include, without being limited to, the construction of the Project; the acquisition of any necessary property, real or personal,

or interest therein; interest on the Bond and the Notes or any note, bond, construction loan, or other indebtedness of the Issuer issued to provide interim financing of the Project in anticipation of the issuance of the Bond prior to, during and for six months after completion of such construction; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the construction of the Project and the financing authorized hereby..

(F) The period of usefulness of the System after completion of the Project is not less than forty years.

(G) The only obligations of the Issuer outstanding or to be issued on the date hereof which will rank on a parity with the Bond as to liens and source of and security for payment are the following:

Water System Revenue Bonds, Series 1969, dated October 7, 1969 ("Series 1969 Bonds"), issued in the original principal amount of $322,000, bearing interest at the rate of 5% per annum;

Water Revenue Bond, Series 1979, dated January 7, 1980 ("Series 1979 Bond"), issued in the original principal amount of $430,000, bearing interest at the rate of 5% per annum;

Water Revenue Bond, Series 1997 A, dated August 14, 1997 ("Series 1997 A Bond"), issued in the original principal amount of $650,000, bearing interest at the rate of 4.875% per annum;

Water Revenue Bond, Series 1999 B, dated September 23, 1999 ("Series 1999 B Bond"), issued in the original principal amount of $2,012,000, bearing interest at the rate of 5.125% per annum;

(H) The Issuer has complied with all requirements of the law of West Virginia, the Prior Resolutions, and the 1999 B Resolution relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bond, or will have so complied prior to issuance of the Bond including, among other things, obtaining a certificate of convenience and necessity for the Project from the Public Service Commission of West Virginia by final order, the time for a rehearing and appeal of which shall have been waived or shall have expired. The rates, charges and rules as provided by Article VI hereof shall be in full force and effect.

(I) Under the provisions of the Prior Resolutions and the 1999 B Resolution, additional parity bonds may be issued by the Issuer only with the consent of the Purchaser, which consent, in writing, has been obtained and is filed in the office of the Issuer.

(J) The Purchaser is expected by the Issuer to purchase the entire principal amount of the Bond.

Section 1.04. Resolution to Constitute Contract. In consideration of the acceptance of the Bond by the Purchaser, this Resolution shall be deemed to be and shall constitute a contract between the Issuer and the Purchaser, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Purchaser as holder of the Bond.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND

Section 2.01. Authorization of Bond. Subject and pursuant to the provisions hereof, the Bond of the Issuer, to be known as "Water Revenue Bond (Rockport Project), Series 1999 A", is hereby authorized to be issued in the principal amount of $700,000, for the purpose of financing in part the costs of the acquisition and construction of the Project.

Section 2.02. Description of Bond. The Bond shall be issued in single form, No. R-1, fully registered to the United States of America and shall be dated on the date of delivery. The Bond shall bear interest from date, payable monthly at the rate of 4.75% per annum, and shall be sold at the par value thereof. The Bond shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the bond form hereinafter set forth.

Section 2.03. Negotiability, Registration, Transfer and Exchange of Bond. The Bond shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Bond, and the right to the principal of, and stated interest on, the Bond, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 2.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Registrar.

Whenever the Bond 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 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, but the Issuer shall pay any other expenses incurred by the Registrar with respect to such transfer.

No registration of transfer of the Bond shall be permitted to be made after the 15th day next preceding any installment payment date on the Bond.

Section 2.04. Registrar. The Secretary of the Issuer will keep or cause to be kept at the office of the Issuer, sufficient books for the registration and transfer of the Bond, and, upon presentation for such purpose, the Secretary shall register the Bond initially issued pursuant hereto and register the transfer, or cause to be registered, on such books, the transfer of the Bond as hereinbefore provided.

Section 2.05. Execution of Bond. The Bond shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary.

Section 2.06. Mutilated, Destroyed, Stolen or Lost Bond. In case the Bond shall become mutilated, destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder of the Bond furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Bond so surrendered shall be canceled and held for the account of the Issuer. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such bond be destroyed, stolen or lost, without surrender thereof.

Section 2.07. Bond not to be Indebtedness of the Members of the Public Service Board of the Issuer. The Bond shall not be or constitute an indebtedness of the members of the Public Service Board of the Issuer but shall be payable solely from the Net Revenues and from funds in the Revenue Fund.

Section 2.08. Bond Secured by Pledge of Net Revenues, Funds and Unexpended Bond Proceeds. Payment of the Bond shall be secured forthwith by a first lien on the Net Revenues derived from the System and the funds on deposit in the Revenue Fund on a parity with the Series 1969 Bonds, the Series 1979 Bond, the Series 1997 A Bond, and the Series 1999 B Bond in addition to the statutory mortgage lien on the System provided for herein. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bond, and to make the payments as hereinafter provided, together with the funds on deposit in the Revenue Fund and the unexpended proceeds of the Bond are hereby irrevocably pledged to the payment of the principal of and interest on the Bond as the same become due.

Section 2.09. Form of Bond. Subject to the provisions hereof, the text of the Bond and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or by any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(Form of Bond)

WATER REVENUE BOND
(ROCKPORT EXTENSION PROJECT),
SERIES 1999 A

MINERAL WELLS PUBLIC SERVICE DISTRICT

$700,000.00

No. R-1 Date: _____ __, 1999

MINERAL WELLS PUBLIC SERVICE DISTRICT (the "Issuer"), for value received, promises to pay to the order of the United States of America, (the "Purchaser"), or its registered assigns, at its National Finance Office, St. Louis, Missouri, 63103, or at such other place as the Purchaser may hereafter designate in writing, the principal sum of $700,000.00, plus interest on the unpaid principal balance at the rate of [_____ per cent (_____%)] per annum. The said principal and interest shall be paid in the following installments on the following dates: Installments of interest only commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof and $_____ , covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount hereof is not advanced at the time of closing, the proceeds hereof shall be advanced to Issuer as requested by Issuer and approved by the Purchaser 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 hereon 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. Refunds and extra payments, as defined in the regulations of the Purchaser according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Issuer to pay the remaining installments as scheduled herein.

If the United States of America at any time assigns this Bond and insures the payment thereof, Issuer shall continue to make payments to the United States of America as collection agent for the Holder.

While this Bond is held by an insured lender, prepayments made by Issuer may, at the option of the Purchaser, be remitted by the Purchaser to the Holder promptly or, except for final payment, be retained by the Purchaser and remitted to the Holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Issuer, except payments retained and remitted by the Purchaser on an annual installment due date basis, shall be the date of the United States Treasury check by which the Purchaser remits the payment to the Holder. The effective date of any prepayment retained and remitted by the Purchaser to the Holder on an annual installment due date basis shall be the date of the prepayment by Issuer and the Purchaser will pay the interest to which the Holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the Holder.

Any amount advanced or expended by the Purchaser for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Purchaser 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 Issuer to the Purchaser without demand. Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Purchaser.

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 rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing such funds for financing costs of construction of repairs, replacements and improvements to the waterworks system (the "System") of the Issuer, is payable solely from the Revenues to be derived from the operation of the System after there have been first paid from such Revenues the reasonable current costs of operation and maintenance of the System. This Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Secretary of the Issuer, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Resolutions hereinafter described, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions 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, but may only be transferred by transfer of registration hereof with the Secretary of the Issuer.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (herein called the "Act") and Resolutions of the Issuer adopted

on October 7, 1969, January 7, 1980, August 6, 1997, _____ ____, 1999 (the 1999 A Resolution), and _____ ___, 1999 (the 1999 B Resolution).

If at any time it shall appear to the Purchaser that Issuer may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Issuer will, at Purchaser's request, apply for and accept such loan in sufficient amount to repay the Purchaser.

This Bond is given as evidence of a loan to Issuer made or insured by the Purchaser pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Farmers Home Administration and its successors and assigns and to future regulations not inconsistent with the express provisions hereof.

This Bond is issued on a parity in all respects with the Series 1969 Bonds, the Series 1979 Bond, the Series 1997 A Bond, and the Series 1999 B Bond described in the Resolutions above described.

MINERAL WELLS PUBLIC SERVICE DISTRICT

Attest:

_____ By: _____

Secretary, Public Service Board Chairman, Public Service Board

[CORPORATE SEAL]

RECORD OF ADVANCES			
AMOUNT	DATE	AMOUNT	DATE
(1) $		(6) $	
(2) $		(7) $	
(3) $		(8) $	
(4) $		(9) $	
(5) $		(10) $	
TOTAL . . . $			

(No writing on this Bond except by the Issuer as Registrar.)

Date of Registration	In Whose Name Registered	Signature of Secretary or Registrar
_____, 1999	United States of America Post Office Box 678 Morgantown, West Virginia 26505	_____
_____	_____	_____
_____	_____	_____

ASSIGNMENT

Pay to the Order of _____

_____

_____

UNITED STATES OF AMERICA

By: _____

_____
(Title)

ARTICLE III

INTERIM CONSTRUCTION FINANCING

Section 3.01. Authorization and General Terms. In order to pay certain Costs of the Project pending receipt of the gross proceeds of the Bond and the Grant Proceeds, the Issuer may issue and sell its Notes, in an aggregate principal amount not to exceed $500,000. The Notes may be issued as evidence of a line of credit from a commercial bank or other lender, at the discretion of the Issuer, and as shall be set forth in a resolution supplemental hereto. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such date or dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the indenture or supplemental resolution, as applicable.

Section 3.02. Terms of and Security for Notes; Trust Indenture. The Notes, if issued, shall be issued with such terms and secured in the manner set forth in an indenture, if applicable (which indenture in the form to be executed and delivered by the Issuer shall be approved by the supplemental resolution), or supplemental resolution, if no indenture is used.

Section 3.03. Notes are Special Obligations. The Notes shall be special obligations of the Issuer payable as to principal and interest solely from the surplus revenues, letter of credit proceeds, if any, and other sources described in an indenture or supplemental resolution. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable and neither the full faith and credit nor the taxing power, if any, of the Issuer is pledged for the payment of the Notes. The holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth in an indenture or the supplemental resolution.

Section 3.04. Letters of Credit. As additional security for the Notes, the Issuer may obtain a letter or letters of credit from a bank or banks, pursuant to which such bank or banks would agree to pay the trustee to be appointed by a supplemental resolution, upon presentation by the trustee of certain certificates, the sum or sums set forth therein but not to exceed $500,000 in the aggregate. In the event of a draw under any such letter of credit, the Issuer shall issue its refunding notes to the bank issuing such letter of credit. Any such letter of credit shall be authorized and shall have such terms as shall be set forth in a resolution supplemental hereto.

ARTICLE IV

BOND PROCEEDS; REVENUES AND APPLICATION THEREOF

Section 4.01. Bond Proceeds; Project Construction Account. The proceeds of the sale of the Bond shall be deposited on receipt by the Issuer in the Bank, in a special account hereby created and designated "Mineral Wells Public Service District, Rockport Extension Project Construction Account" (the "1999 A Construction Account"). The moneys in the 1999 A Construction Account in excess of the amount insured by FDIC shall be secured at all times by the Bank by securities or in a manner lawful for the securing of deposits of state and municipal funds under West Virginia law. Moneys in the 1999 A Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Until completion of acquisition and construction of the Project, the Issuer will transfer from the 1999 A Construction Account and pay to the Purchaser on or before the due date thereof, such sums as shall be from time to time required to make the monthly installment payments on the Bond if there are not sufficient Net Revenues to make such monthly payment.

Moneys in the 1999 A Construction Account shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

If the Issuer shall determine at any time that all funds on deposit in the 1999 A Construction Account exceed the estimated disbursements on account of the Project for the ensuing ninety (90) days, the Issuer may invest such excess funds in Government Obligations which shall mature not later than eighteen (18) months after the date of such investment. All such investments and the income therefrom shall be carried to the credit of the 1999 A Construction Account.

When construction of the Project has been completed and all costs have been paid or provision for such payment has been made, any balance remaining in the 1999 A Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

Section 4.02. Covenants of the Issuer as to Revenues and Funds. As long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Series 1999 A Bond Reserve Account hereinafter established, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the holder of the Bond as follows:

(A) Revenue Fund. The entire gross revenues derived from the operation of the System, and all parts thereof, and all tap fees received, shall be deposited as collected by the Issuer in the Revenue Fund established by the 1969 Resolution. The Revenue Fund shall constitute a trust fund for the purposes provided in the Prior Resolutions, the 1999 B Resolution, and herein and shall

be kept separate and apart from all other funds of the Issuer and used only for the purposes and in the manner provided herein. The holder of the Bond shall have a lien on and a pledge, hereby granted, of the Net Revenues of the System, as herein provided, and a statutory mortgage lien upon the System, granted and created by the Act, as long as the Bond remains unpaid, on a parity in all respects with the holders of the Series1969 Bonds, the Series 1979 Bond, the Series 1997 A Bond, and the Series 1999 B Bond.

(B) Disposition of Revenues. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

(1) The Issuer shall first each month pay from the moneys in the Revenue Fund all current Operating Expenses.

(2) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and pro rata (i) pay to the West Virginia Municipal Bond Commission, for deposit into the Sinking Fund established by the 1969 Resolution one-twelfth of the amount of principal maturing on the Series 1969 Bonds on the next principal maturity date and one-twelfth of the amount required to pay the interest becoming due on the Series 1969 Bonds on the next interest payment date and (ii) pay to the National Finance Office designated in the Bond the amount required to pay the interest on the Series 1979 Bond, the Series 1997 A Bond, the Series 1999 B Bond, and the Bond, and to amortize the principal of the Series 1979 Bond, the Series 1997 A Bond, the Series 1999 B Bond, and the Bond over the lives of the Series 1979 Bond, the Series 1997 A Bond, the Series 1999 B Bond, and the Bond, respectively.

(3) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit pro rata (i) in the Reserve Account established by the 1969 Resolution within the Sinking Fund, one-twelfth of one-tenth of the maximum annual aggregate amount of interest and principal which will fall due on the 1969 Bonds until the amount in the Reserve Account is equal to the maximum annual aggregate amount of principal and interest which will fall due on the Series 1969 Bonds; (ii) in the Reserve Fund established by the 1980 Resolution, one-twelfth of one-tenth of the maximum annual aggregate amount of interest and principal which will fall due on the Series 1979 Bond until the amount in the Reserve Fund is equal to the Minimum Reserve as defined in the 1980 Resolution; (iii) in the Series 1997 A Bond Reserve Account established by the 1997 Resolution, one-twelfth of one-tenth of the maximum annual aggregate amount of interest and principal which will fall due on the Series 1997 A Bond until the amount in the Series 1997 A Bond Reserve Account is equal to the Series 1997 A Bond Reserve Requirement as defined in the 1997 Resolution; (iv) beginning with and including the month in which the first principal installment is due upon the Series 1999 B Bond, in the Series 1999 B Bond Reserve Account established by the 1999 B Resolution, one-twelfth of one-tenth of the maximum annual aggregate amount of interest and principal which will fall due on the Series 1999 B Bond until the amount in the Series 1999 B Bond Reserve Account is equal to the Series 1999 B Bond Reserve Requirement as defined in the 1999 B Resolution; and (v) beginning with and including the month in which the first principal installment is due upon the Bond, in an account to be designated the "Series 1999 A Bond Reserve Account" which is hereby established with the Bank, one-twelfth of one-tenth of the maximum

annual aggregate amount of interest and principal which will fall due on the Bond until the amount in the Series 1999 A Bond Reserve Account is equal to the Series 1999 A Bond Reserve Requirement. After the maximum annual aggregate amount of principal and interest which will fall due on the Series 1969 Bonds has been accumulated in the Reserve Account, the Minimum Reserve has been accumulated in the Reserve Fund, the Series 1997 A Bond Reserve Requirement has been accumulated in the Series 1997 A Bond Reserve Account, the Series 1999 B Bond Reserve Requirement has been accumulated in the Series 1999 B Bond Reserve Account, and the Series 1999 A Bond Reserve Requirement has been accumulated in the Series 1999 A Bond Reserve Account, the Issuer shall deposit monthly pro rata into the Reserve Account, the Reserve Fund, the Series 1997 A Bond Reserve Account, the Series 1999 B Bond Reserve Account, and the Series 1999 A Bond Reserve Account such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on the Bonds and for payment of Operating Expenses of the System, as shall be required to maintain the maximum annual aggregate amount of principal and interest which will fall due on the Series 1969 Bonds, the Minimum Reserve, the Series 1997 A Bond Reserve Requirement, the Series 1999 B Bond Reserve Requirement, and the Series 1999 A Bond Reserve Requirement, respectively. Moneys in the Reserve Account shall be used solely to make up any deficiency in the Sinking Fund payment of the principal and interest on the Series 1969 Bonds as the same shall mature or for mandatory prepayment of the Series 1969 Bonds, as provided in the 1969 Resolution and herein, and for no other purpose. Moneys in the Reserve Fund shall be used solely to make up any deficiency for monthly installments required to be paid on the Series 1979 Bond as the same shall become due, for prepayment of installments on the Series 1979 Bond or for mandatory prepayment of the Series 1979 Bond as provided in the 1980 Resolution and herein, and for no other purpose. Moneys in the Series 1997 A Bond Reserve Account shall be used solely to make up any deficiency for monthly installments required to be paid on the Series 1997 A Bond as the same shall become due, for prepayment of installments on the Series 1997 A Bond or for mandatory prepayment of the Series 1997 A Bond as provided in the 1997 Resolution and herein, and for no other purpose. Moneys in the Series 1999 B Bond Reserve Account shall be used solely to make up any deficiency for monthly installments required to be paid on the Series 1999 B Bond as the same shall become due, for prepayment of installments on the Series 1999 B Bond or for mandatory prepayment of the Series 1999 B Bond as provided in the 1999 B Resolution and herein, and for no other purpose. Moneys in the Series 1999 A Bond Reserve Account shall be used solely to make up any deficiency for monthly installments required to be paid on the Bond as the same shall become due, for prepayment of installments on the Bond or for mandatory prepayment of the Bond as provided herein, and for no other purpose.

(4) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit pro rata (i) in the Depreciation Reserve established with the West Virginia Municipal Bond Commission by the 1969 Resolution moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in said Depreciation Reserve the aggregate sum of $9,000.00 and thereafter such sums as shall be required to maintain such amount therein, and (ii) in the Depreciation Reserve established with the Bank by the 1980 Resolution moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in said Depreciation Reserve the aggregate sum of $13,000.00 and thereafter such sums as shall be required to maintain such amount therein. Moneys in the

Depreciation Reserve established by the 1969 Resolution shall be used first to make up any deficiencies in the Sinking Fund for payment of principal and interest on the Series 1969 Bonds as the same mature, and next to restore to the Reserve Account any sum or sums transferred therefrom. Thereafter, and provided that payments into the Reserve Account are current and in accordance with the foregoing provisions, moneys in said Depreciation Reserve may be withdrawn by the Issuer and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part thereof, and for capital additions and improvements for the System. Moneys in the Depreciation Reserve established by the 1980 Resolution shall be used first to make up any deficiencies for monthly payments of installments on the Series 1979 Bond, the Series 1997 A Bond, the Series 1999 B Bond and the Bond as the same mature, and next to restore to the Reserve Fund, the Series 1997 A Bond Reserve Account, the Series 1999 B Bond Reserve Account, and the Series 1999 A Bond Reserve Account any sum or sums transferred therefrom. Thereafter, and provided that payments into the Reserve Fund, the Series 1997 A Bond Reserve Account, the Series 1999 B Bond Reserve Account, and the Series 1999 A Bond Reserve Account are current and in accordance with the foregoing provisions, moneys in said Depreciation Reserve may be withdrawn by the Issuer and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part thereof, and for capital additions and improvements for the System.

(5) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, any moneys remaining therein and not permitted to be retained therein may be used to prepay installments of the Bonds or for any lawful purpose.

Whenever the money in the Series 1999 A Bond Reserve Account shall be sufficient to prepay the Bond in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Bond at the earliest practical date and in accordance with applicable provisions hereof.

The West Virginia Municipal Bond Commission is hereby designated as Fiscal Agent for the administration of the Sinking Fund, the Reserve Account and the Depreciation Reserve established by the 1969 Resolution as herein provided, and all amounts required therefor will be deposited by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund. The Bank (and any successor appointed by the Issuer) is hereby designated as Fiscal Agent for the administration of the Reserve Fund, the Series 1997 A Bond Reserve Account, the Series 1999 B Bond Reserve Account, the Series 1999 A Bond Reserve Account, and the Depreciation Reserve established by the 1980 Resolution as herein provided, and all amounts required therefor will be deposited by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund.

All the funds provided for in this Section shall constitute trust funds and shall be used solely for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Bonds and the interest thereon. The moneys in excess of the sum insured by FDIC in the Revenue Fund, the Reserve Fund, the Series 1997 A Bond Reserve Account, the Series 1999 B Bond Reserve Account, the Series 1999 A Bond Reserve

Account, and the Depreciation Reserve established by the 1980 Resolution shall at all times be secured, to the full extent thereof in excess of such insured sum, in a manner lawful for securing deposits of state and municipal funds under the laws of the State of West Virginia. The Bank shall not be a trustee as to such funds.

If on any payment date the revenues are insufficient to make the payments and transfers as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

The West Virginia Municipal Bond Commission shall keep the moneys in the Sinking Fund, the Reserve Account and the Depreciation Reserve established by the 1969 Resolution invested and reinvested to the fullest extent practicable in direct obligations of, or obligations the payment of the principal of and interest on which are guaranteed by, the United States of America and having maturities not exceeding two years. The Bank shall keep the moneys in the Reserve Fund, the Series 1997 A Bond Reserve Account, the Series 1999 B Bond Reserve Account, the Series 1999 A Bond Reserve Account, and the Depreciation Reserve established by the 1980 Resolution invested and reinvested to the fullest extent practicable in direct obligations of, or obligations the payment of the principal of and interest on which are guaranteed by, the United States of America. Earnings upon moneys in the Reserve Fund, the Series 1997 A Bond Reserve Account, the Series 1999 B Bond Reserve Account, and the Series 1999 A Bond Reserve Account, as long as the Minimum Reserve, the Series 1997 A Bond Reserve Requirement, the Series 1999 B Bond Reserve Requirement, and the Series 1999 A Bond Reserve Requirement are on deposit and maintained in the Reserve Fund shall be paid annually in January into the Revenue Fund by the Fiscal Agent.

(C) Change of Bank as Fiscal Agent. The Issuer may designate another bank insured by FDIC as Fiscal Agent for the administration of the Reserve Fund, the Series 1997 A Bond Reserve Account, the Series 1999 B Bond Reserve Account, the Series 1999 A Bond Reserve Account, the Series 199 B Bond Reserve Account, the Series 1999 A Bond Reserve Account, and the Depreciation Reserve established by the 1980 Resolution if the Bank should cease for any reason to serve or if the Board determines by resolution that the Bank or its successor should no longer serve as Fiscal Agent. Upon any such change, the Board will cause note of the change to be sent by registered or certified mail to the Purchaser.

(D) Additional User Contracts. The Issuer shall, prior to delivery of the Bond, have at least 85 bona fide users of the System located within the Project area.

ARTICLE V

GENERAL COVENANTS

Section 5.01. General Statement. As long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Sinking Fund, the Reserve Account, the Reserve Fund, the Series 1997 A Bond Reserve Account, the Series 1999 B Bond Reserve Account, and the Series 1999 A Bond Reserve Account a sum sufficient to prepay the entire principal of the Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Purchaser.

Until the payment in full of the principal of and interest on the Notes when due, and to the extent they do not materially adversely affect the holders of the Bonds, the covenants, agreements and provisions contained herein shall, where applicable, also inure to the benefit of the holders of the Notes and the trustee therefor and constitute valid and legally binding covenants of the Issuer, enforceable in any court of competent jurisdiction by the trustee or any holder or holders of the Notes as prescribed in the indenture or supplemental resolution; provided, that Section 5.04 shall not be applied to the Notes.

Section 5.02. Bonds and Notes not to be Indebtedness of the Issuer. Neither the Bonds nor the Notes shall be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Resolution. No holder or holders of any Bonds or Notes shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay said Bonds or Notes or the interest thereon.

Section 5.03. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide revenues in each fiscal year sufficient to produce Net Revenues equal to not less than 110% of the annual debt service on the Bonds and to make the payments required herein into the Reserve Fund, the Reserve Account, the Series 1997 A Bond Reserve Account, the Depreciation Reserve established by the 1969 Resolution, the Depreciation Reserve established by the 1980 Resolution and all the necessary expenses of operating and maintaining the System during such fiscal year, and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate revenues for such purposes.

Section 5.04. Statutory Mortgage. For the further protection of the holder of the Bond, 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 Bond for the benefit of the holder of the Bond on a parity with the Series 1969 Bonds, the Series 1979 Bond, the Series 1997 A Bond, and the Series 1999 B Bond.

Section 5.05. Authorizations; Interim Financing. The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bond and the Notes, if issued, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a Certificate of Convenience and Necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which shall have been waived or shall have expired. The Notes, if issued, will not be payable from the Net Revenues, but shall be payable from Bond proceeds, grant receipts, surplus revenues and proceeds from a letter of credit, if any, all as shall be set forth in the indenture or a supplemental resolution authorizing the Notes.

Section 5.06. Investments. The Issuer shall invest and reinvest, and hereby instructs the Bank to invest and reinvest, in Qualified Investments any moneys held as part of the funds and accounts created by this Resolution, other than the Revenue Fund, to the fullest extent possible subject to applicable laws and this Resolution, and the need for such moneys for the purposes set forth herein, and the specific restrictions and provisions set forth in this Section 5.06. The Issuer may direct the Bank in writing as to what particular permitted investments shall be made.

Except as provided herein and in the indenture, if any, any investment shall be held in and at all times be deemed a part of the fund or account in which the moneys and investments are held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the corresponding fund or account. The Bank 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 any loss on such liquidation. The Issuer may invest funds on deposit with the Bank through the trust department of the Bank. The Bank shall not be responsible for any losses from such investments, except losses due to its own gross negligence or willful misconduct.

Section 5.07. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Secretary on the date of the adoption hereof, subject to permitted changes.

Section 5.08. Maintenance of the System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bond is outstanding.

Section 5.09. No Competition. To the extent allowable by law, the Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to, or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

Section 5.10. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Bonds are outstanding. Such consent will provide for the disposition of the proceeds of the sale.

Section 5.11. Issuance of Additional Parity Bonds. No additional parity bonds payable out of the Revenues of the System shall be issued after the issuance of the Bond pursuant hereto except with the prior written consent of the Purchaser so long as the Purchaser is the sole Holder of the Bond, and if the Purchaser is not the sole Holder of the Bond, with the written consent of Bondholders representing 75% of the outstanding principal of the Bond.

Section 5.12. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Bond remains outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground structures of the System in an amount equal to the actual cost thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than $200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Bond.

(c) Vehicular Public Liability Insurance, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated at any time or times for the benefit of the Issuer, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than $200,000 to protect the Issuer from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle for the Issuer.

(d) Workers' Compensation Coverage for All Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required for each contractor, and such payment bonds will be filed with the Clerk of the County Commission of said county prior to commencement of construction of the

Project in compliance with Chapter 38, Article 2, Section 39 of the Code of West Virginia of 1931, as amended.

(e) Fidelity Bonds will be provided as to every member of the Governing Body and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount required by the Purchaser and to be increased thereafter as necessary to cover the maximum amount of funds under control of that position at any one time.

(f) Provided, however, in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Bond is outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer, and during such construction will require each contractor and subcontractor to carry insurance, of such type and in such amounts as the Purchaser may specify, with insurance companies or bonding companies acceptable to the Purchaser.

Section 5.13. Fiscal Year; Budget. While the Bond is outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a fiscal year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 30 days prior to the beginning of each fiscal year, the Issuer agrees to adopt the annual budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the annual budget shall be made during such fiscal year unless unanimously authorized and directed by the Governing Body. Copies of each annual budget shall be delivered to the Purchaser by the beginning of each fiscal year.

If for any reason the Issuer shall not have adopted the annual budget before the first day of any fiscal year, it shall adopt a budget of current expenses from month to month until the adoption of the annual budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the next fiscal year receding by more than ten per centum; and provided further, that adoption of a budget of current expenses shall not constitute compliance with the covenant to adopt an annual budget unless failure to adopt an annual budget be for a reason beyond the control of the Issuer. Each such budget of current expenses shall be mailed immediately to the Purchaser.

Section 5.14. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

The Issuer shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants and shall mail a copy of such audit report to the Purchaser.

Section 5.15. Compensation of Members of Governing Body. The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is a default in the performance of or compliance with any covenant or provision hereof.

Section 5.16. Events of Default. Each of the following events is hereby declared an "Event of Default":

(A) Failure to make payment of any monthly amotization installment at the date specified for payment thereof;

(B) Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Bond or herein, or violation of or failure to observe any provision of any pertinent law.

Section 5.17. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by the Purchaser, such court may, upon proof of such default appoint a receiver for the affairs of the Issuer and the System. The receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the court to obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 5.18. Wetlands Covenant. The Issuer shall not use any Bond proceeds for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity. Failure to comply with this covenant shall constitute an Event of Default under Section 5.16(B) of this Resolution.

ARTICLE VI

RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules. The schedule of rates and charges for the services and facilities of the extension to the System initially shall be those contained in the Recommended Decision of the Public Service Commission of West Virginia dated June 25, 1999, as modified by the Commission Corrective Order dated September 17,1999, and such rates are hereby adopted.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Modification or Amendment. No modification or amendment of this Resolution, or of any resolution amendatory hereof or supplemental hereto, may be made without the prior consent in writing of the Purchaser.

Section 7.02. Delivery of Bond No. 1. The Chairman, Secretary and Treasurer of the Issuer are hereby authorized and directed to cause Bond No. 1, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 7.03. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bond.

Section 7.04. Conflicting Provisions Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed, but excluding the Loan Resolution (Form FmHA 442-47) and Prior Resolutions, and the 1999 B Resolution.

Section 7.05. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 7.06. Covenant of Due Procedure, etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the final enactment and passage of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, the Secretary and the Treasurer of the Board were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such service.

This Resolution shall become effective immediately upon its adoption.

Adopted September 23, 1999.

Chairman, Public Service Board

GBB.GBB.0052246

CERTIFICATION

I, James R. Lett, Secretary of the Public Service Board of the Mineral Wells Public Service District, Wood County, West Virginia, do hereby certify that the attached is a true and accurate copy of the Resolution adopted by the Public Service Board on September 23, 1999, authorizing the Mineral Wells Public Service District's Water Revenue Bond (Rockport Extension Project), Series 1999 A.

Given under my hand and seal of Mineral Wells Public Service District this 23rd day of September, 1999.

James R. Lett
Secretary

[SEAL]

GBB.GBB.0053851

RESOLUTION AUTHORIZING THE ISSUANCE OF A WATER REVENUE BOND (SYSTEM ENHANCEMENT AND SUGAR CAMP RUN PROJECT), SERIES 1999 B, OF MINERAL WELLS PUBLIC SERVICE DISTRICT IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $2,012,000 ON A PARITY WITH THE SERIES 1969 BONDS, THE SERIES 1979 BOND, THE SERIES 1997 A BOND, AND THE SERIES 1999 A BOND TO FINANCE THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING WATERWORKS SYSTEM; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; AUTHORIZING INTERIM CONSTRUCTION FINANCING; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND AND THE HOLDERS OF THE INTERIM FINANCING NOTES AND FOR A STATUTORY MORTGAGE LIEN; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

MINERAL WELLS PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF A $2,012,000
WATER REVENUE BOND
(SYSTEM ENHANCEMENT AND SUGAR CAMP RUN PROJECT)
SERIES 1999 B

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RESOLUTION AUTHORIZING THE ISSUANCE OF A WATER REVENUE BOND (SYSTEM ENHANCEMENT AND SUGAR CAMP RUN PROJECT), SERIES 1999 B, OF MINERAL WELLS PUBLIC SERVICE DISTRICT IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $2,012,000 ON A PARITY WITH THE SERIES 1969 BONDS, THE SERIES 1979 BOND, THE SERIES 1997 A BOND, AND THE SERIES 1999 A BOND TO FINANCE THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING WATERWORKS SYSTEM; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; AUTHORIZING INTERIM CONSTRUCTION FINANCING; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND AND THE HOLDERS OF THE INTERIM FINANCING NOTES AND FOR A STATUTORY MORTGAGE LIEN; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF MINERAL WELLS PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for This Resolution. This Resolution is adopted pursuant to the provisions of Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (the "Act"), other applicable provisions of law. Mineral Wells Public Service District (the "Issuer") is a public service district of Wood County, West Virginia, created pursuant to the Act by the County Commission of Wood County.

Section 1.02. Definitions. All capitalized terms used in this Resolution and not otherwise defined herein shall have the following meanings herein unless the context otherwise expressly requires:

"Bank" means Wesbanco Bank Parkersburg, a state banking corporation and a member of the FDIC.

"Bond" means the $2,012,000 Water Revenue Bond (System Enhancement and Sugar Camp Run Project), Series 1999 B, authorized hereby.

"Bondholders," "Holder of the Bonds," "Holder," or any similar term, whenever used herein with respect to the Bond or Bonds means the person in whose name such Bond is registered.

"Bonds" means collectively the Bond, the Series 1969 Bond, the Series 1979 Bond, the Series 1997 A Bond, and the Series 1999 A Bond.

"Chairman" means the Chairman of the Governing Body.

"Construction Account" means the 1999 B Mineral Wells Public Service District Construction Account established by Section 4.01 hereof.

"Consulting Engineer" means Cerrone & Associates, Inc., Wheeling, West Virginia, or any qualified engineer or firm of engineers which at any time hereafter may be retained by the Issuer as Consulting Engineer for the System.

"FDIC" means the Federal Deposit Insurance Corporation.

"Governing Body" means the Public Service Board of the Issuer.

"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.

"Herein" means in this Resolution.

"Issuer" means Mineral Wells Public Service District, of Wood County, West Virginia, and, unless the context clearly indicates otherwise includes the Board of the Issuer and any commission, board or department established by the Issuer to operate and maintain the System.

"Net Revenues" means the balance of the gross revenues, as defined below, remaining after deduction only of operating expenses, as defined below.

"Notes" means the line of credit notes of the Issuer as defined in Section 3.01 hereof.

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may be reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed one-sixth of the budgeted operating expenses stated

above for the current year as working capital, and language herein requiring payment of operating expenses means also retention of not to exceed such sum as working capital.

"Prior Resolutions" means, collectively, the 1969 Resolution, 1980 Resolution and the 1997 Resolution.

"Project" means the acquisition and construction of an extension to the existing waterworks system of the Issuer known as the System Enhancement and Sugar Camp Run Project to be financed in part with the proceeds of the sale of the Bond, as herein provided.

"Project Costs" means all those costs set out in Section 1.03(E) hereof.

"Purchaser" means United States of America as the holder of the Bond.

"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, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

(F) Money market funds or similar funds whose only assets are investments of the type described in paragraphs (A) through (E) above;

(G) Repurchase agreements, fully secured by investments of the types described in paragraphs (A) through (E) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

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

"Resolution" means collectively this Resolution and any resolution of the Board supplemental hereto.

"1969 Resolution" means the Resolution adopted by the Issuer on October 7, 1969, authorizing the issuance of the Series 1969 Bonds.

"1980 Resolution" means the Resolution adopted by the Issuer on January 7, 1980, authorizing the issuance of the Series 1979 Bond.

"1997 Resolution" means the Resolution adopted by the Issuer on August 6, 1997, authorizing the issuance of the Series 1997 A Bond.

"1999 A Resolution" means the Resolution adopted by the Issuer on September 23, 1999, authorizing the issuance of the Series 1999 A Bond.

"Revenues" or "gross revenues" means all rates, rents, fees, charges or other income received by the Issuer, or accrued to the Issuer, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, and all parts thereof, all as calculated in accordance with sound accounting practices.

"Series 1969 Bonds" shall have the meaning provided in Section 1.03(G) hereof.

"Series 1979 Bond" shall have the meaning provided in Section 1.03(G) hereof.

"Series 1997 A Bond" shall have the meaning provided in Section 1.03(G) hereof.

"Series 1999 A Bond" shall have the meaning provided in Section 1.03(G) hereof.

"Series 1999 B Bond Reserve Account" means the Water Revenue Bond (System Enhancement and Sugar Camp Run Project), Series 1999 B Reserve Account created and established by Section 4.02(B) hereof.

"Series 1999 B Bond Reserve Requirement" means the maximum amount of principal and interest which will come due on the Bond in the then current or any fiscal year thereafter.

"System" means the existing waterworks of the Issuer as expanded by the Project, and includes the complete waterworks of the Issuer and all facilities owned by the Issuer in connection with its waterworks and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the waterworks; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the waterworks after completion of the Project.

Words importing the singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

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

(A) The Issuer now has a waterworks system in Wood County, which furnishes water service to residences, premises and businesses located within and without the area of the Issuer. However, there are residents of the Issuer who are not currently served by a water system, and the System is in need of certain additions and improvements.

(B) The Project is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Mineral Wells Public Service District and, accordingly, it is hereby ordered that there be acquired and constructed certain additions and improvements to the existing System of the Issuer, as more particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed with the Secretary of the Issuer. The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

(C) It is necessary for the Issuer to issue its revenue bond in the principal amount of $2,012,000 to finance the costs of such acquisition and construction in the manner hereinafter provided.

(D) The estimated maximum cost of the acquisition and construction of the Project is $2,012,000 which will be obtained from the proceeds of the sale of the Bond herein authorized.

(E) The cost of such construction shall be deemed to include, without being limited to, the construction of the Project; the acquisition of any necessary property, real or personal, or interest therein; interest on the Bond and the Notes or any note, bond, construction loan, or other

indebtedness of the Issuer issued to provide interim financing of the Project in anticipation of the issuance of the Bond prior to, during and for six months after completion of such construction; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the construction of the Project and the financing authorized hereby.

(F) The period of usefulness of the System after completion of the Project is not less than forty years.

(G) The only obligations of the Issuer outstanding or to be issued on the date hereof which will rank on a parity with the Bond as to liens and source of and security for payment are the following:

Water System Revenue Bonds, Series 1969, dated October 7, 1969 ("Series 1969 Bonds"), issued in the original principal amount of $322,000, bearing interest at the rate of 5% per annum;

Water Revenue Bond, Series 1979, dated January 7, 1980 ("Series 1979 Bond"), issued in the original principal amount of $430,000, bearing interest at the rate of 5% per annum;

Water Revenue Bond, Series 1997 A, dated August 14, 1997 ("Series 1997 A Bond"), issued in the original principal amount of $650,000, bearing interest at the rate of 4.875% per annum;

Water Revenue Bond, Series 1999 A, dated September 23, 1999 ("Series 1999 A Bond"), issued in the original principal amount of $700,000, bearing interest at the rate of 4.75% per annum;

(H) The Issuer has complied with all requirements of the law of West Virginia, the Prior Resolutions, and the 1999 A Resolution relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bond, or will have so complied prior to issuance of the Bond including, among other things, obtaining a certificate of convenience and necessity for the Project from the Public Service Commission of West Virginia by final order, the time for a rehearing and appeal of which shall have been waived or shall have expired. The rates, charges and rules as provided by Article VI hereof shall be in full force and effect.

(I) Under the provisions of the Prior Resolutions and the 1999 A Resolution, additional parity bonds may be issued by the Issuer only with the consent of the Purchaser, which consent, in writing, has been obtained and is filed in the office of the Issuer.

(J) The Purchaser is expected by the Issuer to purchase the entire principal amount of the Bond.

Section 1.04. Resolution to Constitute Contract. In consideration of the acceptance of the Bond by the Purchaser, this Resolution shall be deemed to be and shall constitute a contract

between the Issuer and the Purchaser, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Purchaser as holder of the Bond.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND

Section 2.01. Authorization of Bond. Subject and pursuant to the provisions hereof, the Bond of the Issuer, to be known as "Water Revenue Bond (Rockport Project), Series 1999 B", is hereby authorized to be issued in the principal amount of $2,012,000, for the purpose of financing in part the costs of the acquisition and construction of the Project.

Section 2.02. Description of Bond. The Bond shall be issued in single form, No. R-1, fully registered to the United States of America and shall be dated on the date of delivery. The Bond shall bear interest from date, payable monthly at the rate of 5.125% per annum, and shall be sold at the par value thereof. The Bond shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the bond form hereinafter set forth.

Section 2.03. Negotiability, Registration, Transfer and Exchange of Bond. The Bond shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Bond, and the right to the principal of, and stated interest on, the Bond, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 2.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Registrar.

Whenever the Bond 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 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, but the Issuer shall pay any other expenses incurred by the Registrar with respect to such transfer.

No registration of transfer of the Bond shall be permitted to be made after the 15th day next preceding any installment payment date on the Bond.

Section 2.04. Registrar. The Secretary of the Issuer will keep or cause to be kept at the office of the Issuer, sufficient books for the registration and transfer of the Bond, and, upon

presentation for such purpose, the Secretary shall register the Bond initially issued pursuant hereto and register the transfer, or cause to be registered, on such books, the transfer of the Bond as hereinbefore provided.

Section 2.05. Execution of Bond. The Bond shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary.

Section 2.06. Mutilated, Destroyed, Stolen or Lost Bond. In case the Bond shall become mutilated, destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder of the Bond furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Bond so surrendered shall be canceled and held for the account of the Issuer. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such bond be destroyed, stolen or lost, without surrender thereof.

Section 2.07. Bond not to be Indebtedness of the Members of the Public Service Board of the Issuer. The Bond shall not be or constitute an indebtedness of the members of the Public Service Board of the Issuer but shall be payable solely from the Net Revenues and from funds in the Revenue Fund.

Section 2.08. Bond Secured by Pledge of Net Revenues, Funds and Unexpended Bond Proceeds. Payment of the Bond shall be secured forthwith by a first lien on the Net Revenues derived from the System and the funds on deposit in the Revenue Fund on a parity with the Series 1969 Bonds, the Series 1979 Bond, the Series 1997 A Bond, and the Series 1999 A Bond in addition to the statutory mortgage lien on the System provided for herein. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bond, and to make the payments as hereinafter provided, together with the funds on deposit in the Revenue Fund and the unexpended proceeds of the Bond are hereby irrevocably pledged to the payment of the principal of and interest on the Bond as the same become due.

Section 2.09. Form of Bond. Subject to the provisions hereof, the text of the Bond and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or by any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(Form of Bond)

WATER REVENUE BOND
(SYSTEM ENHANCEMENT AND SUGAR CAMP RUN PROJECT),
SERIES 1999 B

MINERAL WELLS PUBLIC SERVICE DISTRICT

$2,012,000.00

No. R-1 Date: _____ __, 1999

MINERAL WELLS PUBLIC SERVICE DISTRICT (the "Issuer"), for value received, promises to pay to the order of the United States of America, (the "Purchaser"), or its registered assigns, at its National Finance Office, St. Louis, Missouri, 63103, or at such other place as the Purchaser may hereafter designate in writing, the principal sum of $2,012,000.00, plus interest on the unpaid principal balance at the rate of [_____ per cent (_____%)] per annum. The said principal and interest shall be paid in the following installments on the following dates: Installments of interest only commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof and $_____ , covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount hereof is not advanced at the time of closing, the proceeds hereof shall be advanced to Issuer as requested by Issuer and approved by the Purchaser 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 hereon 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. Refunds and extra payments, as defined in the regulations of the Purchaser according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Issuer to pay the remaining installments as scheduled herein.

If the United States of America at any time assigns this Bond and insures the payment thereof, Issuer shall continue to make payments to the United States of America as collection agent for the Holder.

While this Bond is held by an insured lender, prepayments made by Issuer may, at the option of the Purchaser, be remitted by the Purchaser to the Holder promptly or, except for final payment, be retained by the Purchaser and remitted to the Holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Issuer, except payments retained and remitted by the Purchaser on an annual installment due date basis, shall be the date of the United States Treasury check by which the Purchaser remits the payment to the Holder. The effective date of any prepayment retained and remitted by the Purchaser to the Holder on an annual installment due date basis shall be the date of the prepayment by Issuer and the Purchaser will pay the interest to which the Holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the Holder.

Any amount advanced or expended by the Purchaser for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Purchaser 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 Issuer to the Purchaser without demand. Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Purchaser.

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 rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing such funds for financing costs of construction of repairs, replacements and improvements to the waterworks system (the "System") of the Issuer, is payable solely from the Revenues to be derived from the operation of the System after there have been first paid from such Revenues the reasonable current costs of operation and maintenance of the System. This Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Secretary of the Issuer, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Resolutions hereinafter described, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions 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, but may only be transferred by transfer of registration hereof with the Secretary of the Issuer.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (herein called the "Act") and Resolutions of the Issuer adopted

on October 7, 1969, January 7, 1980, August 6, 1997, _____ ___, 1999 (the 1999 A Resolution), and _____ ___, 1999 (the 1999 B Resolution).

If at any time it shall appear to the Purchaser that Issuer may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Issuer will, at Purchaser's request, apply for and accept such loan in sufficient amount to repay the Purchaser.

This Bond is given as evidence of a loan to Issuer made or insured by the Purchaser pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Farmers Home Administration and its successors and assigns and to future regulations not inconsistent with the express provisions hereof.

This Bond is issued on a parity in all respects with the Series 1969 Bonds, the Series 1979 Bond, the Series 1997 A Bond, and the Series 1999 A Bond described in the Resolutions above described.

MINERAL WELLS PUBLIC SERVICE DISTRICT

Attest:

_____ By: _____

Secretary, Public Service Board Chairman, Public Service Board

[CORPORATE SEAL]

PERIOD OF ADVANCES			
AMOUNT	DATE	AMOUNT	DATE
(1) $		(6) $	
(2) $		(7) $	
(3) $		(8) $	
(4) $		(9) $	
(5) $		(10) $	
TOTAL $			

(No writing on this Bond except by the Issuer as Registrar.)

Date of Registration	In Whose Name Registered	Signature of Secretary or Registrar
_____, 1999	United States of America Post Office Box 678 Morgantown, West Virginia 26505	_____
_____	_____	_____
_____	_____	_____

ASSIGNMENT

Pay to the Order of _____

_____

_____

UNITED STATES OF AMERICA

By: _____

_____

(Title)

ARTICLE III

INTERIM CONSTRUCTION FINANCING

Section 3.01. Authorization and General Terms. In order to pay certain Costs of the Project pending receipt of the gross proceeds of the Bond, the Issuer may issue and sell its Notes, in an aggregate principal amount not to exceed $500,000. The Notes may be issued as evidence of a line of credit from a commercial bank or other lender, at the discretion of the Issuer, and as shall be set forth in a resolution supplemental hereto. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such date or dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the indenture or supplemental resolution, as applicable.

Section 3.02. Terms of and Security for Notes; Trust Indenture. The Notes, if issued, shall be issued with such terms and secured in the manner set forth in an indenture, if applicable (which indenture in the form to be executed and delivered by the Issuer shall be approved by the supplemental resolution), or supplemental resolution, if no indenture is used.

Section 3.03. Notes are Special Obligations. The Notes shall be special obligations of the Issuer payable as to principal and interest solely from the surplus revenues, letter of credit proceeds, if any, and other sources described in an indenture or supplemental resolution. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable and neither the full faith and credit nor the taxing power, if any, of the Issuer is pledged for the payment of the Notes. The holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth in an indenture or the supplemental resolution.

Section 3.04. Letters of Credit. As additional security for the Notes, the Issuer may obtain a letter or letters of credit from a bank or banks, pursuant to which such bank or banks would agree to pay the trustee to be appointed by a supplemental resolution, upon presentation by the trustee of certain certificates, the sum or sums set forth therein but not to exceed $500,000 in the aggregate. In the event of a draw under any such letter of credit, the Issuer shall issue its refunding notes to the bank issuing such letter of credit. Any such letter of credit shall be authorized and shall have such terms as shall be set forth in a resolution supplemental hereto.

ARTICLE IV

BOND PROCEEDS; REVENUES AND APPLICATION THEREOF

Section 4.01. Bond Proceeds; Project Construction Account. The proceeds of the sale of the Bond shall be deposited on receipt by the Issuer in the Bank, in a special account hereby created and designated "Mineral Wells Public Service District, System Enhancement and Sugar Camp Run Project Construction Account" (the "1999 B Construction Account"). The moneys in the 1999 B Construction Account in excess of the amount insured by FDIC shall be secured at all times by the Bank by securities or in a manner lawful for the securing of deposits of state and municipal funds under West Virginia law. Moneys in the 1999 B Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Until completion of acquisition and construction of the Project, the Issuer will transfer from the 1999 B Construction Account and pay to the Purchaser on or before the due date thereof, such sums as shall be from time to time required to make the monthly installment payments on the Bond if there are not sufficient Net Revenues to make such monthly payment.

Moneys in the 1999 B Construction Account shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

If the Issuer shall determine at any time that all funds on deposit in the 1999 B Construction Account exceed the estimated disbursements on account of the Project for the ensuing ninety (90) days, the Issuer may invest such excess funds in Government Obligations which shall mature not later than eighteen (18) months after the date of such investment. All such investments and the income therefrom shall be carried to the credit of the 1999 B Construction Account.

When construction of the Project has been completed and all costs have been paid or provision for such payment has been made, any balance remaining in the 1999 B Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

Section 4.02. Covenants of the Issuer as to Revenues and Funds. As long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Series 1999 B Bond Reserve Account hereinafter established, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the holder of the Bond as follows:

(A) Revenue Fund. The entire gross revenues derived from the operation of the System, and all parts thereof, and all tap fees received, shall be deposited as collected by the Issuer in the Revenue Fund established by the 1969 Resolution. The Revenue Fund shall constitute a trust fund for the purposes provided in the Prior Resolutions, the 1999 A Resolution, and herein and shall

be kept separate and apart from all other funds of the Issuer and used only for the purposes and in the manner provided herein. The holder of the Bond shall have a lien on and a pledge, hereby granted, of the Net Revenues of the System, as herein provided, and a statutory mortgage lien upon the System, granted and created by the Act, as long as the Bond remains unpaid, on a parity in all respects with the holders of the Series1969 Bonds, the Series 1979 Bond, the Series 1997 A Bond, and the Series 1999 A Bond.

(B) Disposition of Revenues. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

(1) The Issuer shall first each month pay from the moneys in the Revenue Fund all current Operating Expenses.

(2) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and pro rata (i) pay to the West Virginia Municipal Bond Commission, for deposit into the Sinking Fund established by the 1969 Resolution one-twelfth of the amount of principal maturing on the Series 1969 Bonds on the next principal maturity date and one-twelfth of the amount required to pay the interest becoming due on the Series 1969 Bonds on the next interest payment date and (ii) pay to the National Finance Office designated in the Bond the amount required to pay the interest on the Series 1979 Bond, the Series 1997 A Bond, the Series 1999 A Bond, and the Bond, and to amortize the principal of the Series 1979 Bond, the Series 1997 A Bond, the Series 1999 A Bond, and the Bond over the lives of the Series 1979 Bond, the Series 1997 A Bond, the Series 1999 A Bond, and the Bond, respectively.

(3) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit pro rata (i) in the Reserve Account established by the 1969 Resolution within the Sinking Fund, one-twelfth of one-tenth of the maximum annual aggregate amount of interest and principal which will fall due on the 1969 Bonds until the amount in the Reserve Account is equal to the maximum annual aggregate amount of principal and interest which will fall due on the Series 1969 Bonds; (ii) in the Reserve Fund established by the 1980 Resolution, one-twelfth of one-tenth of the maximum annual aggregate amount of interest and principal which will fall due on the Series 1979 Bond until the amount in the Reserve Fund is equal to the Minimum Reserve as defined in the 1980 Resolution; (iii) in the Series 1997 A Bond Reserve Account established by the 1997 Resolution, one-twelfth of one-tenth of the maximum annual aggregate amount of interest and principal which will fall due on the Series 1997 A Bond until the amount in the Series 1997 A Bond Reserve Account is equal to the Series 1997 A Bond Reserve Requirement as defined in the 1997 Resolution; (iv) beginning with and including the month in which the first principal installment is due upon the Series 1999 A Bond, in the Series 1999 A Bond Reserve Account established by the 1999 A Resolution, one-twelfth of one-tenth of the maximum annual aggregate amount of interest and principal which will fall due on the Series 1999 A Bond until the amount in the Series 1999 A Bond Reserve Account is equal to the Series 1999 A Bond Reserve Requirement as defined in the 1999 A Resolution; and (v) beginning with and including the month in which the first principal installment is due upon the Bond, in an account to be designated the "Series 1999 B Bond Reserve Account" which is hereby established with the Bank, one-twelfth of one-tenth of the maximum

annual aggregate amount of interest and principal which will fall due on the Bond until the amount in the Series 1999 B Bond Reserve Account is equal to the Series 1999 B Bond Reserve Requirement. After the maximum annual aggregate amount of principal and interest which will fall due on the Series 1969 Bonds has been accumulated in the Reserve Account, the Minimum Reserve has been accumulated in the Reserve Fund, the Series 1997 A Bond Reserve Requirement has been accumulated in the Series 1997 A Bond Reserve Account, the Series 1999 A Bond Reserve Requirement has been accumulated in the Series 1999 A Bond Reserve Account, and the Series 1999 B Bond Reserve Requirement has been accumulated in the Series 1999 B Bond Reserve Account, the Issuer shall deposit monthly pro rata into the Reserve Account, the Reserve Fund, the Series 1997 A Bond Reserve Account, the Series 1999 A Bond Reserve Account, and the Series 1999 B Bond Reserve Account such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on the Bonds and for payment of Operating Expenses of the System, as shall be required to maintain the maximum annual aggregate amount of principal and interest which will fall due on the Series 1969 Bonds, the Minimum Reserve, the Series 1997 A Bond Reserve Requirement, the Series 1999 A Bond Reserve Requirement, and the Series 1999 B Bond Reserve Requirement, respectively. Moneys in the Reserve Account shall be used solely to make up any deficiency in the Sinking Fund payment of the principal and interest on the Series 1969 Bonds as the same shall mature or for mandatory prepayment of the Series 1969 Bonds, as provided in the 1969 Resolution and herein, and for no other purpose. Moneys in the Reserve Fund shall be used solely to make up any deficiency for monthly installments required to be paid on the Series 1979 Bond as the same shall become due, for prepayment of installments on the Series 1979 Bond or for mandatory prepayment of the Series 1979 Bond as provided in the 1980 Resolution and herein, and for no other purpose. Moneys in the Series 1997 A Bond Reserve Account shall be used solely to make up any deficiency for monthly installments required to be paid on the Series 1997 A Bond as the same shall become due, for prepayment of installments on the Series 1997 A Bond or for mandatory prepayment of the Series 1997 A Bond as provided in the 1997 Resolution and herein, and for no other purpose. Moneys in the Series 1999 A Bond Reserve Account shall be used solely to make up any deficiency for monthly installments required to be paid on the Series 1999 A Bond as the same shall become due, for prepayment of installments on the Series 1999 A Bond or for mandatory prepayment of the Series 1999 A Bond as provided in the 1999 A Resolution and herein, and for no other purpose. Moneys in the Series 1999 B Bond Reserve Account shall be used solely to make up any deficiency for monthly installments required to be paid on the Bond as the same shall become due, for prepayment of installments on the Bond or for mandatory prepayment of the Bond as provided herein, and for no other purpose.

(4) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit pro rata (i) in the Depreciation Reserve established with the West Virginia Municipal Bond Commission by the 1969 Resolution moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in said Depreciation Reserve the aggregate sum of $9,000.00 and thereafter such sums as shall be required to maintain such amount therein, and (ii) in the Depreciation Reserve established with the Bank by the 1980 Resolution moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in said Depreciation Reserve the aggregate sum of $13,000.00 and thereafter such sums as shall be required to maintain such amount therein. Moneys in the

Depreciation Reserve established by the 1969 Resolution shall be used first to make up any deficiencies in the Sinking Fund for payment of principal and interest on the Series 1969 Bonds as the same mature, and next to restore to the Reserve Account any sum or sums transferred therefrom. Thereafter, and provided that payments into the Reserve Account are current and in accordance with the foregoing provisions, moneys in said Depreciation Reserve may be withdrawn by the Issuer and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part thereof, and for capital additions and improvements for the System. Moneys in the Depreciation Reserve established by the 1980 Resolution shall be used first to make up any deficiencies for monthly payments of installments on the Series 1979 Bond, the Series 1997 A Bond, the Series 1999 A Bond and the Bond as the same mature, and next to restore to the Reserve Fund, the Series 1997 A Bond Reserve Account, the Series 1999 A Bond Reserve Account, and the Series 1999 B Bond Reserve Account any sum or sums transferred therefrom. Thereafter, and provided that payments into the Reserve Fund, the Series 1997 A Bond Reserve Account, the Series 1999 A Bond Reserve Account, and the Series 1999 B Bond Reserve Account are current and in accordance with the foregoing provisions, moneys in said Depreciation Reserve may be withdrawn by the Issuer and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part thereof, and for capital additions and improvements for the System.

(5) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, any moneys remaining therein and not permitted to be retained therein may be used to prepay installments of the Bonds or for any lawful purpose.

Whenever the money in the Series 1999 B Bond Reserve Account shall be sufficient to prepay the Bond in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Bond at the earliest practical date and in accordance with applicable provisions hereof.

The West Virginia Municipal Bond Commission is hereby designated as Fiscal Agent for the administration of the Sinking Fund, the Reserve Account and the Depreciation Reserve established by the 1969 Resolution as herein provided, and all amounts required therefor will be deposited by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund. The Bank (and any successor appointed by the Issuer) is hereby designated as Fiscal Agent for the administration of the Reserve Fund, the Series 1997 A Bond Reserve Account, the Series 1999 A Bond Reserve Account, the Series 1999 B Bond Reserve Account, and the Depreciation Reserve established by the 1980 Resolution as herein provided, and all amounts required therefor will be deposited by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund.

All the funds provided for in this Section shall constitute trust funds and shall be used solely for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Bonds and the interest thereon. The moneys in excess of the sum insured by FDIC in the Revenue Fund, the Reserve Fund, the Series 1997 A Bond Reserve Account, the Series 1999 A Bond Reserve Account, the Series 1999 B Bond Reserve

Account, and the Depreciation Reserve established by the 1980 Resolution shall at all times be secured, to the full extent thereof in excess of such insured sum, in a manner lawful for securing deposits of state and municipal funds under the laws of the State of West Virginia. The Bank shall not be a trustee as to such funds.

If on any payment date the revenues are insufficient to make the payments and transfers as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

The West Virginia Municipal Bond Commission shall keep the moneys in the Sinking Fund, the Reserve Account and the Depreciation Reserve established by the 1969 Resolution invested and reinvested to the fullest extent practicable in direct obligations of, or obligations the payment of the principal of and interest on which are guaranteed by, the United States of America and having maturities not exceeding two years. The Bank shall keep the moneys in the Reserve Fund, the Series 1997 A Bond Reserve Account, the Series 1999 A Bond Reserve Account, the Series 1999 B Bond Reserve Account, and the Depreciation Reserve established by the 1980 Resolution invested and reinvested to the fullest extent practicable in direct obligations of, or obligations the payment of the principal of and interest on which are guaranteed by, the United States of America. Earnings upon moneys in the Reserve Fund, the Series 1997 A Bond Reserve Account, the Series 1999 A Bond Reserve Account, and the Series 1999 B Bond Reserve Account, as long as the Minimum Reserve, the Series 1997 A Bond Reserve Requirement, the Series 1999 A Bond Reserve Requirement, and the Series 1999 B Bond Reserve Requirement are on deposit and maintained in the Reserve Fund shall be paid annually in January into the Revenue Fund by the Fiscal Agent.

(C) Change of Bank as Fiscal Agent. The Issuer may designate another bank insured by FDIC as Fiscal Agent for the administration of the Reserve Fund, the Series 1997 A Bond Reserve Account, the Series 1999 A Bond Reserve Account, the Series 1999 B Bond Reserve Account, and the Depreciation Reserve established by the 1980 Resolution if the Bank should cease for any reason to serve or if the Board determines by resolution that the Bank or its successor should no longer serve as Fiscal Agent. Upon any such change, the Board will cause note of the change to be sent by registered or certified mail to the Purchaser.

(D) Additional User Contracts. The Issuer shall, prior to delivery of the Bond, have at least 1,498 bona fide users of the System.

ARTICLE V

GENERAL COVENANTS

Section 5.01. General Statement. As long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Sinking Fund, the Reserve Account, the Reserve Fund, the Series 1997 A Bond Reserve Account, the Series 1999 A Bond Reserve Account, and the Series 1999 B Bond Reserve Account a sum sufficient to prepay the entire principal of the Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Purchaser.

Until the payment in full of the principal of and interest on the Notes when due, and to the extent they do not materially adversely affect the holders of the Bonds, the covenants, agreements and provisions contained herein shall, where applicable, also inure to the benefit of the holders of the Notes and the trustee therefor and constitute valid and legally binding covenants of the Issuer, enforceable in any court of competent jurisdiction by the trustee or any holder or holders of the Notes as prescribed in the indenture or supplemental resolution; provided, that Section 5.04 shall not be applied to the Notes.

Section 5.02. Bonds and Notes not to be Indebtedness of the Issuer. Neither the Bonds nor the Notes shall be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Resolution. No holder or holders of any Bonds or Notes shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay said Bonds or Notes or the interest thereon.

Section 5.03. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide revenues in each fiscal year sufficient to produce Net Revenues equal to not less than 110% of the annual debt service on the Bonds and to make the payments required herein into the Reserve Fund, the Reserve Account, the Series 1997 A Bond Reserve Account, the Series 1999 A Bond Reserve Account, the Series 1999 B Bond Reserve Account, the Depreciation Reserve established by the 1969 Resolution, the Depreciation Reserve established by the 1980 Resolution and all the necessary expenses of operating and maintaining the System during such fiscal year, and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate revenues for such purposes.

Section 5.04. Statutory Mortgage. For the further protection of the holder of the Bond, 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 Bond for the benefit of the holder of the Bond on a parity with the Series 1969 Bonds, the Series 1979 Bond, the Series 1997 A Bond, and the Series 1999 A Bond.

Section 5.05. Authorizations; Interim Financing. The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bond and the Notes, if issued, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a Certificate of Convenience and Necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which shall have been waived or shall have expired. The Notes, if issued, will not be payable from the Net Revenues, but shall be payable from Bond proceeds, grant receipts, surplus revenues and proceeds from a letter of credit, if any, all as shall be set forth in the indenture or a supplemental resolution authorizing the Notes.

Section 5.06. Investments. The Issuer shall invest and reinvest, and hereby instructs the Bank to invest and reinvest, in Qualified Investments any moneys held as part of the funds and accounts created by this Resolution, other than the Revenue Fund, to the fullest extent possible subject to applicable laws and this Resolution, and the need for such moneys for the purposes set forth herein, and the specific restrictions and provisions set forth in this Section 5.06. The Issuer may direct the Bank in writing as to what particular permitted investments shall be made.

Except as provided herein and in the indenture, if any, any investment shall be held in and at all times be deemed a part of the fund or account in which the moneys and investments are held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the corresponding fund or account. The Bank 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 any loss on such liquidation. The Issuer may invest funds on deposit with the Bank through the trust department of the Bank. The Bank shall not be responsible for any losses from such investments, except losses due to its own gross negligence or willful misconduct.

Section 5.07. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Secretary on the date of the adoption hereof, subject to permitted changes.

Section 5.08. Maintenance of the System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bond is outstanding.

Section 5.09. No Competition. To the extent allowable by law, the Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to, or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

Section 5.10. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Bonds are outstanding. Such consent will provide for the disposition of the proceeds of the sale.

Section 5.11. Issuance of Additional Parity Bonds. No additional parity bonds payable out of the Revenues of the System shall be issued after the issuance of the Bond pursuant hereto except with the prior written consent of the Purchaser so long as the Purchaser is the sole Holder of the Bond, and if the Purchaser is not the sole Holder of the Bond, with the written consent of Bondholders representing 75% of the outstanding principal of the Bond.

Section 5.12. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Bond remains outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground structures of the System in an amount equal to the actual cost thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than $200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Bond.

(c) Vehicular Public Liability Insurance, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated at any time or times for the benefit of the Issuer, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than $200,000 to protect the Issuer from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle for the Issuer.

(d) Workers' Compensation Coverage for All Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required for each contractor, and such payment bonds will be filed with the Clerk of the County Commission of said county prior to commencement of construction of the

Project in compliance with Chapter 38, Article 2, Section 39 of the Code of West Virginia of 1931, as amended.

(e) Fidelity Bonds will be provided as to every member of the Governing Body and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount required by the Purchaser and to be increased thereafter as necessary to cover the maximum amount of funds under control of that position at any one time.

(f) Provided, however, in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Bond is outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer, and during such construction will require each contractor and subcontractor to carry insurance, of such type and in such amounts as the Purchaser may specify, with insurance companies or bonding companies acceptable to the Purchaser.

Section 5.13. Fiscal Year; Budget. While the Bond is outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a fiscal year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 30 days prior to the beginning of each fiscal year, the Issuer agrees to adopt the annual budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the annual budget shall be made during such fiscal year unless unanimously authorized and directed by the Governing Body. Copies of each annual budget shall be delivered to the Purchaser by the beginning of each fiscal year.

If for any reason the Issuer shall not have adopted the annual budget before the first day of any fiscal year, it shall adopt a budget of current expenses from month to month until the adoption of the annual budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the next fiscal year receding by more than ten per centum; and provided further, that adoption of a budget of current expenses shall not constitute compliance with the covenant to adopt an annual budget unless failure to adopt an annual budget be for a reason beyond the control of the Issuer. Each such budget of current expenses shall be mailed immediately to the Purchaser.

Section 5.14. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

The Issuer shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants and shall mail a copy of such audit report to the Purchaser.

Section 5.15. Compensation of Members of Governing Body. The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is a default in the performance of or compliance with any covenant or provision hereof.

Section 5.16. Events of Default. Each of the following events is hereby declared an "Event of Default":

(A) Failure to make payment of any monthly amotization installment at the date specified for payment thereof;

(B) Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Bond or herein, or violation of or failure to observe any provision of any pertinent law.

Section 5.17. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by the Purchaser, such court may, upon proof of such default appoint a receiver for the affairs of the Issuer and the System. The receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the court to obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 5.18. Wetlands Covenant. The Issuer shall not use any Bond proceeds for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity. Failure to comply with this covenant shall constitute an Event of Default under Section 5.16(B) of this Resolution.

ARTICLE VI

RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules. The schedule of rates and charges for the services and facilities of the extension to the System initially shall be those contained in the Recommended Decision of the Public Service Commission of West Virginia dated June 25, 1999, as modified by the Commission Corrective Order dated September 17,1999, and such rates are hereby adopted.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Modification or Amendment. No modification or amendment of this Resolution, or of any resolution amendatory hereof or supplemental hereto, may be made without the prior consent in writing of the Purchaser.

Section 7.02. Delivery of Bond No. 1. The Chairman, Secretary and Treasurer of the Issuer are hereby authorized and directed to cause Bond No. 1, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 7.03. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bond.

Section 7.04. Conflicting Provisions Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed, but excluding the Loan Resolution (Form FmHA 442-47) and Prior Resolutions, and the 1999 A Resolution.

Section 7.05. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 7.06. Covenant of Due Procedure, etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the final enactment and passage of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, the Secretary and the Treasurer of the Board were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such service.

This Resolution shall become effective immediately upon its adoption.

Adopted September 23, 1999.

Chairman, Public Service Board

GBB.GBB.0053941

MINERAL WELLS PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS,
SERIES 2004A (WEST VIRGINIA INFRASTRUCTURE FUND) AND
SERIES 2004B (UNITED STATES DEPARTMENT OF AGRICULTURE)

BOND RESOLUTION

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MINERAL WELLS PUBLIC SERVICE DISTRICT

BOND RESOLUTION

RESOLUTION AUTHORIZING THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS SYSTEM OF THE MINERAL WELLS PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE MINERAL WELLS PUBLIC SERVICE DISTRICT OF NOT MORE THAN FOUR MILLION FIVE HUNDRED THIRTY THOUSAND DOLLARS ($4,530,000) IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS IN TWO SERIES, THE FIRST SERIES TO BE DESIGNATED "WATER REVENUE BONDS, SERIES 2004A (WEST VIRGINIA INFRASTRUCTURE FUND)" IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED THREE MILLION SEVEN HUNDRED FIFTY THOUSAND DOLLARS ($3,750,000), AND THE SECOND SERIES TO BE DESIGNATED "WATER REVENUE BONDS, SERIES 2004B (UNITED STATES DEPARTMENT OF AGRICULTURE)" IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED SEVEN HUNDRED EIGHTY THOUSAND DOLLARS ($780,000); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY ACTING ON BEHALF OF THE WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL RELATING TO THE SERIES 2004A 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 THE MINERAL WELLS PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution (together with any order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is adopted pursuant to the provisions of Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended the (collectively, "Act"), and other applicable provisions of law.

Section 1.02. Findings and Determinations. It is hereby found, determined and declared that:

A. The Mineral Wells Public Service District (the "Issuer") is a public service district, public corporation and political subdivision of the State of West Virginia in Wood, Wirt and Jackson Counties of said State, created by The County Commission of Wood County.

B. The Issuer presently owns and operates a public waterworks system. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed certain extensions, additions, betterments and improvements to the Issuer's existing waterworks system, including the extensions, additions, betterments and improvements described in Exhibit A hereto (collectively, the "Project") (the Issuer's existing waterworks system, the Project and any further additions, extensions, betterments and improvements thereto are herein called the "System") in accordance with the plans and specifications prepared by Cerrone Associates, Inc., Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of the System, the principal of and interest on the Series 2004 Bonds and the Prior Bonds and all Sinking Funds, Reserve Accounts and other payments provided for herein, all as such terms are hereinafter defined.

D. It is further deemed necessary for the Issuer to issue its Series 2004 Bonds in the total aggregate principal amount of not more than $4,530,000, in two series, being the Water Revenue Bonds, Series 2004A (West Virginia Infrastructure Fund) (the "Series 2004A Bonds") and the Water Revenue Bonds, Series 2004B (United States Department of Agriculture) (the "Series 2004B Bonds")(collectively referred to herein as the "Series 2004 Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Series 2004 Bonds prior to and during construction and acquisition and for a period not exceeding 6 months after completion of construction of the Project; amounts which may be deposited in the Series 2004 Bonds Reserve Accounts; engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees of the Authority (as hereinafter defined), initial fees for the services of

registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2004 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2004 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes, shall be deemed Costs of the Project, as hereinafter defined.

E. The estimated maximum cost of the acquisition and construction of the Project and the issuance of the Series 2004 Bonds is $5,560,000 of which $4,530,000 will be obtained from the sale of the Series 2004 Bonds described above and the balance of which, not to exceed $1,030,000, will be obtained in the form of a grant from the United States Department of Agriculture, Rural Utilities Service (the "RUS") in the amount of $780,000 and a grant from the West Virginia Infrastructure and Jobs Development Council (the "Council") in the amount of $250,000.

F. The period of usefulness of the System after completion of the Project is not less than 40 years.

G. It is in the best interest of the Issuer that its Series 2004A Bond be issued and sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a loan agreement to be entered into between the Issuer and the Authority, acting on behalf of the Council (the "Loan Agreement"), the execution, delivery and form of which are ratified and approved herein.

H. It is in the best interest of the Issuer that its Series 2004B Bond be issued and sold to the Purchaser (as hereinafter defined) pursuant to the Letter of Conditions dated February 2, 2001 (as supplemented and amended, the "Letter of Conditions").

I. There are outstanding obligations of the Issuer which will rank on parity with the Series 2004 Bonds as to liens and sources of and security for payment, which obligations (collectively, the "Prior Bonds") are designated and have the lien positions, together with the Series 2004 Bonds, as follows:

Designation	Lien Position
Water System Revenue Bonds, Series 1969, dated October 7, 1969 (the "Series 1969 Bonds"), issued in the original aggregate principal amount of $322,000	First Lien
Water Revenue Bond, Series 1979, dated January 7, 1980 (the "Series 1979 Bond"), issued in the original principal amount of $430,000	First Lien

Water Revenue Bond, Series 1997A, dated August 14, 1997 (the "Series 1997A Bond"), issued in the original principal amount of $650,000	First Lien
Water Revenue Bond, Series 1999A, dated September 23, 1999 (the "Series 1999A Bond"), issued in the original principal amount of $700,000	First Lien
Water Revenue Bond Series 1999B, dated September 23, 1999 (the "Series 1999B Bond"), issued in the original principal amount of $2,012,000	First Lien

The Series 2004 Bonds shall be issued on parity with the Prior Bonds with respect to liens, pledges and sources of and security for payment and in all other respects. The Issuer has received, or will receive prior to the bond closing date the consent of the registered owners of the Prior Bonds to the issuance of the Series 2004 Bonds on a parity with the Prior Bonds and the certificate of an Independent Certified Public Accountant stating that the coverage test on the Prior Bonds is met. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by the revenues or assets of the System.

J. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement and the Letter of Conditions relating to authorization of the planning, development, design, acquisition, construction and operation of the Project and the System and issuance of the Series 2004 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 Council, and the obtaining of a Certificate of Public Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which has expired prior to the issuance of the Series 2004 Bonds or has been waived by all necessary parties.

K. The Project has been approved by the Council as required under Chapter 31, Article 15A of the West Virginia Code of 1931, as amended.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2004 Bonds by those who shall be the registered owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the registered owners of any and all of such Bonds, as the case may be, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

Section 1.04. Definitions. The following terms shall have the following meanings herein unless the context expressly requires otherwise:

"Act" means, collectively, Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

"Authority" means the West Virginia Water Development Authority, or any other agency of the State of West Virginia that succeeds to the functions of the Authority, which is expected to be the original purchaser of the Series 2004A Bonds.

"Authorized Officer" means the Chairman of the Public Service Board of the Issuer or any other officer of the Issuer duly appointed by the Governing Body.

"Bond Legislation," "Resolution," "Bond Resolution" or "Local Act" means this Bond Resolution and all orders and resolutions supplemental hereto or amendatory hereof.

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

"Bondholder," "Holder of the Bonds," "Holder" 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.

"Bonds" means, collectively, the Prior Bonds, the Series 2004 Bonds and, where appropriate, any bonds on a parity therewith authorized to be issued hereunder or by another resolution of the Issuer.

"Certificate of Authentication and Registration" means the certificate of authentication and registration on the Series 2004 Bonds in substantially the forms set forth in the bond forms contained herein.

"Chairman" means the Chairman of the Governing Body or any temporary Chairman duly appointed by the Governing Body.

"Closing Date" means the date upon which there is an exchange of the Series 2004 Bonds for an advance of more than a de minimis amount of the principal of the Series 2004 Bonds by the Authority and the Purchaser, respectively.

"Code" means the Internal Revenue Code of 1986, as amended and supplemented from time to time, and the Regulations.

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

"Consulting Engineers" means Cerrone Associates, Inc., Wheeling, West Virginia, or any qualified engineer or firm of professional engineers, licensed by the State, who shall not be a regular, full-time employee of the State or any of its agencies, commissions or political subdivisions, that shall at any time hereafter be retained by the Issuer as Consulting

Engineers for the System in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended.

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

"Council" means the West Virginia Infrastructure and Jobs Development Council or any successors thereof.

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

"Depreciation Reserve established by the 1969 Resolution" means the Depreciation Reserve established by the Series 1969 Bond Resolution (as hereinafter defined) with the Commission and continued by Section 5.02 hereof.

"Depreciation Reserve established by the 1979 Resolution" means the Depreciation Reserve established by the Series 1979 Bond Resolution (as hereinafter defined) with the Bank and continued by Section 5.01 hereof.

"Event of Default" means any occurrence or event specified in Section 9.01.

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

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

"Governing Body" means the Public Service Board of the Issuer, as it may now or hereafter be constituted.

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

"Grants" means, collectively, a grant from the Purchaser in the amount of $780,000 and a grant from the Council in the amount of $250,000, each such grant being for the Project.

"Gross Revenues" means all rates, rents, fees, charges or other income received by the Issuer, or accrued to the Issuer, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, and all parts thereof, all as calculated in accordance with sound accounting practices.

"Herein," "hereto" and similar words shall refer to this entire Bond Legislation.

"Independent Certified Public Accountants" shall mean any public accountant or certified public accountant or firm of public accountants or certified public accountants that shall at any time hereafter be retained by the Issuer to prepare an independent annual or special audit

of the accounts of the System or for any other purpose except keeping the accounts of the System in the normal operation of its business and affairs.

"Investment Property" shall mean any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract or investment-type property, or residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

"Issuer" means Mineral Wells Public Service District, a public service district, public corporation and political subdivision of the State of West Virginia in Wood, Wirt and Jackson Counties, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated February 2, 2001, and all amendments thereto.

"Loan Agreement" shall mean the Loan Agreement entered into or to be entered into by and between the Issuer and the Authority on behalf of the Council, providing for the purchase of the Series 2004A Bonds from the Issuer by the Authority, attached hereto as Exhibit B, the form of which is approved, and the execution and delivery by the Issuer are authorized and directed by Section 3.11 hereof and by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 2004 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series 2004 Bonds Reserve Accounts, if any. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2004 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Series 2004 Bonds and is not acquired in order to carry out the governmental purpose of the Series 2004 Bonds.

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed one-sixth of the budgeted operating expenses stated above for the current year as working capital, and language herein

requiring payment of operating expenses, means also retention of not to exceed such sum as working capital.

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

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

"Paying Agent" means the Commission, or such other entity or authority as may be designated as a Paying Agent for the Series 2004A Bonds by the Issuer.

"Prior Bonds" means, collectively, the Series 1969 Bonds, the Series 1979 Bond, the Series 1997A Bond, the Series 1999A Bond, and the Series 1999B Bond.

"Prior Resolutions" means, collectively, the Series 1969 Bonds Resolution; the Series 1979 Bond Resolution; the Series 1997A Bond Resolution; the Series 1999A Bond Resolution; and the Series 1999B Bond Resolution, each as supplemented and amended.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, excluding, however, use by a state of local governmental unit and use as a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to "incidental use," if any, of the proceeds of the issue and/or proceeds used for "qualified improvements," if any.

"Project" means the extensions, additions, betterments and improvements to the Issuer's existing waterworks system, including the extensions, additions, betterments and improvements described in Exhibit A hereto.

"PSC" means the Public Service Commission of West Virginia or any successors thereof.

"Purchaser" or "Government" means the United States of America as the purchaser of the Series 2004B Bonds and the Holder of the Prior Bonds.

"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, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

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

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

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

"Registrar" means the Bond Registrar.

"Regulations" means temporary and permanent regulations promulgated under the Code, or any predecessor thereto.

"Resolution" means, collectively, this resolution and any resolution of the Governing Body supplemental hereto.

"Reserve Accounts" means, collectively, the respective Reserve Accounts established for the Series 2004 Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amount required to be on deposit in the Reserve Accounts for the Series 2004 Bonds and Prior Bonds.

"Revenue Fund" means the Revenue Fund established or continued by Section 5.01 hereof.

"Secretary" means the Secretary of the Governing Body.

"Series 1969 Bonds" means the Water System Revenue Bonds, Series 1969, of the Issuer, dated October 7, 1969, issued in the original principal amount of $322,000, bearing interest at the rate of 5% per annum.

"Series 1969 Bonds Resolution" means the Resolution adopted by the Issuer on October 7, 1969, authorizing the issuance of the Series 1969 Bonds, as supplemented and amended.

"Series 1979 Bond" means the Water Revenue Bond, Series 1979, of the Issuer, dated January 7, 1980, issued in the original principal amount of $430,000, bearing interest at the rate of 5% per annum.

"Series 1979 Bond Resolution" means the Resolution adopted by the Issuer on January 7, 1980, authorizing the issuance of the Series 1979 Bond, as supplemented and amended.

"Series 1997A Bond" means the Water Revenue Bond, Series 1997A, of the Issuer, dated August 14, 1987, issued in the original principal amount of $650,000, bearing interest at the rate of 4.875% per annum.

"Series 1997A Bond Resolution" means the Resolution adopted by the Issuer on August 6, 1997, authorizing the issuance of the Series 1997A Bond, as supplemented and amended.

"Series 1999A Bond" means the Water Revenue Bond, Series 1999A, of the Issuer, dated September 23, 1999, issued in the original principal amount of $700,000, bearing interest at the rate of 4.75% per annum.

"Series 1999A Bond Resolution" means the Resolution adopted by the Issuer on September 23, 1999, authorizing the issuance of the Series 1999A Bond, as supplemented and amended.

"Series 1999B Bond" means the Water Revenue Bond, Series 1999B, of the Issuer, dated September 23, 1999, issued in the original principal amount of $2,012,000, bearing interest at the rate of 5.125% per annum.

"Series 1999B Bond Resolution" means the Resolution adopted by the Issuer on September 23, 1999, authorizing the issuance of the Series 1999B Bond, as supplemented and amended.

"Series 2004 Bonds" means collectively the Series 2004A Bonds and the Series 2004B Bonds.

"Series 2004 Bonds Construction Trust Funds" means, collectively, the Series 2004A Bonds Construction Trust Fund and the Series 2004B Bonds Construction Trust Fund.

"Series 2004 Bonds Reserve Accounts" means collectively the Series 2004A Bonds Reserve Account and the Series 2004B Bonds Reserve Account.

"Series 2004A Bonds" means the Water Revenue Bonds, Series 2004A (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution, in the original aggregate principal amount of $3,750,000.

"Series 2004A Bonds Construction Trust Fund" means the Series 2004A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2004A Bonds Reserve Account" means the Series 2004A Bonds Reserve Account established in the Series 2004A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2004A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal which will become due on the Series 2004A Bonds in the then concurrent or any succeeding year.

"Series 2004A Bonds Sinking Fund" means the Series 2004A Bonds Sinking Fund established pursuant to Section 5.02 hereof.

"Series 2004B Bonds" means the Water Revenue Bonds, Series 2004B (United States Department of Agriculture), of the Issuer, authorized by this Resolution, in the original aggregate principal amount of $780,000.

"Series 2004B Bonds Construction Trust Fund" means the Series 2004B Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2004B Bonds Reserve Account" means the Series 2004B Bonds Reserve Account established pursuant to Section 5.02 hereof.

"Series 2004B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2004B Bonds in the then concurrent or any succeeding year.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the Supplemental Resolution authorizing the sale of the Series 2004 Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2004 Bonds and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds or any other obligations of the Issuer, as further defined in Section 5.03(B) hereof.

"System" means the complete existing waterworks system now owned by the Issuer, consisting of a waterworks system in its entirety or any integral part thereof, including all mains, hydrants, meters, valves, standpipes, storage tanks, pump tanks, pumping stations, intakes, wells, impounding reservoirs, pumps, machinery, equipment, furniture, fixtures, purification plants and softening apparatus and all other facilities necessary, appropriate, useful, convenient or incidental in connection with or to a water supply system, and shall include the Project and any further extensions, additions, betterments and improvements thereto hereafter acquired or constructed for said waterworks system from any sources whatsoever, both within and without the Issuer.

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

"West Virginia Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Chapter 31, Article 15A, Section 9 of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

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

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

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

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized the acquisition and construction of the Project, at an estimated cost of $5,560,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The foregoing Project costs, including without limitation costs associated with the issuance of the Series 2004 Bonds, shall be paid with the proceeds of the Series 2004 Bonds and the Grants. The proceeds of the Series 2004 Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and has entered into or 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 Authority, the Council and the Purchaser.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2004 Bonds, funding reserve accounts for the respective Series 2004 Bonds, paying Costs of the Project not otherwise provided for, and paying certain costs of issuance of the Series 2004 Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be issued negotiable Series 2004 Bonds of the Issuer, in an aggregate principal amount of not more than $4,530,000. The Series 2004 Bonds shall be issued in two series, the first series to be designated "Water Revenue Bonds, Series 2004A (West Virginia Infrastructure Fund)," in the aggregate principal amount of $3,750,000, and the second series to be designated "Water Revenue Bonds, Series 2004B (United States Department of Agriculture)," in the aggregate principal amount of $780,000, and shall have such terms as set forth hereinafter or in the Supplemental Resolution. The proceeds of the Series 2004 Bonds remaining after the funding of the Series 2004 Bonds Reserve Accounts (if funded from the Bond proceeds), capitalization of interest, if any, shall be deposited in or credited to the respective Series 2004 Bonds Construction Trust Funds established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. A. The Series 2004A Bonds shall be issued initially in the form of a single bond No. AR-1, fully registered to the Authority, with a debt service schedule attached, and shall bear no interest, and shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2004A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America.

B. The Series 2004B Bonds shall be issued initially in the form of a single bond, No. BR-1, fully registered to the United States of America and shall be dated the Closing Date. The Series 2004B Bonds shall bear interest, from date, payable monthly at the rate of 4.375% per annum, and shall be sold at the par value thereof. The Series 2004B Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as set forth in the bond form hereinafter set forth.

The Series 2004 Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that neither the Authority nor the Purchaser shall be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution or another resolution. The Bonds shall be dated as of the date specified in a Supplemental Resolution or another resolution and shall bear interest, if any, from such date.

Section 3.03. Execution of Bonds. The Series 2004 Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed any of the Series 2004 Bonds shall cease to be such officer of the Issuer before the Series 2004 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2004 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2004 Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.10 shall have been manually executed by the Bond Registrar with respect to the Series 2004A Bonds and by the Issuer with respect to the Series 2004B Bonds. Any such executed Certificate of Authentication and Registration upon any such Series 2004 Bond shall be conclusive evidence that such Series 2004 Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2004A Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2004A Bonds issued hereunder. The Certificate of Authentication and Registration on any Series 2004B Bond shall be deemed to have been executed by the Issuer, as bond registrar for the Series 2004B Bonds, if manually signed by the Chairman, Secretary or any other authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2004B Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2004 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting any of said Bonds shall be conclusively deemed to have agreed that such Series 2004 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bond shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 2004A Bonds remain Outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain the books for the registration and transfer of the Series 2004A Bonds. So long as any of the Series 2004B Bonds remain Outstanding, the

Issuer shall keep and maintain the books for the registration and transfer of the Series 2004B Bonds.

The registered Series 2004A Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto, together with a written instrument of transfer satisfactory to the Bond Registrar, duly executed by the registered owner or his duly authorized attorney. The registered Series 2004B Bonds shall be transferable only upon the books of the Issuer, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto, together with a written instrument of transfer satisfactory to the Issuer, duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2004A Bonds or transferring the registered Series 2004A Bonds are exercised, Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2004A Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 2004A Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 2004A Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2004A Bonds or, in the case of any proposed redemption of Series 2004A Bonds, next preceding the date of the selection of Series 2004A Bonds to be redeemed, and ending on such interest payment date or redemption date.

In all cases in which the privilege of exchanging Series 2004B Bonds or transferring the registered Series 2004B Bonds are exercised, Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2004B Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 2004B Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2004B Bonds or, in the case of any proposed redemption of Series 2004B Bonds, next preceding the date of the selection of Series 2004B Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar with respect to the Series 2004A Bonds, if so advised by the Issuer, and the Issuer with respect to the Series 2004B Bonds shall authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar with respect to the Series 2004A Bonds and the Issuer with respect to the Series 2004B Bonds and

held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2004 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 and amounts, if any, in the Series 2004A Bonds Sinking Fund and the Series 2004 Bonds Reserve Accounts. No holder or holders of any of the Series 2004 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2004 Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Prior Bonds. The payment of the debt service of all the Series 2004 Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 2004 Bonds and the Prior Bonds and to make the payments into all funds and accounts either existing or hereinafter established are hereby irrevocably pledged to the payment of the principal of and interest on the Series 2004 Bonds and Prior Bonds as the same become due.

Section 3.09. Delivery of Bonds. A. The Issuer shall execute and deliver the Series 2004A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2004A Bonds to the original purchasers upon receipt of the documents set forth below:

(1) If other than the Authority, a list of the names in which the Series 2004A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

(2) A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2004A Bonds to the original purchasers;

(3) An executed and certified copy of the Bond Legislation;

(4) An executed copy of the Loan Agreement; and

(5) The approving opinion of bond counsel on the Series 2004A Bonds.

B. With respect to the Series 2004B Bonds, the Chairman is hereby authorized and directed to cause such Series 2004B Bonds, hereby awarded to the Purchaser pursuant to the Letter of Conditions, to be authenticated by the Issuer and delivered to Purchaser on the date of delivery of the Series 2004B Bonds.

Section 3.10. Forms of Series 2004 Bonds. The text of the Series 2004 Bonds shall be in substantially the following respective forms, with such omissions, insertions and variations as

may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[Form of Series 2004A Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
MINERAL WELLS PUBLIC SERVICE DISTRICT
WATER REVENUE BOND,
SERIES 2004A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-_____ $_____

KNOW ALL MEN BY THESE PRESENTS: That MINERAL WELLS PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Wood, Wirt and Jackson Counties of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns, the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as Exhibit A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing on _____, ____, as set forth on the "Debt Service Schedule" attached as Exhibit B hereto and incorporated herein by reference.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may only be redeemed prior to its stated date of maturity in whole or in part but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council") and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, acting on behalf of the Council, dated _____, 20__.

This Bond is issued (i) to permanently finance a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public waterworks system of the Issuer, the Project and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Resolution duly adopted by the Issuer on _____, 20___ and a Supplemental Resolution duly adopted by the Issuer on _____, 20___ (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and

secured equally and ratably from and by the funds and revenues and other securities provided for the Bonds of this Series (the "Bonds") under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH (1) THE WATER SYSTEM REVENUE BONDS, SERIES 1969, OF THE ISSUER, DATED OCTOBER 7, 1969, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $322,000 (THE "SERIES 1969 BONDS"); (2) THE WATER REVENUE BOND, SERIES 1979, OF THE ISSUER, DATED JANUARY 7, 1980, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $430,000 (THE "SERIES 1979 BOND"); (3) THE WATER REVENUE BOND, SERIES 1997A, OF THE ISSUER, DATED AUGUST 14, 1997, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $650,000 (THE "SERIES 1997A BOND"); (4) THE WATER REVENUE BOND, SERIES 1999A, OF THE ISSUER, DATED SEPTEMBER 23, 1999, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $700,000 (THE "SERIES 1999A BOND"); (5) THE WATER REVENUE BOND, SERIES 1999B, OF THE ISSUER, DATED SEPTEMBER 23, 1999, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $2,012,000 (THE "SERIES 1999B BOND"); (THE SERIES 1969 BONDS, THE SERIES 1979 BOND, THE SERIES 1997A BOND, THE SERIES 1999A BOND AND THE SERIES 1999B BOND ARE COLLECTIVELY REFERRED TO HEREIN AS THE "PRIOR BONDS"); AND (6) THE WATER REVENUE BONDS, SERIES 2004B (UNITED STATES DEPARTMENT OF AGRICULTURE), OF THE ISSUER, DATED _____, 2004, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL PRINCIPAL AMOUNT OF $780,000 (THE "SERIES 2004B BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the System, on a parity with the pledge of the Net Revenues in favor of the holders of the Prior Bonds and the Series 2004B Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2004A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2004A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds and the Series 2004B Bonds, provided however, that so long as there exists in the Series 2004A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds and the Series 2004B Bonds, an amount at least equal to the

requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar (as defined in the Bond Legislation), as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to the payment of the Costs of the Project and the costs of issuance hereof as described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

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

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

All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, the MINERAL WELLS PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, 2004.

MINERAL WELLS PUBLIC SERVICE DISTRICT

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is the Series 2004A Bond described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____,

_____,
as Registrar

By_____
Its: Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	Amount	Date		Amount	Date
(1)	$		(7)	$	
(2)	$		(8)	$	
(3)	$		(9)	$	
(4)	$		(10)	$	
(5)	$		(11)	$	
(6)	$		(12)	$	

Total $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto_____

_____

_____ the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, 20_____.

_____

In the presence of:

_____

[Form of Series 2004B Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
MINERAL WELLS PUBLIC SERVICE DISTRICT
WATER REVENUE BOND,
SERIES 2004B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. BR-_____ $_____

MINERAL WELLS PUBLIC SERVICE DISTRICT, a public service district and political subdivision of the State of West Virginia in Wood, Wirt and Jackson Counties of said State (the "Issuer"), for value received, promises to pay to the order of the United States of America, (the "Purchaser"), or its registered assigns, at its National Finance Office, St. Louis, Missouri, 63103, or at such other place as the Purchaser may hereafter designate in writing, the principal sum of SEVEN HUNDRED EIGHTY THOUSAND DOLLARS ($780,000.00), plus interest on the unpaid principal balance at the rate of [_____ per cent (_____%)] per annum. The said principal and interest shall be paid in the following installments on the following dates: Installments of interest only commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof and $_____, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount hereof is not advanced at the time of closing, the proceeds hereof shall be advanced to Issuer as requested by Issuer and approved by the Purchaser 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 hereon 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. Refunds and extra payments, as defined in the regulations of the Purchaser according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Issuer to pay the remaining installments as scheduled herein.

If the United States of America at any time assigns this Bond and insures the payment thereof, Issuer shall continue to make payments to the United States of America as collection agent for the Holder.

While this Bond is held by an insured lender, prepayments made by Issuer may, at the option of the Purchaser, be remitted by the Purchaser to the Holder promptly or, except for final payment, be retained by the Purchaser and remitted to the Holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Issuer, except payments retained and remitted by the Purchaser on an annual installment due date basis, shall be the date of the United States Treasury check by which the Purchaser remits the payment to the Holder. The effective date of any prepayment retained and remitted by the Purchaser to the Holder on an annual installment due date basis shall be the date of the prepayment by Issuer and the Purchaser will pay the interest to which the Holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the Holder.

Any amount advanced or expended by the Purchaser for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Purchaser 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 Issuer to the Purchaser without demand. Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Purchaser.

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 rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing such funds for financing costs of construction of repairs, replacements and improvements to the waterworks system (the "System") of the Issuer, is payable solely from the Revenues to be derived from the operation of the System after there have been first paid from such Revenues the reasonable current costs of operation and maintenance of the System. This Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Secretary of the Issuer, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Resolutions hereinafter described, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions 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, but may only be transferred by transfer of registration hereof with the Secretary of the Issuer.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the

Code of West Virginia of 1931, as amended (herein called the "Act"), the Bond Resolution and Supplemental Resolution of the Issuer adopted on_____ ___, 2004 (the "Resolution").

If at any time it shall appear to the Purchaser that Issuer may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Issuer will, at Purchaser's request, apply for and accept such loan in sufficient amount to repay the Purchaser.

This Bond is given as evidence of a loan to Issuer made or insured by the Purchaser pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Farmers Home Administration and its successors and assigns and to future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE WATER SYSTEM REVENUE BONDS, SERIES 1969, OF THE ISSUER, DATED OCTOBER 7, 1969, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $322,000; (2) THE WATER REVENUE BOND, SERIES 1979, OF THE ISSUER, DATED JANUARY 7, 1980, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $430,000; (3) THE WATER REVENUE BOND, SERIES 1997A, OF THE ISSUER, DATED AUGUST 14, 1997, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $650,000; (4) THE WATER REVENUE BOND, SERIES 1999A, OF THE ISSUER, DATED SEPTEMBER 23, 1999, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $700,000; (5) THE WATER REVENUE BOND, SERIES 1999B, OF THE ISSUER, DATED SEPTEMBER 23, 1999, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $2,012,000; AND (6) THE WATER REVENUE BOND, SERIES 2004A (WEST VIRGINIA INFRASTRUCTURE FUND), OF THE ISSUER, DATED _____, 2004, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL PRINCIPAL AMOUNT OF $3,750,000.

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 the Bond be used for a purpose that will contribute to excessive erosion of highly erodible land or the conversion of wetlands to produce an agricultural commodity.

IN WITNESS WHEREOF, the MINERAL WELLS PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, 2004.

MINERAL WELLS PUBLIC SERVICE DISTRICT

Attest:

_____ By: _____

Secretary, Public Service Board Chairman, Public Service Board

[CORPORATE SEAL]

RECORD OF ADVANCES			
AMOUNT	DATE	AMOUNT	DATE
(1) $		(6) $	
(2) $		(7) $	
(3) $		(8) $	
(4) $		(9) $	
(5) $		(10) $	
TOTAL . . . . $			

(No writing on this Bond except by the Issuer as Registrar.)

Date of Registration	In Whose Name Registered	Signature of Secretary or Registrar
_____, 2004	United States of America Post Office Box 678 Morgantown, West Virginia 26505	_____
_____	_____	
_____	_____	

ASSIGNMENT

Pay to the Order of

UNITED STATES OF AMERICA

By: _____

(Title)

Section 3.11. Sale of Series 2004 Bonds; Approval and Ratification of Execution of Loan Agreement with Authority. A. The Series 2004A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved and ratified. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement substantially in the form attached hereto as Exhibit B and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

B. The Series 2004B Bond shall be sold to the Purchaser pursuant to the terms and conditions of the Letter of Conditions.

Section 3.12. Series 2004 Bonds are Issued as Parity Bonds With Respect to Prior Bonds. The Series 2004 Bonds are issued as and shall constitute parity bonds with respect to the Prior Bonds. The Issuer has received the consent of the Holder of all of the Outstanding Prior Bonds for the issuance of the Series 2004 Bonds on a parity with the Prior Bonds.

Section 3.13. Filing of "Amended Schedule". Upon completion of acquisition and construction of the Project, the Issuer will file with the Council and the Authority an amended schedule, the form of which will be provided by the Council, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment or Continuance of Funds and Accounts with Depository Bank. The following special funds or accounts are created (or continued if previously established by the Prior Resolutions) with 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:

A. Revenue Fund (created or continued by the Prior Resolutions)

B. Series 1979 Bond Reserve Fund (created by the Series 1979 Bond Resolution);

C. Series 1997A Bond Reserve Account (created by the Series 1997A Bond Resolution);

D. Series 1999A Bond Reserve Account (created by the Series 1999A Bond Resolution);

E. Series 1999B Bond Reserve Account (created by the Series 1999B Bond Resolution);

F. Depreciation Reserve established by the 1979 Resolution (created by the Series 1979 Bond Resolution);

G. Series 2004A Bonds Construction Trust Fund; and

H. Series 2004B Bonds Construction Trust Fund.

Section 5.02. Establishment or Continuance of Funds and Accounts with Commission. The following special funds or accounts are hereby created (or continued if previously established by the Prior Resolutions) with the Commission:

A. Series 1969 Bonds Sinking Fund (created by the Series 1969 Bonds Resolution);

B. Within the Series 1969 Bonds Sinking Fund, the Series 1969 Bonds Reserve Account (created by the Series 1969 Bonds Resolution);

C. Depreciation Reserve established by the 1969 Resolution (created by the Series 1969 Bonds Resolution);

D. Series 2004A Bonds Sinking Fund;

E. Within the Series 2004A Bonds Sinking Fund, the Series 2004A Bonds Reserve Account; and

F. Series 2004B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds.

A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

1. The Issuer shall first each month pay from the monies in the Revenue Fund all current Operating Expenses of the System.

2. The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) make the interest payments on the Prior Bonds in the amounts required by the Prior Resolutions; and (ii) remit to the National Finance Office designated in the Series 2004B Bonds the amount required to pay the interest on the Series 2004B Bonds as set forth in the Series 2004B Bonds.

3. The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) make the principal payments on the Prior Bonds in the amounts required by the Prior Resolutions; (ii) remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2004A Bonds, for deposit in the Series 2004A Bonds Sinking Fund, an amount equal to one-third of the amount of principal which will mature and become due on the Series 2004A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2004A Bonds Sinking Fund and the next quarterly principal payment date is less than three months, then such monthly payment shall be increased proportionately to provide, one month prior to the next quarterly principal payment date, the required amount of principal coming due on such date; and (iii) remit to the National Finance Office, commencing 24 months following the date of delivery of the Series 2004B Bonds, the amount of principal due on the Series 2004B Bonds as set forth in the Series 2004B Bonds.

4. The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) make the reserve account payments into the Reserve Accounts of the Prior Bonds in the amounts required by the Prior Resolutions; (ii) commencing the month following the completion of the Project, as certified by the Consulting Engineers, if not fully funded upon issuance of the Series 2004A Bonds, remit to the Commission for deposit in the Series 2004A Bonds Reserve Account, an amount equal to 1/120 of the Series 2004A Bonds Reserve Requirement, until the amount in the Series 2004A Bonds Reserve Account equals the Series 2004A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 2004A 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 2004A Bonds Reserve Requirement; and (iii) commencing the month following the completion of the Project as certified by the Consulting Engineers if not fully funded upon issuance of the Series 2004B Bonds, remit to the Commission for deposit in the Series 2004B Bonds Reserve

Account, an amount equal to 1/240 of the Series 2004B Bonds Reserve Requirement until the amount in the Series 2004B Bonds Reserve Account equals the Series 2004B Bonds Reserve Requirement.

5. The Issuer shall next, from the moneys remaining in the Revenue Fund, on the first day of each month, transfer (i) to the Depreciation Reserve established with the Commission by the 1969 Resolution the amount required by the 1969 Resolution to be deposited therein, and (ii) to the Depreciation Reserve established with the Depository Bank by the 1979 Resolution the greatest of (a) the amount required by the 1979 Resolution to be deposited therein, (b) an amount equal to 2 1/2% of the Gross Revenues each month, exclusive of any payment for account of any Reserve Account and reduced by any amount deposited in the Depreciation Reserve established with the Commission by the 1969 Resolution; or (c) 1/240 of the Series 2004B Bonds Reserve Requirement until the amount in the Series 2004B Bonds Reserve Account equals the Series 2004B Bonds Reserve Requirement and thereafter, 1/120 of the Series 2004B Bonds Reserve Requirement, so long as the Series 2004B Bonds are outstanding. Moneys in the Depreciation Reserve established by the 1969 Resolution shall be used first to make up deficiencies in the Series 1969 Bonds Sinking Fund for monthly payments of the principal of and interest on the Series 1969 Bonds as the same become due, and next to restore to the Series 1969 Bonds Reserve Account. Thereafter, and provided that payments into the Series 1969 Bonds Reserve Account are current and in accordance with the foregoing provisions, moneys in the Depreciation Account established by the 1969 Resolution may be withdrawn by the Issuer and used for extraordinary repairs and for capital replacements, improvements or additions and capital equipment for the System, or any part thereof. Moneys in the Depreciation Reserve established by the 1979 Resolution shall be used first to make up any deficiencies for monthly payments of the principal and interest on the Series 1979 Bond, the Series 1997A Bond, the Series 1999A Bond, the Series 1999B Bond and the Series 2004 Bonds as the same become due, and next to restore to the Series 1979 Bond Reserve Fund, the Series 1997A Bond Reserve Account, the Series 1999A Bond Reserve Account, the Series 1999B Bond Reserve Account, the Series 2004A Bond Reserve Account and the Series 2004B Bond Reserve Account any sums transferred therefrom, and in the event there are not sufficient moneys in the Depreciation Account established by the 1979 Resolution to make the transfer required by this sentence, such transfers shall be made on a pro rata basis. Thereafter, and provided that payments into the Series 1979 Bond Reserve Fund, the Series 1997A Bond Reserve Account, the Series 1999A Bond Reserve Account, the Series 1999B Bond Reserve Account, the Series 2004A Bond Reserve Account and the Series 2004 B Bond Reserve Account are current and in accordance with the foregoing provisions, moneys in the Depreciation Account established by the 1979 Resolution may be withdrawn by the Issuer and used for extraordinary repairs and for capital replacements, improvements or additions and capital equipment for the System, or any part thereof.

Moneys in the Series 2004A Bond Sinking Fund shall be used only for the purposes of paying principal of the Series 2004A Bond as the same shall become due. Moneys in the Series 2004A Bond Reserve Account shall be used only for the purpose of paying principal of the Series 2004A Bond, as the same shall come due, when other moneys in the Series 2004A Bond Sinking Fund are insufficient therefor, and for no other purpose.

Moneys in the Series 2004B Bond Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2004B Bond, as the same shall come due, when other moneys in the Revenue Fund are insufficient therefor, for prepayment of installments on the Series 2004B Bond or for mandatory prepayment of the Series 2004B Bond as provided herein, and for no other purpose.

All investment earnings on moneys in the Series 2004A Bond Sinking Fund and the Series 2004A Bond Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2004A Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full to the next ensuing principal payment due on the Series 2004A Bonds.

All investment earnings on moneys in the Series 2004B Bonds Reserve Account shall be withdrawn, not less than once each year, from the Depository Bank by the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2004B Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing installment of principal and interest due on the Series 2004B Bonds.

Any withdrawals from the Series 2004 Bonds Reserve Accounts which result in a reduction in the balance of the respective Series 2004 Bonds Reserve Accounts to below the respective Reserve Requirements shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the priority set forth above.

As and when additional Bonds ranking on a parity with the Series 2004 Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional Parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in a amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the respective Series 2004 Bonds Sinking Funds, or into the respective Series 2004 Bonds Reserve Accounts when the aggregate amount of funds therein are at least equal to the respective aggregate principal amount of the respective Series 2004 Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

Principal, interest or reserve payments, whether made for a deficiency or otherwise shall be made on a parity and pro rata with respect to the Prior Bonds and the Series 2004 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 2004A Bonds Sinking Fund, the Series 2004A Bonds Reserve Account and the Series 2004B Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority in writing at any time, the Issuer shall make the necessary arrangements whereby required payments into the Series 2004A Bonds Sinking Fund, the Series

2004A Bonds Reserve Account and the Series 2004B Bonds Reserve Account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 2004A Bonds Sinking Fund and the Series 2004 Bonds Reserve Accounts shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2004A Bonds Sinking Fund and the Series 2004 Bonds Reserve Accounts shall be used solely and only for, and are hereby pledged for, the purpose of servicing the respective Series 2004 Bonds.

Whenever the money in the Series 2004B Bonds Reserve Account shall be sufficient to prepay the Series 2004B Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2004B Bonds at the earliest practical date and in accordance with the applicable provisions hereof.

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 on the first day of each month (if the first day is not a business day, then the next succeeding business day of each month), deposit with the Commission the required principal and reserve account payments with respect to the Series 2004A Bonds and the reserve payments with respect to the Series 2004B Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

D. The Issuer shall complete the Monthly Payment Form, a form of which is attached to the Loan Agreement and submit a copy of said form along with a copy of its payment check to the Authority by the 5th day of such calendar month.

E. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay their respective charges and fees then due. In the case of payments to the Commission under this paragraph, the Issuer shall, if required by the Authority at anytime, make the necessary arrangements whereby such required payments shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required.

F. The moneys in excess of the maximum amounts insured by FDIC in any of the funds and accounts shall at all times be secured, to the full extent thereof in excess of such

insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

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

H. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 5.03, and the Gross Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

I. All Tap Fees shall be deposited by the Issuer, as received, in the Revenue Fund and may be used for any lawful purpose of the System.

J. The Issuer shall, prior to the delivery of the Series 2004B Bonds, have at least 285 bona fide users of the System located within the Project area.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of any or all of the Series 2004 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2004A Bonds, there shall first be deposited with the Commission in the Series 2004A Bonds Reserve Account the sum, if any, set forth in the Supplemental Resolution for funding of the Series 2004A Bonds Reserve Account, and from the proceeds of the Series 2004B Bonds, there shall first be deposited with the Commission in the Series 2004B Bonds Reserve Account the sum, if any, set forth in the Supplemental Resolution for funding of the Series 2004B Bonds Reserve Account.

B. Next, from the proceeds of the Series 2004 Bonds, there shall first be credited to the respective Series 2004 Bonds Construction Trust Funds and then paid, any and all borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project, together with interest accrued thereon to the date of such payment, not otherwise paid from funds of the Issuer.

C. As the Issuer receives advances of the remaining moneys derived from the sale of such Series 2004A Bonds, such moneys shall be deposited with the Depository Bank in the Series 2004A Bonds Construction Trust Fund. The monies in the Series 2004A Bonds Construction Trust Fund shall be applied solely to payment of Costs of the Project in the manner set forth in Section 6.02 and until so transferred or expended, are hereby pledged as additional security for the Series 2004A Bonds.

D. As the Issuer receives advances of the remaining moneys derived from the sale of such Series 2004B Bonds, such moneys shall be deposited with the Depository Bank in the Series 2004B Bonds Construction Trust Fund. The monies in the Series 2004B Bonds Construction Trust Fund shall be applied solely to payment of Costs of the Project in the manner set forth in Section 6.02 and until so transferred or expended, are hereby pledged as additional security for the Series 2004B Bonds.

E. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs of the Project have been paid, any remaining proceeds of the Series 2004A Bonds shall be expended as directed by the Authority and the Council and any remaining proceeds of the Series 2004B Bonds shall be expended in accordance with the regulations of the Purchaser.

Section 6.02. Disbursements From the Series 2004 Construction Trust Funds. A. With respect to the Series 2004A Bonds, the Issuer shall each month provide the Council with a requisition for the costs incurred for the Project together with such documentation as the Council shall require. Payments for costs of the Project from the proceeds of the Series 2004A Bond shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2004A Bonds Construction Trust Fund shall be made only after submission to, and approval from the Council of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

1. None of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;

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

3. Each of such costs has been otherwise properly incurred; and

4. Payment for each of the items proposed is then due and owing.

Pending such application, moneys in the Series 2004A Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

The Issuer shall expend the proceeds of the Series 2004A Bonds within 3 years of the date of issuance of the Council's bonds, the proceeds of which were used to make the loan to the Issuer.

B. With respect to the Series 2004B Bonds, The moneys in the Series 2004B Bonds Construction Trust Fund in excess of the amount insured by FDIC shall be secured at all times by the Depository Bank by securities or in a manner lawful for the securing of deposits of state and municipal funds under West Virginia law. Moneys in the Series 2004B Bonds Construction Trust Fund shall be expended by the Issuer solely for the purposes provided herein.

Until completion of acquisition and construction of the Project, the Issuer will transfer from the Series 2004B Bonds Construction Trust Fund and pay to the Purchaser on or before the due date thereof, such sums as shall be from time to time required to make the monthly installment payments on the Series 2004B Bonds if there are not sufficient Net Revenues to make such monthly payment.

Moneys in the Series 2004B Bonds Construction Trust Fund shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

If the Issuer shall determine at any time that all funds on deposit in the Series 2004B Bonds Construction Trust Fund exceed the estimated disbursements on account of the Project for the ensuing ninety (90) days, the Issuer may invest such excess funds in Government Obligations which shall mature not later than eighteen (18) months after the date of such investment. All such investments and the income therefrom shall be carried to the credit of the Series 2004B Bonds Construction Trust Fund.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2004 Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of said Series 2004 Bonds or the interest thereon is Outstanding and unpaid. Further, all the covenants, agreements and provisions of the Prior Resolutions shall remain in full force and effect so long as any of the Prior Bonds remain Outstanding.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2004 Bonds shall not be or 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 Bond Legislation. No Holder or Holders of any Series 2004 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay said Series 2004 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 2004 Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System, on parity with the lien on said Net Revenues in favor of the Holders of the Prior Bonds. The Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 2004 Bonds and to make the payments into the sinking funds, including the reserve accounts therein, and all other payments provided for in the Bond Legislation and the Prior Resolutions are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Series 2004 Bonds and the Prior Bonds as the same become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the Recommended Decision of the PSC in Case No. 02-1050-PWD-CN, entered February 18, 2003, which Recommended Decision became the Final Order of the PSC on March 10, 2003, and which rates are incorporated herein by reference as a part hereof and are hereby adopted.

So long as any of the Series 2004 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 the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2004 Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent and in the manner authorized by law, immediately adjust and increase such schedule of rates and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are Outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, or any part thereof, except as provided in the Prior Resolutions. Additionally, so long as the Series 2004 Bonds are Outstanding and except as otherwise required by law or with the written consent of the Authority and the Purchaser, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Series 2004 Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2004 Bonds, be immediately remitted to the Commission and to the National Finance Office and applied to the payment of principal of and interest, if any, on the Series 2004 Bonds. Any balance remaining after the payment of all the Series 2004 Bonds and Prior Bonds and interest thereon shall be remitted to the Issuer by the Commission and the Purchaser 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 $50,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Depreciation Reserve established by the 1979 Resolution. 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 $50,000 but not in excess of $200,000, 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 in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property shall be deposited in the Depreciation Reserve established by the 1979 Resolution. Such payment of such proceeds into the Depreciation Reserve established by the 1979 Resolution shall not reduce the amounts required to be paid into said fund by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases or

other dispositions of such properties, shall be in excess of $200,000 and insufficient to pay the Series 2004 Bonds and Prior Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of the Series 2004 Bonds and Prior Bonds then outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Series 2004 Bonds and Prior Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and in Section 7.07, so long as any of the Series 2004 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 2004 Bonds. All obligations issued by the Issuer after the issuance of the Series 2004 Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 2004 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations. Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2004 Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2004 Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

The Issuer shall give the Authority, the Council and the Purchaser prior written notice of its issuance of any other obligations to be used for the System, payable from the revenues of the System or from any grants, or any other obligations related to the Project or the System.

Section 7.07. Parity Bonds. So long as any of the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the respective Prior Resolutions shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2004 Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2004 Bonds, and must have the prior written consent of the Purchaser, the Authority and the Council.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the design, construction or acquisition of extensions, improvements or betterments to the System or refunding the Prior Bonds, the Series 2004 Bonds issued pursuant hereto or one or more subsequent series of Parity Bonds, or both such purposes.

So long as the Series 2004B 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 the 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 2004B Bonds, representing 75% of the then outstanding principal indebtedness. In the event the foregoing limitation is waived or when the Series 2004B Bonds are no longer Outstanding, the following parity requirements shall be met:

No Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(1) The Bonds then Outstanding;

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

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

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates adopted by the Issuer and approved by the PSC, the period for appeal of which has expired (without successful appeal) prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accounts, 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 said 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 (without successful appeal) prior to issuance of such Parity Bonds.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Series 2004 Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation or separate resolution authorized said parity Bonds required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the Series 2004 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 2004 Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Bond Legislation and the Prior Resolutions with respect to the Series 2004 Bonds and Prior Bonds then Outstanding, and any other payments provided for in this Bond Legislation, shall have been made in full as required to the date of delivery of such Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Bond Legislation.

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

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

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds

issued pursuant to this Bond Legislation shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Authority, the Council and the Purchaser, or any other original purchaser of the Bonds, and shall mail in each year to any Holder or Holders of Bonds requesting the same, an annual report containing the following:

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

B. A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation with respect to said Bonds and Prior Bonds 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 and the Single Audit Act or successor thereto in effect at the time, to the extent required, and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of Bonds and shall submit said report to the Authority, the Council, the Purchaser or any other original purchaser of the Bonds. Such audit report submitted to the Authority, the Council and the Purchaser shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation, and that the Issuer's revenues are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

The Issuer shall permit the Authority, the Council and the Purchaser, or their agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction and commencement of operation of the Project, the Issuer shall also provide the Authority, the Council and the Purchaser, or their agents

and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and the Purchaser with respect to the System pursuant to the Act.

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2004 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2004 Bonds, including without limitation the Prior Bonds; provided that, (i) in the event that amounts equal to or in excess of the reserve requirements are on deposit, respectively, in the Series 2004 Bonds Reserve Accounts and reserve accounts for obligations on a parity with the Series 2004 Bonds, including without limitation the Prior Bonds, are funded at least at the requirement therefor, or (ii) in the event the Series 2004A Bonds are no longer outstanding, 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 2004 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2004 Bonds, including without limitation the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate schedule described in Section 7.04.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority, the Council and the Purchaser within 30 days of adoption thereof. The Issuer, with the approval of the Governing Body, may amend the budget during the subject Fiscal Year provided that the budget remains balanced after such amendment. If the budget is so amended, a copy of the amended budget shall be submitted to the Authority, the Council and the Purchaser within 15 days of the adoption of such amendment. After the adoption of any such amendment, the budget, as amended, shall be the budget of the Issuer for the balance of the subject Fiscal Year. 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 registered 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 registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget, any amendments thereto and all resolutions authorizing increased expenditures for operation and maintenance to the Authority, the Council and the Purchaser and to any Holder of any Bonds who shall file his or her address with the Issuer and request in writing that copies of all such budgets, any amendments thereto and resolutions be furnished him or her and shall make available such budgets, any amendments thereto and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

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

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority, the Council and the Purchaser, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority, the Council and the Purchaser is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

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

The Issuer shall employ qualified operating personnel properly certified by the State to operate the System so long as the Series 2004 Bonds are Outstanding.

Section 7.12. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and

regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System to all users of the services of the System delinquent in payment of charges for the service of the System and will not restore such services until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and the Issuer 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. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as any of the Series 2004 Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies will be placed in the Depreciation Reserve established by the 1979 Resolution and shall be used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Depreciation Reserve established by the 1979 Resolution. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the Purchaser, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such

insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than $1,000,000 per occurrence to protect the Issuer, the Authority and the Purchaser from claims for bodily injury and/or death and not less than $500,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

(3) WORKERS' COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR: AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code Chapter 38, Article 2, Section 39.

(4) FLOOD INSURANCE, if the facilities of the System are or will be located in designated special flood or mudslide-prone areas and to the extent available at reasonable cost to the Issuer.

(5) BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Issuer.

(6) FIDELITY BONDS, will be provided for every officer, member and employee of the Issuer or the Governing Body having custody of the revenues or of any other funds of the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

B. The Issuer shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to 100% of the contract price of the portion of the Project covered by the particular contract as security for the faithful performance of such contract. The Issuer shall verify such bonds prior to commencement of construction. The Issuer shall also require all contractors engaged in the construction of the Project to carry such workers' compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project; provided that the amounts and terms of such coverage are satisfactory to the Authority, the Council and the Purchaser. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Purchaser, the Issuer, the prime contractor and all subcontractors, as their interest may appear. The Issuer shall verify such insurance prior to commencement of construction.

Section 7.16. Completion and Operation of Project; Permits and Orders. The Issuer will 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 Public Service Commission of West Virginia and the Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Series 2004 Bonds required by state law, with all requisite appeal periods having expired without successful appeal.

Section 7.17. Compliance With Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all terms and conditions of the Loan Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer will provide the Council with all copies submitted to the Authority.

The Issuer also agrees to comply with the Act and all applicable laws, rules and regulations issued by the Authority, the Council, the Purchaser 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 7.18. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2004 Bonds or within thirty days thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Council and the Purchaser for written approval. The Issuer shall obtain the written approval of the Council and the Purchaser before expending any proceeds of the Series 2004 Bonds held in "contingency" as set forth in the schedule attached to the Certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Council and the Purchaser before expending any proceeds of the Series 2004 Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding provided by the Purchaser, the Council and the Authority in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any ground breaking or dedication of the Project.

Section 7.19. 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 7.20. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2004 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2004 Bonds and shall be for the equal benefit of all Holders of each respective series of Series 2004 Bonds; provided, however, that the statutory mortgage lien in favor of the Holders of the Series 2004 Bonds shall be on parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 7.21. Securities Laws Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.22. Wetlands Covenant. The Issuer shall not use any Series 2004 Bond proceeds for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity. Failure to comply with this covenant shall constitute an Event of Default under Section 9.01 of this Resolution.

ARTICLE VIII

INVESTMENT OF FUNDS

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this Bond Legislation shall be invested and reinvested by the Commission, the Depository Bank, or such other bank or national banking association holding such fund or account, as the case may be, at the written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Bond Legislation, the need for such moneys for the purposes set forth herein, and the specific restrictions and provisions set forth in this Section 8.01.

Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission, the Depository Bank, or such other bank or national banking association, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank or such other bank or national banking association, as the case may be, may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year during which the respective banks hold any such funds, accounts or investments (or more often if 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 2004 Bonds are Outstanding and as long thereafter as necessary to comply with the Code.

Section 8.02. Certificate as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2004A Bonds as a condition of issuance of the Series 2004A Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2004A Bonds as may be necessary in order to maintain the status of the Series 2004A Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2004A Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the Council, as the case may be, from which the proceeds of the Series 2004A Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action,

or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the Council, to ensure compliance with the covenants and agreements set forth in this Section 8.02, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2004A Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2004 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on any of the Series 2004 Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2004 Bonds, set forth in this Bond Legislation, any supplemental resolution or in the Series 2004 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond; or

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Holders of the Bonds, including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Holders of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that all rights and remedies of the Holders of the Series 2004 Bonds shall be on a parity with the Holders of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Holder of a Bond, may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Holder of a Bond, shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds

and accounts hereby established, and to apply such rates, rentals, fees, charges or other avenues in conformity with the provisions of this Bond Legislation and the Act.

The receiver so appointed shall forthwith, directly or by his or her or its agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold, operate and maintain, manage and control such facilities, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to said facilities as the Issuer itself might exercise.

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this Bond Legislation for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Bond Legislation shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Holder of any Bonds, shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him or her or it, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby, and a successor receiver may be appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Holders of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds, and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Series 2004 Bonds. If the Issuer shall pay or there shall otherwise be paid, to the respective Holders of all Series 2004 Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 2004 Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2004 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to the issuance of the Series 2004 Bonds, this Resolution may be amended or supplemented in any way by Supplemental Resolution. Following issuance of the Series 2004 Bonds, no material modification or amendment of this Bond Legislation, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Series 2004 Bonds shall be made without the consent in writing of the Holders of the Series 2004 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Series 2004 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 respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the Series 2004A Bonds remain public purpose bonds.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Holders of the Bonds and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution, or the Series 2004 Bonds.

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

Section 11.05. Conflicting Provisions Repealed. All orders, ordinances, or resolutions and or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed, provided that in the event of any conflict between this Resolution and the Prior Resolutions, the Prior Resolutions shall control (unless less restrictive), so long as the respective Prior Bonds or any portion thereof are Outstanding.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the enactment 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 members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 11.07. Public Notice of Proposed Financing. Prior to making formal application to the Public Service Commission of West Virginia for a Certificate of Convenience and Necessity with respect to the Project, the Secretary of the Governing Body shall have caused to be published in a newspaper of general circulation within the boundaries of the Issuer, a Class II legal advertisement stating:

(a) The maximum amount of the Series 2004 Bonds to be issued;

(b) The maximum interest rate and terms of the Series 2004 Bonds originally authorized hereby;

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

(d) The maximum anticipated rates which will be charged by the Issuer; and

(e) The date that the formal application for a Certificate of Convenience and Necessity is to be filed with the Public Service Commission of West Virginia.

Section 11.08. Effective Time. This Resolution shall take effect upon adoption.

Adopted June 15, 2004.

_____
Chairman, Public Service Board

ATTEST:

By:_____
Secretary

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(304) 263-0836

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October 22, 2009

Mineral Wells Public Service District
P. O. Box 266
Mineral Wells, West Virginia 26150

Re: $660,000 Mineral Wells Public Service District Water Revenue Bonds (Miscellaneous Water System Improvements Project), Series 2009A

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the issuance by Mineral Wells Public Service District (the "Issuer"), a public service district, public corporation and political subdivision created and existing under the laws of the State of West Virginia in Wood, Wirt and Jackson Counties of said State, of its $660,000 Water Revenue Bonds (Miscellaneous Water System Improvements Project), Series 2009A, dated the date hereof (the "Series 2009A Bonds").

We have examined a record of the proceedings relating to the issuance of the Series 2009A Bonds, bearing interest from the date of delivery at the rate of 4.25% per annum, represented by a single bond numbered R-1, in the principal amount of $660,000.

The Series 2009A Bonds have been authorized by a Resolution duly adopted on October 20, 2009, by the Public Service Board, which is the governing body of the Issuer (the "Bond Resolution").

Interest only on the Series 2009A Bonds is payable in monthly installments for the first 24 months after delivery; and thereafter, principal of and interest on the Series 2009A Bonds are payable in monthly installments of $2,924.00 to and including the 480th month after the date of the Series 2009A Bonds, the final installment to be in the sum of the unpaid principal and interest due on the date thereof.

Principal installments on the Series 2009A Bonds are subject to payment in advance as provided therein and in the Bond Resolution.

The Bond Resolution and the Series 2009A Bonds provide that the issue is for the purpose of financing the costs of the acquisition and construction of improvements to the existing

water distribution system currently owned and operated by the Issuer, which provides water service for the inhabitants of the Issuer (herein called the "System").

The Series 2009A Bonds have been awarded to the United States of America at par. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2009A Bonds as to liens and source of and security for payment, which are: (i) the Water Revenue Bond, Series 1979 of the Issuer, dated January 7, 1980, issued in the original principal amount of $430,000; (ii) the Water Revenue Bond, Series 1997A of the Issuer, dated August 14, 1997, issued in the original principal amount of $650,000; (iii) the Water Revenue Bond, Series 1999A of the Issuer, dated September 23, 1999, issued in the original principal amount of $700,000; and (iv) the Water Revenue Bond, Series 1999B of the Issuer, dated September 23, 1999, issued in the original principal amount of $2,012,000, (v) the Water Revenue Bonds, Series 2004A (West Virginia Infrastructure Fund), of the Issuer, dated June 17, 2004, issued in the original principal amount of $3,750,000 (the "Series 2004A Bonds"); and (vi) the Water Revenue Bonds, Series 2004B of the Issuer, dated June 17, 2004, issued in the original principal amount of $780,000, all of which are held by the United States of America with the exception of the Series 2004A Bonds which are held by the West Virginia Water Development Authority (collectively, the "Prior Bonds").

It is our opinion that:

1. The Issuer is a duly organized and presently existing public service district, public corporation and political subdivision of the State of West Virginia with full power and authority to acquire, construct, improve and maintain the System and issue and sell the Series 2009A Bonds, all under the provisions of Chapter 16, Article 13A, of the Code of West Virginia of 1931, as amended, (the "Act") and other applicable provisions of law.

2. The members and officers of the Public Service Board of the Issuer have been duly and properly appointed and elected, have taken the requisite oaths and are authorized to act in their respective capacities in behalf of the Issuer.

3. The Issuer has legally and effectively enacted the Bond Resolution in connection with the Series 2009A Bonds and has sold and delivered the Series 2009A Bonds by a single bond numbered AR-1 (the "Bond") to the United States of America.

4. The Bond is in due and proper form and has been duly executed and delivered, and constitutes a valid and legally enforceable special obligation of the Issuer secured by and payable solely from a first lien on and pledge of the net revenues of the System, on parity with the Prior Bonds, all in accordance with the terms of the Series 2009A Bonds and the Bond Resolution.

5. The Series 2009A Bonds are not being issued on the basis that the interest thereon is or will be excluded from gross income for federal income tax purposes; therefore, the interest on the Series 2009A Bonds is not excluded from gross income for federal income tax

purposes. We express no opinion regarding other federal tax consequences arising with respect to the Series 2009A Bonds.

5. The Series 2009A Bonds and the interest thereon are by statute, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

6. To the best of our knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transaction contemplated by that certain Letter of Conditions, dated February 8, 2008, from the United States Department of Agriculture, Rural Development to the Issuer, the Bond Resolution, acquisition, construction or operation of the System or the validity of the Series 2009A Bonds or the issuance of the Series 2009A Bonds or the collection or pledge of the net revenues of the System therefor or for the Series 2009A Bonds.

It is to be understood that the rights of the holders of the Series 2009A Bonds and the enforceability of the Series 2009A Bonds, the Bond Resolution and liens and pledges set forth therein may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights (to the extent constitutionally applicable) and that the enforcement thereof may also be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,

BOWLES RICE McDAVID GRAFF & LOVE LLP

Bowles Rice McDavid Graff & Love LLP

CPS/dpw

MINERAL WELLS PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS
(MISCELLANEOUS WATER SYSTEM IMPROVEMENTS PROJECT), SERIES 2009A

RECEIPT FOR BOND AND TRANSCRIPT

The undersigned, for the United States Department of Agriculture, hereby certifies as follows:

1. On the 22nd day of October, 2009, at Parkersburg, West Virginia, the undersigned received from the Mineral Wells Public Service District (the "Issuer"), the single Water Revenue Bond (Miscellaneous Water System Improvements Project), Series 2009A of the Issuer (the "Bond"), issued as a single, fully registered Bond, numbered AR-1, in the principal amount of $660,000 dated as of the date hereof, bearing interest at the rate of 4.25% per annum, payable in monthly installments as stated in the Bond.

2. At the time of such receipt, the Bond had been executed and sealed by the Chairman and Secretary of the Issuer.

3. At the time of such receipt, there was paid to the Issuer the sum of $83,300.

4. At the time of such receipt, there was also received by the undersigned three sets of Bond transcript documents.

WITNESS my signature on the 22nd day of October, 2009.

UNITED STATES OF AMERICA
DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

By: Virginia M McDonald
Its: Area Specialist
(Title)

MINERAL WELLS PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS
(MISCELLANEOUS WATER SYSTEM IMPROVEMENTS PROJECT), SERIES 2009A

RECEIPT FOR BOND PROCEEDS

The undersigned, for Mineral Wells Public Service District, Wood, Wirt and Jackson Counties, West Virginia, hereby certifies as follows:

1. On the 22nd day of October, 2009, at Parkersburg, West Virginia, the undersigned received from the United States Department of Agriculture $83,300 of the proceeds from the single Mineral Wells Public Service District Water Revenue Bond (Miscellaneous Water System Improvements Project), Series 2009A, No. AR-1 (the "Bond"), in the principal amount of $660,000 dated as of October 22, 2009, bearing interest at the rate of 4.25% per annum, payable in monthly installments as stated in the Bond.

2. At the time of such receipt, the Bond had been executed and sealed by the Chairman and Secretary of the Public Service Board of the Mineral Wells Public Service District. .

WITNESS my signature on the 22nd day of October, 2009.

Roy L. Lodabaugh
Chairman, Public Service Board
Mineral Wells Public Service District

WEST VIRGINIA
Water Development Authority
Celebrating 35 Years of Service 1974 - 2009

MINERAL WELLS PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS
(MISCELLANEOUS WATER SYSTEM IMPROVEMENTS PROJECT),
SERIES 2009A

TO WHOM IT MAY CONCERN:

In reliance upon the certificate of Suttle & Stalnaker, L.L.C., the independent certified public accountant and the opinion of Bowles Rice McDavid Graff & Love LLP, Bond Counsel, that the applicable coverage and parity tests have been met on behalf of the Mineral Wells Public Service District (the "Issuer"), the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for the Authority, as the registered owner of the Issuer's Water Revenue Bonds Series 2004A (West Virginia Infrastructure Fund), dated June 17, 2004, issued in the original principal amount of $3,750,000 (the "Prior Bonds"), hereby consents to the issuance of the Issuer's Water Revenue Bonds (Miscellaneous Water System Improvements Project), Series 2009A, dated October 22, 2009, in the aggregate principal amount of $660,000, on a parity with respect to liens, pledges and sources of and security for payment with the Prior Bonds.

Dated this 22 day of October, 2009.

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

Carol A. Cummings
Authorized Representative

180 Association Drive, Charleston, WV 25311-1217
phone (304) 558-3612 / fax (304) 558-0299
www.wvwda.org

United States Department of Agriculture
Rural Development
West Virginia State Office

MINERAL WELLS PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS
(MISCELLANEOUS WATER SYSTEM IMPROVEMENTS PROJECT), SERIES 2009A

TO WHOM IT MAY CONCERN:

The undersigned State Director for the United States Department of Agriculture, Rural Development (formerly the United States of America, Farmers Home Administration), as sole present holder of (i) the Water Revenue Bond, Series 1979 of the Issuer, dated January 7, 1980, issued in the original principal amount of $430,000; (ii) the Water Revenue Bond, Series 1997A of the Issuer, dated August 14, 1997, issued in the original principal amount of $650,000; (iii) the Water Revenue Bond, Series 1999A of the Issuer, dated September 23, 1999, issued in the original principal amount of $700,000; (iv) the Water Revenue Bond, Series 1999B of the Issuer, dated September 23, 1999, issued in the original principal amount of $2,012,000; and (v) the Water Revenue Bond, Series 2004B of the Issuer, dated June 17, 2004, issued in the original principal amount of $780,000 (collectively, with the Series 2004A Bonds held by the West Virginia Infrastructure Fund, the "Prior Bonds"), hereby consents to the issuance of the Issuer's Water Revenue Bonds, Series 2009A (Miscellaneous Water System Improvements Project) (the "Series 2009A Bonds") in the principal amounts of $660,000, on parity with respect to liens, pledges and sources of and security for payment, with the Prior Bonds, under the terms of the Bond Resolution authorizing such Series 2009A Bonds, and hereby waives any requirements imposed by the Prior Bonds or the respective Resolutions authorizing the same regarding the issuance of parity bonds which are not met by the Series 2009A Bonds.

Dated this 22nd day of October, 2009.

By: _____

ROBERT D. LEWIS

Its: State Director

1550 Earl Core Road • Suite 101 • Morgantown, WV 26505
Phone: (304) 284-4860 OR 1-800-295-8228 • Fax: (304) 284-4893 • TDD: (304) 284-4836
Web: http://www.rurdev.usda.gov/wv

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UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
MINERAL WELLS PUBLIC SERVICE DISTRICT
WATER REVENUE BOND
(MISCELLANEOUS WATER SYSTEM IMPROVEMENTS PROJECT),
SERIES 2009A

No. AR-1 $660,000

MINERAL WELLS PUBLIC SERVICE DISTRICT, a public service district and political subdivision of the State of West Virginia in Wood, Wirt and Jackson Counties of said State (the "Issuer"), for value received, promises to pay to the order of the United States of America, (the "Purchaser"), or its registered assigns, at its National Finance Office, St. Louis, Missouri, 63103, or at such other place as the Purchaser may hereafter designate in writing, the principal sum of SIX HUNDRED SIXTY THOUSAND DOLLARS ($660,000.00), plus interest on the unpaid principal balance at the rate of four and one quarter per cent (4.25%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Installments of interest only commencing 30 days following delivery of the Series 2009A Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof and $2,924 covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Series 2009A Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount hereof is not advanced at the time of closing, the proceeds hereof shall be advanced to Issuer as requested by Issuer and approved by the Purchaser 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 hereon 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. Refunds and extra payments, as defined in the regulations of the Purchaser according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Series 2009A Bond and shall not affect the obligation of Issuer to pay the remaining installments as scheduled herein.

If the United States of America at any time assigns this Series 2009A Bond and insures the payment thereof, Issuer shall continue to make payments to the United States of America as collection agent for the Holder.

While this Series 2009A Bond is held by an insured lender, prepayments made by Issuer may, at the option of the Purchaser, be remitted by the Purchaser to the Holder promptly or, except for final payment, be retained by the Purchaser and remitted to the Holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Issuer, except payments retained and remitted by the Purchaser on an annual installment due date basis, shall be the date of the United States Treasury check by which the Purchaser remits the payment to the Holder. The effective date of any prepayment retained and remitted by the Purchaser to the Holder on an annual installment due date basis shall be the date of the prepayment by Issuer and the Purchaser will pay the interest to which the Holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the Holder.

Any amount advanced or expended by the Purchaser for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Purchaser 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 Issuer to the Purchaser without demand. Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Purchaser.

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 rates and terms in or near its community for loans for similar purposes and periods of time.

This Series 2009A Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing such funds for financing costs of construction of repairs, replacements and improvements to the waterworks system (the "System") of the Issuer, is payable solely from the Revenues to be derived from the operation of the System after there have been first paid from such Revenues the reasonable current costs of operation and maintenance of the System. This Series 2009A Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation.

Registration of this Series 2009A Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Secretary of the Issuer, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Resolutions hereinafter described, and upon surrender and cancellation of this Series 2009A Bond. Upon such transfer a new Series

2009A Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Series 2009A Bond, under the provisions 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, but may only be transferred by transfer of registration hereof with the Secretary of the Issuer.

This Series 2009A Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (herein called the "Act"), and the Bond Resolution of the Issuer adopted on October 20, 2009 (the "Resolution").

If at any time it shall appear to the Purchaser that Issuer may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Issuer will, at Purchaser's request, apply for and accept such loan in sufficient amount to repay the Purchaser.

This Series 2009A Bond is given as evidence of a loan to Issuer made or insured by the Purchaser pursuant to the Consolidated Farmers Home Rural Development Act. This Series 2009A Bond shall be subject to the present regulations of the Farmers Home Administration and its successors and assigns and to future regulations not inconsistent with the express provisions hereof.

THIS SERIES 2009A BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH (1) THE WATER REVENUE BOND, SERIES 1979, OF THE ISSUER, DATED JANUARY 7, 1980, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $430,000; (2) THE WATER REVENUE BOND, SERIES 1997A, OF THE ISSUER, DATED AUGUST 14, 1997, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $650,000; (3) THE WATER REVENUE BOND, SERIES 1999A, OF THE ISSUER, DATED SEPTEMBER 23, 1999, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $700,000; (4) THE WATER REVENUE BOND, SERIES 1999B, OF THE ISSUER, DATED SEPTEMBER 23, 1999, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $2,012,000; (5) THE WATER REVENUE BOND, SERIES 2004A, OF THE ISSUER, DATED JUNE 17, 2004, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $3,750,000; AND (6) THE WATER REVENUE BOND, SERIES 2004B, OF THE ISSUER, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $780,000.

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, this Series 2009A Bond will be in default should any proceeds of the Series 2009A Bond be used for a purpose that will contribute to

excessive erosion of highly erodible land or the conversion of wetlands to produce an agricultural commodity.

IN WITNESS WHEREOF, the MINERAL WELLS PUBLIC SERVICE DISTRICT has caused this Series 2009A Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Series 2009A Bond to be dated October 22, 2009.

MINERAL WELLS PUBLIC SERVICE DISTRICT

Attest:

By: _____

_____
Secretary, Public Service Board

Chairman, Public Service Board

[CORPORATE SEAL]

RECORD OF ADVANCES			
AMOUNT	DATE	AMOUNT	DATE
(1) $ 83,300.00	10/22/09	(6) $	
(2) $		(7) $	
(3) $		(8) $	
(4) $		(9) $	
(5) $		(10) $	
TOTAL . . . . $			

Date of Registration	In Whose Name Registered	Signature of Secretary or Registrar
October 22, 2009	United States of America Post Office Box 678 Morgantown, West Virginia 26505	_____
_____	_____	_____
_____	_____	_____

FORM OF ASSIGNMENT

Pay to the Order of _____

_____

_____

UNITED STATES OF AMERICA

By: _____

_____
(Title)

WEST VIRGINIA MUNICIPAL BOND COMMISSION
Suite 401
1207 Quarrier Street, Charleston, WV 25301
(304) 558-3971 FAX: 558-1280

NEW ISSUE REPORT FORM
Date of Report: October 22, 2009

ISSUE: Mineral Wells Public Service District Water Revenue Bond (Miscellaneous Water System Improvements Project), Series 2009A

ADDRESS: P. O. Box 266, Mineral Wells, WV 26150 COUNTY: Wood

PURPOSE OF ISSUE: New Money X
Refunding ____ Refunds issue(s) dated: ____

ISSUE DATE October 22, 2009 CLOSING DATE: October 22, 2009

ISSUE AMOUNT: $ 660,000 RATE: 4.25%
1st DEBT SERVICE DUE: Not Applicable 1st PRINCIPAL DUE: Not Applicable
1st DEBT SERVICE AMOUNT: $ Not Applicable PAYING AGENT: None

BOND COUNSEL: Bowles Rice McDavid Graff & Love LLP
Contact Person: Camden P. Siegrist
Phone: (304) 347-1129

UNDERWRITER'S COUNSEL: ____
Contact Person: ____
Phone: ____

CLOSING BANK: ____
Contact Person: ____
Phone: ____

ESCROW TRUSTEE: ____
Contact Person: ____
Phone: ____

KNOWLEDGEABLE ISSUE CONTACT:
Contact Person: Cathy Dyer
Position: Office Manager
Phone: (304) 489-2915
Email: ____

OTHER: ____
Contact Person: ____
Function: ____
Phone: ____

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 ____ $ ____

NOTES: The applicable Bond Resolution, a copy of which is provided herewith, establishes the Series 2009A Bonds Reserve Account with the Municipal Bond Commission. Debt service payments will be paid by the District directly to the Bondholder

FOR MUNICIPAL BOND COMMISSION USE ONLY:
Documents Required: ____
Transfers Required: ____

United States Department of Agriculture
Rural Development
West Virginia State Office

February 8, 2008

Roy L. Radabaugh, Chairman
Mineral Wells Public Service District
P.O. Box 266
Mineral Wells, WV 26150

Dear Mr. Radabaugh:

This letter, with Attachments 1 through 11 and enclosures, establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan 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 $660,000, for a total project cost of $660,000.

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 Mineral Wells 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)

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

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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 2003) (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 - 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 4.375% interest rate and a monthly amortization factor of .00451, which provides for a monthly payment of $2,977. 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 outstanding water revenue bonds, a pledge of the system's revenues and other agreements between you and RUS as set forth in the bond resolution which must be properly adopted and executed by the appropriate officials of your organization. Additional security requirements are contained in RUS Bulletin 1780-27 which is mentioned later.

3. Users - This conditional commitment is based upon you providing evidence that there will be at least 2,324 bona fide users on the proposed system when it has been completed and is placed in operation. This evidence will consist of a certification from you that identifies and attests to the number of users that are actually connected to 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 project for construction bids.

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 currently using the system.

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

5. Accounting Services – 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 loan closing, 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 2003)" (Attachment No. 8), and RUS Bulletins 1780-30 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 $500,000 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.

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

   a. A right-of-way map showing clearly the location of all lands and rights needed

for the project. The map must designate public and private lands and rights and the appropriate legal ownership thereof.

b. A copy of deeds, contracts or options for any lands needed other than rights-of-way, along with a preliminary title opinion covering such lands. Form RD 1927-9, "Preliminary Title Opinion" may be used. In the case of your existing system or where the 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. The attorney's legal opinion should include a certification that all requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and West Virginia State Code Chapter 54 have been met in the acquisition of both real property and rights-of-way. Such requirements may include, but are not limited to, distributing informational material to all affected property owners, and completing appraisals of the affected properties.

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.

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

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

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

   a. A Certificate of Convenience and Necessity.

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

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

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

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

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

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

   c. Position Fidelity Bond(s) - All positions occupied by persons entrusted with the receipt and/or disbursement of funds must be bonded. As a good business practice you will probably wish to have each position bonded in an amount equal to the maximum amount of funds to be under the control of that position at any one time. During the construction phase of your project, this maximum amount will be much greater than normal; therefore, it is our recommendation that you temporarily increase your coverage to the estimated highest monthly construction drawdown. Once construction is complete, you may decrease the amount of your coverage. Please note that the cost of the temporary increase in coverage is an eligible project cost.

      The minimum coverage acceptable to RUS once your project is in operation will be for each position to be bonded for an amount at least equal to one annual installment on your loan(s).

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

plants, clearwells, filters and the like.

10. Contract Documents, Final Plans and Specifications -

a. The contract documents should consist of the following:

(1) EJCDC Document No. C-521, 2002 Edition, "Standard Form of Agreement between Owner and Contractor on the Basis of Stipulated Price" and EJCDC Document No. C-710, 2002 Edition, "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."

RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Projects with RUS Financial Assistance," is enclosed for use by your engineer in the preparation of the contract documents (Attachment No. 7).

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.

11. State Prevailing Wage Law - You should ensure that all requirements of Article 5A of the West Virginia State Prevailing Wage Law, "Wages for Construction of Public Improvements" are met during construction of the project.

12. Disbursement of Funds - The RUS funds will be advanced as they are needed in the amount(s) necessary to cover the RUS proportionate share of any

The District will establish a separate fund, to be known and hereafter referred to as the Construction Account, with a lending institution insured by the Federal Deposit Corporation. The account shall be used solely for the purpose of paying the costs of the project as outlined in the construction budget. All funds in the account will be secured by a collateral pledge equaling at least 100% of the highest amount of funds expected to be deposited in the Construction Account. All deposits in excess of $100,000 will be secured by a collateral pledge in accordance with Treasury Circular Number 176.

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.

13. Water Purchase Contract - You currently purchase treated water from Claywood Park Public Service District; therefore, you must enter into a Water Purchase Contract. Form RD 442-30 must be used unless you receive an exception from RUS.

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

    Form RD 1940-1 - "Request for Obligation of Funds"
    RUS Bulletin 1780-27 - "Loan Resolution (Public Bodies)"
    Certification of Compliance
    Form RD 1942-46, "Letter of Intent to Meet Conditions"

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

16. Upon receipt of the loan 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 loan funds and will be applied as an extra payment toward the loan balance.

If the conditions set forth in this letter are not met within twelve (12) 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 twelve-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,

RICKIE E. RICE
State Director

Enclosures

cc: Rural Development Specialist
Parkersburg, WV

Suttle and Stalnaker, CPAs
Parkersburg, WV

Steve Hardman, Esquire
Bowles, Rice, McDavid, Graff & Love
Parkersburg, WV

Cerrone Associates, Inc.
Wheeling, WV

Attachment No. 1 to Letter of Conditions
For: Mineral Wells Public Service District
Date: February 8, 2008

Project Construction Budget

PROJECT COST	RUS LOAN	TOTAL
CONSTRUCTION	$ 450,000	$ 450,000
CONST. CONTINGENCY	$ 45,000	$ 45,000
LAND & RIGHTS	$ 4,000	$ 4,000
LEGAL FEES	$ 12,000	$ 12,000
BOND COUNSEL	$ 16,000	$ 16,000
ACCOUNTING	$ 1,000	$ 1,000
ENGINEERING FEES	$ 82,000	$ 82,000
Basic - $47,000		
Insp. - $30,000		
Special - $5,000		
INTEREST	$ 38,750	$ 38,750
PROJECT CONTG.	$ 11,250	$ 11,250
TOTAL	**$ 660,000**	**$ 660,000**

Rates

Available for general domestic, commercial, and industrial service.

Bi-Monthly	First	6,000	gallons @	$7.74	per M gallons
Bi-Monthly	Next	14,000	gallons @	$7.00	per M gallons
Bi-Monthly	Next	20,000	gallons @	$5.01	per M gallons
Bi-Monthly	Over	40,000	gallons @	$3.30	per M gallons

Minimum Charge

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

5/8" x 3/4"	meter	$	58.11	per month
3/4"	meter	$	87.17	per month
1"	meter	$	145.28	per month
1 1/2"	meter	$	290.55	per month
2"	meter	$	464.88	per month
3"	meter	$	871.65	per month
4"	meter	$	1,452.75	per month

Minimum Monthly Bill	$58.11	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

$300.00

Reconnection Charge

$20.00

Use and Income Analysis - See Attached

Cash Flow Analysis - See Attached

Mineral Wells Public Service District
Use and Income Analysis

Residential - Bi-Monthly

Rate Block	No. Bills	No. MGals	1" Minimum	1-1/2" Minimum	2" Minimum	4" Minimum	First 6 MGals	Next 14MGals	Next 20 MGals	Over 40 MGals	
1" Minimum	0	0.0	0.0								
1-1/2" Minimum	0	0.0		0.0							
2" Minimum	0	0.0			0.0						
4" Minimum	0	0.0				0.0					
0 - 6 MGals	4890	14,992.8					29,340.0				
6.1 - 20 MGals	6295	62,786.8					37,770.0	25,016.8			
20.1 - 40 MGals	265	6,731.7					1,590.0	3,710.0	1,431.7		
Over 40 MGals	25	1,435.6					150.0	350.0	500.0	435.6	
Total	11475	85,946.9	0.0	0.0	0.0	0.0	68,850.0	29,076.8	1,931.7	435.6	
Proposed Rate			$116.21	$232.42	$371.87	$1,162.09	$7.74	$7.00	$5.01	$3.30	
Revenue			$0.00	$0.00	$0.00	$0.00	$532,899.00	$203,537.60	$9,677.82	$1,437.48	$747,551.90

Residential - Monthly

Rate Block	No. Bills	No. MGals	1" Minimum	1-1/2" Minimum	2" Minimum	4" Minimum	First 3 MGals	Next 7 MGals	Next 10 MGals	Over 20 MGals	
1" Minimum	0	0.0	0.0								
1-1/2" Minimum	0	0.0		0.0							
2" Minimum	0	0.0			0.0						
4" Minimum	0	0.0				0.0					
0 - 3 MGals	1834	2,681.2					5,502.0				
3.1 - 10 MGals	1596	8,130.7					4,788.0	3,342.7			
10.1 - 20 MGals	89	1,120.1					267.0	623.0	230.1		
Over 20 MGals	11	303.7					33.0	77.0	110.0	83.7	
Total	3530	12,235.7	0.0	0.0	0.0	0.0	10,590.0	4,042.7	340.1	83.7	
Proposed Rate			$58.11	$116.21	$185.94	$581.05	$7.74	$7.00	$5.01	$3.30	
Revenue			$0.00	$0.00	$0.00	$0.00	$81,966.60	$28,298.90	$1,703.90	$276.21	$112,245.61

Total Residential Revenue $859,797.51

Mineral Wells Public Service District
Use and Income Analyis

Commercial - Bi-Monthly

Rate Block	No. Bills	No. MGals	1" Minimum	1-1/2" Minimum	2" Minimum	4" Minimum	First 6 MGals	Next 14MGals	Next 20 MGals	Over 40 MGals	
1" Minimum	35	174.1	35.0								
1-1/2" Minimum	12	254.2		12.0							
2" Minimum	23	1,296.7			23.0						
4" Minimum	1	131.7				1.0					
0 - 6 MGals	244	315.2					1,464.0				
6.1 - 20 MGals	111	1,200.6					666.0	534.6			
20.1 - 40 MGals	23	655.9					138.0	322.0	195.9		
Over 40 MGals	137	25,915.2					822.0	1,918.0	2,740.0	20,435.2	
Total	586	29,943.6	35.0	12.0	23.0	1.0	3,090.0	2,774.6	2,935.9	20,435.2	
Proposed Rate			$116.21	$232.42	$371.87	$1,162.09	$7.74	$7.00	$5.01	$3.30	
Revenue			$4,067.35	$2,789.04	$8,553.01	$1,162.09	$23,916.60	$19,422.20	$14,708.86	$67,436.16	$142,055.31

Commercial - Monthly

Rate Block	No. Bills	No. MGals	1" Minimum	1-1/2" Minimum	2" Minimum	4" Minimum	First 3 MGals	Next 7 MGals	Next 10 MGals	Over 20 MGals	
1" Minimum	0	0.0	0.0								
1-1/2" Minimum	0	0.0		0.0							
2" Minimum	13	163.1			13.0						
4" Minimum	0	0.0				0.0					
0 - 3 MGals	121	71.7					363.0				
3.1 - 10 MGals	69	389.9					207.0	182.9			
10.1 - 20 MGals	9	1,257.0					27.0	63.0	1,167.0		
Over 20 MGals	28	1,507.0					84.0	196.0	280.0	947.0	
Total	240	3,388.7	0.0	0.0	13.0	0.0	681.0	441.9	1,447.0	947.0	
Proposed Rate			$58.11	$116.21	$185.94	$581.05	$7.74	$7.00	$5.01	$3.30	
Revenue			$0.00	$0.00	$2,417.22	$0.00	$5,270.94	$3,093.30	$7,249.47	$3,125.10	$21,156.03

Total Commercial Revenue	$163,211.34
Total Residential Revenue	859,797.51
Total Revenue	$1,023,008.85
Correction Factor	0.9749147
	$997,346.37

MINERAL WELLS PUBLIC SERVICE DISTRICT
OPERATING BUDGET

OPERATING INCOME		
Metered Sales	$ 997,346	
Penalties	$ 18,109	
Other Income	$ 7,106	
TOTAL OPERATING INCOME		$ 1,022,561
NON OPERATING INCOME		
Interest income	$ 7,825	
TOTAL NON OPERATING INCOME		$ 7,825
TOTAL INCOME		$ 1,030,386
EXPENSES		
O & M	$ 544,628	
Taxes	$ 10,514	
TOTAL EXPENSES		$ 555,142
INCOME AVAILABLE FOR D/S		$ 475,244
DEBT SERVICE		
Existing Bond P & I	$ 363,023	
Proposed Bond P & I	$ 35,724	
TOTAL DEBT SERVICE		$ 398,747
DEBT SERVICE RESERVE		
Existing Debt Service Reserve	$ 36,303	
Proposed Debt Service Reserve	$ 3,573	
TOTAL DEBT SERVICE RESERVE		$ 39,876
SURPLUS (DEFICIT)		$ 36,621
DEBT COVERAGE		119%

Attachment No. 2 to Letter of Conditions
For: Mineral Wells Public Service District
Date: February 8, 2008

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
	DUNS Number	1		Applicant			3
	CAIVRS Number	1		RUS			CPAP Form
	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	2
	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

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
Bulletin 1780-7 or other approved	Legal Services Agreement with Local Attorney	3	1780.39 (b)(2)	Applicant/ Attorney		HAVE	5
	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
	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

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	Documentation on Service Area	1	1780.11	RUS		HAVE	3
Bulletin 1780-1	Project Selection Criteria	2	1780.17	RUS		HAVE	1
	Letter of Conditions	7	1780.41 (a)(5)	RUS		HAVE	3
Exhibit A / A-1	Certifications Regarding Lobbying	2	1780.33(h)	Applicant		HAVE	2
CPAP Form	Project Summary	3	1780.41(a)	RUS		HAVE	1
CPAP Form	Underwriting Information	3	1780.41(a)	RUS		HAVE	2
RD 1940-1	Request for Obligation of Funds	4	1780.41(a)	RUS/ Applicant			2
RD 1942-46	Letter of Intent to Meet Conditions	2	1780.41 (a)(6)	Applicant			3
AD 1047	Certification Regarding Debarment (Primary)	1	1780.33(h)	Applicant		HAVE	5
	Relationships/ Associations with Agency Employees	1	1780.1(f)	RUS			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			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			5
	Agreement for Accounting Services	1	1780.39 (b)(2)	Applicant/ Accountant		HAVE	5
	Certification Relative to Existing Users	1	LOC	Applicant			5
	Verification of Users	1	1780.44(b)	RUS			3
RD 442-30	Water Purchase Contract	1	1780.62/ 1780.63	Applicant/ Attorney/ RUS			5
	Accountant's Certification	1	LOC	Applicant/ Accountant			3
	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
	DOH 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

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	Dept. of Environmental Protection Permit	1	1780.15(d)	Engineer			6
	Contract Documents, Plans & Specifications	2	1780.61(a)	Engineer			Separate File
	Agency Determination on Procurement	1	1780.70(d)	RUS			6
	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
RD 442-22	Opinion of Counsel Relative to R/Ways		1780.44 (g)(1)	Attorney			5
	Review of Outstanding Judgment	1	1780.7(g)	RUS/ Attorney			3
SF 3881	Electronic Funds Transfer Payment Enrollment Form	1	31 CFR 208	Applicant/ Financial Institution			2

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	PSC Approval	1	1780.15(b)	Applicant/ Attorney			6
	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
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

Subpart D - Information Pertaining to Preparation of Notes or Bonds and Bond Transcript Documents for Public Body Applicants

§1780.80 General.

This subpart includes information for use by public body applicants in the preparation and issuance of evidence of debt (bonds, notes, or debt instruments, referred to as bonds in this subpart) and other necessary loan documents.

§1780.81 Policies related to use of bond counsel.

The applicant is responsible for preparation of bonds and bond transcript documents. The applicant will obtain the services and opinion of recognized bond counsel experienced in municipal financing with respect to the validity of a bond issue, except for issues of $100,000 or less. With prior approval of the approval official, the applicant may elect not to use bond counsel. Such issues will be closed in accordance with the following:

(a) The applicant must recognize and accept the fact that application processing may require additional legal and administrative time;

(b) It must be established that not using bond counsel will produce significant savings in total legal costs;

(c) The local attorney must be able and experienced in handling this type of legal work;

(d) The applicant must understand that it will likely have to obtain an opinion from bond counsel at its expense should the Agency require refinancing of the debt;

(e) Bonds will be prepared in accordance with this regulation and conform as closely as possible to the preferred methods of preparation stated in §1780.94; and

(f) Closing instructions must be issued by OGC.

§1780.82 [Reserved]

§1780.83 Bond transcript documents

Any questions relating to Agency requirements should be discussed with Agency representatives. Bond counsel or local counsel, as appropriate, must furnish at least two complete sets of the following to the applicant, who will furnish one complete set to the Agency:

(a) Copies of all organizational documents;

(b) Copies of general incumbency certificate;

(c) Certified copies of minutes or excerpts from all meetings of the governing body at which action was taken in connection with the authorizing and issuing of the bonds;

(d) Certified copies of documents evidencing that the applicant has complied fully with all statutory requirements incident to calling and holding a favorable bond election, if one is necessary;

(e) Certified copies of the resolutions, ordinances, or other documents such as the bond authorizing resolutions or ordinances and any resolution establishing rates and regulating use of facility, if such documents are not included in the minutes furnished;

(f) Copies of the official Notice of Sale and the affidavit of publication of the Notice of Sale when State statute requires a public sale;

(g) Specimen bond, with any attached coupons;

(h) Attorney's no-litigation certificate;

(i) Certified copies of resolutions or other documents pertaining to the bond award;

(j) Any additional or supporting documents required by bond counsel;

(k) For loans involving multiple advances of Agency loan funds, a preliminary approving opinion of bond counsel (or local counsel if no bond counsel is involved) if a final unqualified opinion cannot be obtained until all funds are advanced. The preliminary opinion for the entire issue shall be delivered at or before the time of the first advance of funds. It will state that the applicant has the legal authority to issue the bonds, construct, operate and maintain the facility, and repay the loan, subject only to changes occurring during the advance of funds, such as litigation resulting from the failure to advance loan funds, and receipt of closing certificates;

(l) Final unqualified approving opinion of bond counsel, (and preliminary approving opinion, if required) or local counsel if no bond counsel is involved, including an opinion as to whether interest on bonds will be exempt from Federal and State income taxes. With approval of the State program official, a final opinion may be qualified to the extent that litigation is pending relating to Indian claims that may affect title to land or validity of the obligation. It is permissible for such opinion to contain language referring to the last sentence of Section 306 (a)(1) or to Section 309A (h) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926 (a)(1) or 1929a (h)).

§§1780.84 and 1780.86 [Reserved]

§1780.87 Permanent instruments for Agency loans.

Agency loans will be evidenced by an instrument determined legally sufficient and in accordance with the following order of preference:

(a) First preference - Form RD 440-22, "Promissory Note". Refer to paragraph (b) of this section for methods of various frequency payment calculations.

(b) Second preference - single instruments with amortized installments. A single instrument providing for amortized installments which follows Form RD 440-22 as closely as possible. The full amount of the loan must show on the face of the instrument, and there must be provisions for entering the date and amount of each advance on the reverse or an attachment. When principal payments are deferred, the instrument will show that "interest only" is due on interest-only installment dates, rather than specific dollar amounts. The payment period including the "interest only" installment cannot exceed 40 years, the useful life of the facility, or State statute limitations, whichever occurs first. The amortized installment, computed as follows, will be shown as due on installment dates thereafter.

(1) Monthly payments. Multiply by twelve the number of years between the due date of the last interest-only installment and the final installment to determine the number of monthly payments. When there are no interest-only installments, multiply by twelve the number of years over which the loan is amortized. Then multiply the loan amount by the amortization factor and round to the next higher dollar.

(2) Semiannual payments. Multiply by two the number of years between the due date of the last interest-only installment and the due date of the final installment to determine the correct number of semiannual periods. When there are no interest-only installments, multiply by two the number of years over which the loan is amortized. Then multiply the loan amount by the applicable amortization factor.

(3) Annual payments. Subtract the due date of the last interest-only installment from the due date of the final installment to determine the number of annual payments. When there are no interest-only installments, the number of annual payments will equal the number of years over which the loan is amortized. Then multiply the loan amount by the applicable amortization factor and round to the next higher dollar.

(c) Third preference - single instruments with installments of principal plus interest. If a single instrument with amortized installments is not legally permissible, use a single instrument providing for installments of principal plus interest accrued on the principal balance. For bonds with semiannual interest and annual principal, the interest is calculated by multiplying the principal balance times the interest rate and dividing this figure by two. Principal installments are to be scheduled so that total combined interest and principal payments closely approximate amortized payments.

(1) The repayment terms concerning interest only installments described in paragraph (b) of this section apply.

(2) The instrument shall contain in substance provisions indicating:

(i) Principal maturities and due dates;

(ii) Regular payments shall be applied first to interest due through the next principal and interest installment due date and then to principal due in chronological order stipulated in the bond; and

(iii) Payments on delinquent accounts will be applied in the following sequence:

(A) billed delinquent interest;

(B) past due interest installments;

(C) past due principal installments;

(D) interest installment due; and

(E) principal installment due.

(d) Fourth preference - serial bonds with installments of principal plus interest. If instruments described under the first, second, and third preferences are not legally permissible, use serial bonds with a bond or bonds delivered in the amount of each advance. Bonds will be numbered consecutively and delivered in chronological order. Such bonds will conform to the minimum requirements of §1780.94. Provisions for application of payments will be the same as those set forth in paragraph (c)(2)(ii) of this section.

(e) Coupon bonds. Coupon bonds will not be used unless required by State statute. Such bonds will conform to the minimum requirements of §1780.94.

§1780.88 [Reserved]

§1780.89 Multiple advances of Agency funds using permanent instruments.

Where interim financing from commercial sources is not used, Agency loan proceeds will be disbursed on an "as needed by borrower" basis in amounts not to exceed the amount needed during 30-day periods.

§1780.90 Multiple advances of Agency funds using temporary debt instruments.

When none of the instruments described in §1780.87 are legally permissible or practical, a bond anticipation note or similar temporary debt instrument may be used. The debt instrument will provide for multiple advances of Agency funds and will be for the full amount of the Agency loan. The instrument will be prepared by bond counsel, or local counsel if bond counsel is not involved, and approved by the State program official and OGC. At the same time the Agency delivers the last advance, the borrower will deliver the permanent bond instrument and the canceled temporary instrument will be returned to the borrower. The approved debt instrument will show at least the following:

(a) The date from which each advance will bear interest;

(b) The interest rate as determined by §1780.13;

(c) A payment schedule providing for interest on outstanding principal at least annually; and

(d) A maturity date which shall be no earlier than the anticipated issuance date of the permanent instruments and no longer than the 40-year statutory limit.

§§1780.91 - 1780.93 [Reserved]

§1780.94 Minimum bond specifications.

The provisions of this section are minimum specifications only and must be followed to the extent legally permissible.

(a) Type and denominations. Bond resolutions or ordinances will provide that the instruments be either a bond representing the total amount of the indebtedness or serial bonds in denominations customarily accepted in municipal financing (ordinarily in multiples of not less than $1,000). Single bonds may provide for repayment of principal plus interest or amortized installments. Amortized installments are preferred by the Agency.

(b) Bond registration. Bonds will contain provisions permitting registration for both principal and interest. Bonds purchased by the Agency will be registered in the name of "United States of America" and will remain so registered at all times while the bonds are held or insured by the Government. The Agency address for registration purposes will be that of the Finance Office.

(c) Size and quality. Size of bonds and coupons should conform to standard practice. Paper must be of sufficient quality to prevent deterioration through ordinary handling over the life of the loan.

(d) Date of bond. Bonds will normally be dated as of the day of delivery. However, the borrower may use another date if approved by the Agency. Loan closing is the date of delivery of the bonds or the date of delivery of the first bond when utilizing serial bonds, regardless of the date of delivery of the funds. The date of delivery will be stated in the bond if different from the date of the bond. In all cases, interest will accrue from the date of delivery of the funds.

(e) Payment date. Loan payments will be scheduled to coincide with income availability and be in accordance with State law.

(1) If income is available monthly, monthly payments are recommended unless precluded by State law. If income is available quarterly or otherwise more frequently than annually, payments must be scheduled on such basis. However, if State law only permits principal plus interest (P&I) type bonds, annual or semiannual payments will be used.

(2) The payment schedule will be enumerated in the evidence of debt, or if that is not feasible, in a supplemental agreement.

(3) If feasible, the first payment will be scheduled one full month, or other period, as appropriate, from the date of loan closing or any deferment period. Due dates falling on the 29th, 30th, and 31st day of the month will be avoided. When principal payments are deferred, interest-only payments will be scheduled at least annually.

(f) Extra payments. Extra payments are derived from the sale of basic chattel or real estate security, refund of unused loan funds, cash proceeds of property insurance and similar actions which reduce the value of basic security. At the option of the borrower, regular facility revenue may also be used as extra payments when regular payments are current. Unless otherwise established in the note or bond, extra payments will be applied as follows:

(1) For loans with amortized debt instruments, extra payments will be applied first to interest accrued to the date of receipt of the payment and second to principal.

(2) For loans with debt instruments with P&I installments, the extra payment will be applied to the final unpaid principal installment.

(3) For borrowers with more than one loan, the extra payment will be applied to the account secured by the lowest priority of lien on the property from which the extra payments was obtained. Any balance will be applied to other Agency loans secured by the property from which the extra payment was obtained.

(4) For assessment bonds, see paragraph (k) of this section.

(g) The place of payments on bonds purchased by the Agency will be determined by the Agency.

(h) Redemptions. Bonds will normally contain customary redemption provisions. However, no premium will be charged for early redemption on any bonds held by the Government.

(i) Additional revenue bonds. Parity bonds may be issued to complete the project. Otherwise, parity bonds may not be issued unless acceptable documentation is provided establishing that net revenues for the fiscal year following the year in which such bonds are to be issued will be at least 120 percent of the average annual debt serviced requirements on all bonds outstanding, including the newly-issued bonds. For purposes of this section, net revenues are, unless otherwise defined by State statute, gross revenues less essential operation and maintenance expenses. This limitation may be waived or modified by the written consent of bondholders representing 75 percent of the then-outstanding principal indebtedness. Junior and subordinate bonds may be issued in accordance with the loan resolution.

(j) Precautions. The following types of provisions in debt instruments should be avoided:

(1) Provisions for the holder to manually post each payment to the instrument.

(2) Provisions for returning the permanent or temporary debt instrument to the borrower in order that it, rather than the Agency, may post the date and amount of each advance or repayment on the instrument.

(3) Provisions that amend covenants contained in RUS Bulletins 1780-27 or 1780-28. ***[Revision 2, 06/04/99]***

(4) Defeasance provisions in loan or bond resolutions. When a bond issue is defeased, a new issue is sold which supersedes the contractual provisions of the prior issue, including the refinancing requirement and any lien on revenues. Since defeasance in effect precludes the Agency from requiring refinancing before the final maturity date, it represents a violation of the statutory refinancing requirement; therefore, it is disallowed. No loan documents shall include a provision of defeasance.

(k) Assessment bonds. When security includes special assessment to be collected over the life of the loan, the instrument should address the method of applying any payments made before they are due. It may be desirable for such payments to be distributed over remaining payments due, rather than to be applied in accordance with normal procedures governing extra payments, so that the account does not become delinquent.

(l) Multiple debt instruments. The following will be adhered to when preparing debt instruments:

(1) When more than one loan type is used in financing a project, each type of loan will be evidenced by a separate debt instrument or series of debt instruments;

(2) Loans obligated in different fiscal years and those obligated with different terms in the same fiscal year will be evidenced by separate debt instruments;

(3) Loans obligated for the same loan type in the same fiscal year with the same term may be combined in the same debt instrument;

(4) Loans obligated in the same fiscal year with different interest rates that will be closed at the same interest rate may be combined in the same debt instrument.

§1780.95 Public bidding on bonds.

Bonds offered for public sale shall be offered in accordance with State law and in such a manner to encourage public bidding. The Agency will not submit a bid at the advertised sale unless required by State law, nor will reference to Agency's rates and terms be included. If no acceptable bid is received, the Agency will negotiate the purchase of the bonds.

§§1780.96 - 1780.100 [Reserved]

Guidance to Local Attorney Relative to Preliminary and Final Title Opinions Prepared for RUS

RUS will require a separate final title opinion on each parcel of property currently owned or to be acquired that relates to the operation of the utility.

Prior to the establishment of the loan or grant closing date, the applicant's attorney must provide Form 1927-9, "Preliminary Title Opinion." A *separate* preliminary opinion should be provided for each parcel of real estate that is currently owned or to be purchased with project funds and which will be used directly in the operation of the utility. Attached to Form RD 1927-9 you should find the following:

1.) Schedule A – This is simply an attachment that provides for a summary of the attorney's findings as a result of a search of the courthouse records. It will contain at a minimum a) a metes and bounds legal description of the parcel, and b) a list of reservations or exceptions that must be addressed before the applicant can receive a clear and unencumbered title to the property.

2.) A survey plat of the real estate parcel provided to the attorney by the engineer. (Be certain the plat identifies not only the real estate parcel to be purchased but also the ROW access to the site.)

The intent at this stage prior to closing is to permit the RUS specialist to look at the proposed design provided by the engineer and compare it to the information submitted by the attorney. If, for example, the engineering design reflects the need for five pump station sites and a treatment plant site, the attorney should submit four preliminary title opinions that identify the sites as reflected on the design plans. In addition, opinions should be provided on any utility property currently owned by the applicant.
At the time of closing, the attorney will be required to provide Form RD 1927-10, "Final Title Opinion." He or she may submit separate title opinions to reference the preliminary opinions already provided. However, the attorney may choose to submit a single 1927-10. If a single final title opinion is provided, it should include an attachment which adequately addresses each of the parcels identified in the preliminary title opinion(s). Each 1927-10 will be reviewed to determine that 1) it is effective the day and time of closing, 2) marketable title is vested with the applicant, 3) the government holds a first statutory mortgage lien, and 4) it is signed and dated the day of closing. The attachment to a single final title opinion must provide the RUS loan specialist with enough information to be satisfied that any encumbrances, reservations, exceptions or defects identified by the preliminary title opinion have been resolved. The ultimate reason for RUS to perform a careful review of the title opinion is to address any deficiencies that may prevent the government from obtaining a valid first statutory mortgage lien.

Be mindful that RUS does not necessarily have security on certain real property in the event the utility uses it. For example, if a municipal borrower utilizes office space in its city office building for billing, collection, holding meetings, etc., it is not a part of the

utility project and will not be held as security. Accordingly, RUS will not require the attorney to provide a title opinion on the property. However, if RUS finances a building that will be used solely for the operation of the utility (treatment plant with office facilities), then a title opinion would be needed.

Narrative Opinion

The borrower's local counsel must provide a narrative opinion at the time the Preliminary Title Opinion and Opinion of Counsel Relative to ROW (Form RD 442-22) are provided. This opinion should address items including but not limited to the following:

- Land and ROW that must yet be acquired
- Permits that remain outstanding
- Status of PSC Certificate of Convenience and Necessity
- Condemnation issues
- Existence of outstanding judgments (other than Federal tax liens)
- Status of pending litigation

The attorney's legal opinion should include a certification that all requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and West Virginia State Code Chapter 54 have been met in the acquisition of both real property and rights-of-way. Such requirements may include, but are not limited to, distributing informational material to all affected property owners, and completing appraisals of the affected properties

Opinion of Counsel Relative to ROW (Form RD 442-22)

The borrower's local counsel must provide Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way," at the time the Preliminary Title Opinion and narrative opinion are provided. This form may contain a few exceptions such as properties that must be condemned; however, at the time of closing, a new Form RD 442-22, must be provided which does not provide for any exceptions.