

NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT

**Water Revenue Bonds, Series 1999 A
(West Virginia Infrastructure Fund)**

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NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT

**WATER REVENUE BONDS, SERIES 1999 A
(WEST VIRGINIA INFRASTRUCTURE FUND)**

BOND RESOLUTION

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NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$1,380,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF NORTON-HARDING-JIMTOWN 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"), supplemental to the Prior Resolutions (as hereinafter defined), 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 (collectively, the "Act"), and other applicable provisions of law.

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

A. Norton-Harding-Jimtown Public Service District (the "Issuer") is a public service district and a public corporation and political subdivision of the State of West Virginia in Randolph County of said State.

B. The Issuer presently owns and operates a public waterworks system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain improvements and extensions to the existing public waterworks facilities of the Issuer, consisting of upgrading its existing water treatment plant, drilling an additional well and repainting the Jimtown water tower, together with all appurtenant facilities (collectively, the "Project") (the Project and any further improvements or extensions thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The Issuer intends to permanently finance a portion of the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), which administers the West Virginia Infrastructure Fund pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Water Revenue Bonds, Series 1999 A (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than \$1,380,000 (the "Series 1999 A 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, if any, upon the Series 1999 A Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Reserve Accounts (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 1999 A 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 1999 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Series 1999 A Bonds be sold to the Authority pursuant to the terms and provisions of the loan agreement by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), in form satisfactory to the respective parties (the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 1999 A Bonds as to liens, pledge and source of and security for payment, being the Water Revenue Bonds, Series 1978, dated September 21, 1979, issued in the original aggregate principal amount of \$195,000, and the Water Revenue Bonds, Series 1986, dated February 4, 1987, issued in the original aggregate principal amount of \$133,000 (collectively, the "Prior Bonds").

The Series 1999 A Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 1999 A Bonds, the Issuer will obtain the written consent of the Holders of the Prior Bonds to the issuance of the Series 1999 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

H. The estimated revenues to be derived in each year following completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest on the Series 1999 A Bonds and the Prior Bonds, and to make payments into all funds and accounts and other payments provided for herein.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 1999 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 1999 A Bonds or such final order will not be subject to appeal or rehearing.

J. The Project has been reviewed and determined to be technically and financially feasible by the Council as required under Chapter 31, Article 15A of the West Virginia Code of 1931, as amended.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 1999 A Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute

a contract between the Issuer and such Registered Owners, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 1999 A Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 1999 A Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the Council under the Act.

"Authorized Officer" means the Chairman of the Governing Body of the Issuer or any temporary Chairman duly selected by the Governing Body.

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

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

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

"Bonds" means, collectively, the Series 1999 A Bonds, the Prior Bonds and any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

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

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

"Closing Date" means the date upon which there is an exchange of the Series 1999 A Bonds for the proceeds or at least a de minimis portion thereof representing the purchase price of the Series 1999 A Bonds from the Authority.

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

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

"Consulting Engineers" means Haworth, Meyer & Boleyn, Inc., South Charleston, West Virginia, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System or portion thereof in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

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

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

"Depository Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns, which shall be a member of FDIC.

"Depreciation Reserve" means the Depreciation Reserve created by the Prior Resolutions and continued hereby.

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

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

"Governing Body" or "Board" means the public service board of the Issuer, as it may now or hereafter be constituted.

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

"Grants" means all moneys received by the Issuer on account of any Grant for the Project.

"Gross Revenues" means 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.

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

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

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type property or any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

"Issuer" means Norton-Harding-Jimtown Public Service District, a public service district, public corporation and political subdivision of the State of West Virginia in Randolph County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" means the Loan Agreement heretofore entered, or to be entered, into by and between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 1999 A Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

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

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

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Series 1999 A Bonds and is not acquired in order to carry out the governmental purpose of the Series 1999 A 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 1/6th 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; provided that all monthly amortization payments upon the Bonds and into the Reserve Accounts and Depreciation Reserve have been made to the last monthly payment date prior to the date of such retention.

"Outstanding," when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered, except (i) any Bond 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 hereof; and (iv) for purposes of consents or other action by a specified percentage of Bondholders, any Bonds registered to the Issuer.

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

"Paying Agent" means the Commission or other entity designated as such for the Series 1999 A Bonds in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Issuer's Water Revenue Bonds, Series 1978, and Water Revenue Bonds, Series 1986, described in Section 1.02G hereof.

"Prior Bonds Reserve Account" means the Reserve Account created by the Prior Resolutions and continued hereby.

"Prior Resolutions" means, collectively, the resolutions of the Issuer duly adopted April 3, 1979, and October 6, 1986, respectively, authorizing the Prior Bonds.

"Private Business Use" means use (directly or indirectly) in a trade or business carried on by any person other than a governmental unit; provided that use as a member of the general public shall not be taken into account.

"Project" means the Project as described in Section 1.02B hereof.

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

(a) Government Obligations;

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

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

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

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national

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

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

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

"Registrar" means the Bond Registrar.

"Regulations" means temporary and permanent regulations promulgated under the Code or any predecessor to the Code.

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 1999 A Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in the Reserve Accounts of the Series 1999 A Bonds and the Prior Bonds.

"Revenue Fund" means the Revenue Fund established by the Prior Resolutions and continued hereby.

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

"Series 1999 A Bonds" means the Water Revenue Bonds, Series 1999 A (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution.

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

"Series 1999 A Bonds Reserve Account" means the Series 1999 A Bonds Reserve Account established in the Series 1999 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

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

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

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution or resolutions authorizing the sale of the Series 1999 A Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 1999 A Bonds, and not so included, may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds or any other obligations of the Issuer, including, without limitation, the Depreciation Reserve and the respective Reserve Accounts.

"System" means the existing waterworks of the Issuer as improved, extended, enlarged and expanded by the Project, 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 of 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 enactment hereof.

Additional terms and phrases are defined in this Resolution as they are used. Words importing singular number shall include the plural number in each case and vice

versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project.

There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of \$1,380,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 1999 A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the Authority and the Council.

The cost of the Project is estimated to be \$1,380,000, which will be obtained from proceeds of the Series 1999 A Bonds.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 1999 A Bonds, funding a reserve account for the Series 1999 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 1999 A Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 1999 A Bonds of the Issuer. The Series 1999 A Bonds shall be issued as a single bond, designated "Water Revenue Bonds, Series 1999 A (West Virginia Infrastructure Fund)," in the principal amount of not more than \$1,380,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 1999 A Bonds remaining after funding of the Series 1999 A Bonds Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 1999 A Bonds, if any, shall be deposited in or credited to the Series 1999 A Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 1999 A Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 1999 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 1999 A Bonds, if any, shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

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

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

Section 3.03. Execution of Bonds. The Series 1999 A 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 the Series 1999 A Bonds shall cease to be such officer of the Issuer before the Series 1999 A 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 1999 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 1999 A 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 form set forth in Section 3.10 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 1999 A Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

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

So long as the Series 1999 A Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Bonds.

The registered Series 1999 A Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 1999 A Bonds or transferring the registered Bonds are exercised, Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

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

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

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 1999 A Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with the lien on such Net Revenues in favor of the Holder of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 1999 A Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 1999 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 1999 A Bonds to the original purchasers upon receipt of the documents set forth below:

- A. If other than the Authority, a list of the names in which the Series 1999 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;
- B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 1999 A Bonds to the original purchasers;
- C. An executed and certified copy of the Bond Legislation;
- D. An executed copy of the Loan Agreement; and
- E. The unqualified approving opinion of bond counsel on the Series 1999 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 1999 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 1999 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-_____

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Randolph County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS (\$ _____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, _____, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, with no interest.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated _____, 199 ____.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance for the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the

Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Resolution duly adopted by the Issuer on _____, 199____, and a Supplemental Resolution duly adopted by the Issuer on _____, 199____ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for 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 OTHER RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 1978, DATED SEPTEMBER 21, 1979, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$195,000; AND (2) WATER REVENUE BONDS, SERIES 1986, DATED FEBRUARY 4, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$133,000 (COLLECTIVELY, THE "PRIOR 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 operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1999 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 1999 A 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; provided however, that so long as there exists in the Series 1999 A 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, 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 One Valley Bank, National Association, Charleston, West Virginia, 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 payment of the costs of the Project and costs of issuance hereof 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, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

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

All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, NORTON-HARDING-JIMTOWN 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 _____, 199__.

[SEAL]

Chairman

ATTEST:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: _____, 199____.

ONE VALLEY BANK, NATIONAL
ASSOCIATION, as Registrar

Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL \$ _____

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto

the within Bond and does hereby irrevocably constitute and appoint
_____, Attorney to transfer the said Bond
on the books kept for registration of the within Bond of the said Issuer with full power of
substitution in the premises.

Dated: _____, _____.

In the presence of:

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 1999 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "EXHIBIT A" 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.

Section 3.12. "Amended Schedule" Filing. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority and the Council a schedule in substantially the form attached to the Loan Agreement, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

- (1) Revenue Fund (established by the Prior Resolutions);
- (2) Reserve Account (established by the Prior Resolutions and hereinafter referred to as the "Prior Bonds Reserve Account");
- (3) Depreciation Reserve (established by the Prior Resolutions); and
- (4) Series 1999 A Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with and shall be held by the Commission separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

- (1) Series 1999 A Bonds Sinking Fund; and
- (2) Within the Series 1999 A Bonds Sinking Fund, the Series 1999 A 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.

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the National Finance Office the amounts required by the Prior Resolutions to pay the interest on and the principal of the Prior Bonds; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 1999 A Bonds, remit to the Commission for deposit in the Series 1999 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 1999 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1999 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Depository Bank the amount required by the Prior Resolutions to be deposited in the Prior Bonds Reserve Account; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 1999 A Bonds, if not fully funded upon issuance of the Series 1999 A Bonds, remit to the Commission for deposit in the Series 1999 A Bonds Reserve Account, an amount equal to 1/120th of the Series 1999 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 1999 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1999 A Bonds Reserve Requirement.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Depreciation Reserve, the moneys remaining in the Revenue Fund until there has been accumulated therein the aggregate sum of \$68,150, and thereafter such sums as shall be required to maintain such amount therein. Additionally, so long as the Series 1999 A Bonds are outstanding, the Issuer shall transfer from the Revenue Fund to the Depreciation Reserve a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Depreciation Reserve shall be kept apart from all

other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Depreciation Reserve for replacements, repairs, improvements or extensions to the System; provided, that any deficiencies in any Reserve Account (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with moneys from the Depreciation Reserve.

(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 of the System.

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

All investment earnings on moneys in the Series 1999 A Bonds Sinking Fund and the Series 1999 A 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 1999 A Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 1999 A Bonds and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 1999 A Bonds Reserve Account which result in a reduction in the balance of the Series 1999 A Bonds Reserve Account to below the Series 1999 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 1999 A Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an

amount equal to the maximum amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional parity Bonds.

The Issuer shall not be required to make any further payments into the Series 1999 A Bonds Sinking Fund or the Series 1999 A Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 1999 A 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 1999 A Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 1999 A Bonds Sinking Fund and the Series 1999 A 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 at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

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

The Series 1999 A Bonds Sinking Fund and the Series 1999 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 1999 A Bonds and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

B. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day) deposit with the Commission the required principal, interest and reserve payments with respect to the Series 1999 A 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.

C. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement for the Series 1999 A Bonds, 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.

D. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and

there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

E. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the 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 sum insured by the maximum amounts insured by FDIC in all funds and accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

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

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

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

J. All Tap Fees shall be deposited by the Issuer, as received, in the Series 1999-A Bonds Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 1999 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1999 A Bonds, there shall first be deposited with the Commission in the Series 1999 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1999 A Bonds for the period commencing on the date of issuance of the Series 1999 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

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

C. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 1999 A Bonds, such moneys shall be deposited with the Depository Bank in the Series 1999 A Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 1999 A Bonds.

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

Section 6.02. Disbursements From the Bond Construction Trust Fund. The Issuer shall each month provide the Council with a requisition for the costs incurred for the Project, together with such documentation as the Council shall require. Payments of all Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 1999 A Bonds Construction Trust Fund (except for the costs of issuance of the Series 1999 A Bonds which shall be made upon request of the Issuer) 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:

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

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

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

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

Pending such application, moneys in the Series 1999 A Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this 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 1999 A 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 1999 A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 1999 A Bonds or the interest thereon is Outstanding and unpaid.

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

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

Section 7.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Final Order of the Public Service Commission of West Virginia entered November 12, 1998, in Case No. 97-1706-PWD-CN, and such rates are hereby adopted. Such rates will become effective upon completion of construction of the Project, as certified by the Consulting Engineers.

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 1999 A Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the Council, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if

the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 1999 A Bonds, immediately be remitted to the Commission for deposit in the Series 1999 A Bonds Sinking Fund, and, with the written permission of the Authority and the Council, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 1999 A Bonds. Any balance remaining after the payment of the Series 1999 A Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, the Issuer shall, by resolution duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Depreciation Reserve. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$10,000 but not in excess of \$50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds of any such sale shall be deposited in the Depreciation Reserve. The payment of such proceeds into the Depreciation Reserve shall not reduce the amount required to be paid into said fund by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of \$50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 1999 A Bonds. All obligations

issued by the Issuer after the issuance of the Series 1999 A Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 1999 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein 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 1999 A Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 1999 A Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

The Issuer shall give the Authority and the Council 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 the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable. Additionally, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 1999 A Bonds pursuant to this Bond Legislation, except with the prior written consent of the Authority and the Council under the conditions and in the manner herein provided (unless less restrictive than the provisions of the Prior Resolutions).

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

No such Parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of extensions and improvements to the System or refunding any outstanding Bonds, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

- (1) The Bonds then Outstanding;
- (2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Resolution then Outstanding; and
- (3) The Parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates adopted by the Issuer, the period for appeal of which has expired prior to the date of issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Secretary prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds.

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

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

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

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority and the Council, or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority and the Council 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 and the Council, or their agents and representatives, to inspect all records pertaining to the operation 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 Council, the Authority, or any other original purchaser of the Series 1999 A Bonds, and shall mail in each year to any Holder or Holders of the Series 1999 A Bonds and the Consulting Engineer, requesting the same, an annual report containing the following:

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

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

(C) The amount of any Bonds, notes or other obligations outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 1999 A Bonds, and shall submit said report to the Council and the Authority, or any other original purchaser of the Series 1999 A Bonds. Such audit report submitted to the Authority and the Council shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

The Issuer shall permit the Authority and the Council, or their agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction of the Project, the Issuer shall also provide the Authority and the Council, 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 Council with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to the issuance of the Series 1999 A Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 1999 A Bonds and all

other obligations secured by a lien on or payable from such revenues on a parity with the Series 1999 A Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 1999 A Bonds Reserve Account and the reserve accounts for obligations on a parity with the Series 1999 A Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 1999 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 1999 A Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the Council within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and the Council and to any Holder of any Bonds, within 30 days of adoption thereof, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Authority and the Council and to any Holder of any Bonds, or anyone acting for and in behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for two years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement, and forward a copy of such report to the Authority and the Council by the 15th 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 and the Council, the Project is adequate for the purposes for which it was designed, the

funding plan as submitted to the Authority and the Council is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

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

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

Section 7.12. 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 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the 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 services of the System and will not restore such services until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

Section 7.14. 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 the Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than \$1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than \$500,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and

such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with 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 as to every officer, member and employee of the Issuer or the Governing Body having custody of the revenues or of any other funds of the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

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

The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project; provided that the amounts and terms of such coverage are satisfactory to the Authority and the Council. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

Section 7.16. Connections. To the extent permitted by the laws of the State and rules and regulations of the Public Service Commission of West Virginia, the Issuer shall require every owner, tenant or occupant of any house, dwelling or building intended to be served by the System to connect thereto.

Section 7.17. Completion and Operation of Project; Permits and Orders. The Issuer 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 will obtain all permits required by state and federal laws for the acquisition and construction of the Project and all orders and approvals from the Public

Service Commission of West Virginia necessary for the acquisition and construction of the Project and the operation of the System.

Section 7.18. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. **PRIVATE BUSINESS USE LIMITATION.** The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 1999 A Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 1999 A Bonds during the term thereof is, under the terms of the Series 1999 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 1999 A Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 1999 A Bonds during the term thereof is, under the terms of the Series 1999 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 1999 A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 1999 A Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of the portion of the Project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

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

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

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

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

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 1999 A 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 1999 A Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holder of the Prior Bonds.

Section 7.20. Compliance with Loan Agreement and Law. The Issuer agrees to comply with all the terms and conditions of the Loan Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer will provide the Council with copies of all documents submitted to the Authority.

The Issuer also agrees to comply with all applicable laws, rules and regulations issued by the Authority, the Council or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

Section 7.21. Securities Laws Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.22. Contracts. A. The Issuer shall, simultaneously with the delivery of the Series 1999 A Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Council for written approval. The Issuer shall obtain the written approval of the Council before expending any proceeds of the Series 1999 A Bonds held in "contingency" as set forth in the schedule attached to the Loan Agreement. The Issuer shall also obtain the written approval of the Council before expending any proceeds of the Series 1999 A Bonds made available due to bid or construction or project underruns.

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 1999 A Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 1999 A Bonds from gross income for federal income tax purposes.

Section 8.02. Arbitrage and Tax Exemption. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 1999 A Bonds which would cause the Series 1999 A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take any and all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 1999 A Bonds) so that the interest, if any, on the Series 1999 A Bonds will be and remain excluded from gross income

for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Tax Certificate and Rebate. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series 1999 A Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 1999 A Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

If the Issuer is subject to the rebate requirements of Section 148(f) of the Code, and not exempted from such requirements, the Issuer covenants to make, or cause to be made, all rebate calculations, computations and payments in the time, manner and as required in Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 1999 A Bonds and otherwise covenants and agrees to comply with the provisions of such Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 1999 A Bonds. In the event of a failure to pay the correct rebate amount, the Issuer will pay, from any lawful sources available therefor, to the United States such amount, plus a penalty equal to 50% of the rebate amount not paid when required to be paid, plus interest on that amount, unless waived. In order to provide for the administration of this paragraph, the Issuer may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the Issuer may deem appropriate.

The Issuer shall furnish to the Authority, annually, and at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information relating thereto as may be requested by the Authority. In addition, the Issuer shall cooperate with the Authority in preparing any required rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation or, if the Issuer qualifies for any exception to rebate, the Issuer shall submit a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Series 1999 A Bonds subject to rebate. The Issuer shall also furnish the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority, including information with respect to earnings on all

funds constituting "gross proceeds" of the Series 1999 A Bonds (as such term "gross proceeds" is defined in the Code).

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 1999 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 1999 A Bonds;
or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 1999 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 1999 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, 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 default occurs with respect to the Prior Bonds or the Prior Resolutions.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Series 1999 A Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Series 1999 A Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Series 1999 A Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 1999 A Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holder of the Series 1999 A Bonds shall be on a parity with the Holder of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Series 1999 A Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Series 1999 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 Series 1999 A Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

The receiver so appointed shall forthwith, directly or by his or her or its agents and attorneys, enter into and upon and take possession of all facilities of 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 Series 1999 A Bonds and interest thereon and under any covenants of this Bond Legislation for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Bond Legislation shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of any Bonds shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Series 1999 A Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System for the sole purpose of

the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 1999 A Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1999 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 1999 A Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 1999 A Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 1999 A Bonds, no material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 1999 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 1999 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 1999 A Bonds, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest on the Series 1999 A Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 1999 A 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 1999 A Bonds.

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

Section 11.05. Conflicting Provisions Repealed; Prior Resolutions. All orders or resolutions, 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 Prior Bonds are outstanding.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 11.07. Public Notice of Proposed Financing. Prior to making formal application to the Public Service Commission of West Virginia for a Certificate of Public Convenience and Necessity and adoption of this Resolution, the Secretary of the Governing Body shall have caused to be published in a newspaper of general circulation in each municipality in Norton-Harding-Jimtown Public Service District and within the boundaries of the District, a Class II legal advertisement stating:

- (a) The maximum amount of the Series 1999 A Bonds to be issued;
- (b) The maximum interest rate and terms of the Series 1999 A Bonds authorized hereby;
- (c) The public service properties to be acquired or constructed and the cost of the same;
- (d) The maximum anticipated rates which will be charged by the Issuer; and
- (e) The date that the formal application for a certificate of public convenience and necessity is to be filed with the Public Service Commission of West Virginia.

Section 11.08. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 8th day of February, 1999.

Michael Kittle

Chairman

Kenneth Fox

Member

Member

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT on the 8th day of February, 1999.

Dated: February 23, 1999.

[SEAL]



Secretary

02/03/99
664900/97001

EXHIBIT A

Loan Agreement included in bond transcript as Document 3.

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NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1999 A
(West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Norton-Harding-Jimtown Public Service District (the "Issuer"), has duly and officially adopted a bond resolution, effective February 8, 1999 (the "Resolution") entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$1,380,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE

RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Resolution when used herein;

WHEREAS, the Resolution provides for the issuance of Water Revenue Bonds, Series 1999 A (West Virginia Infrastructure Fund), of the Issuer, in the aggregate principal amount not to exceed \$1,380,000 (the "Bonds" or the "Series 1999 A Bonds"), and has authorized the execution and delivery of the loan agreement relating to the Bonds (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), all in accordance with Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Resolution it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Loan Agreement has been presented to the Issuer at this meeting;

WHEREAS, the Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and entered into by the Issuer, that the exact principal amount, the date, the maturity date, the redemption provision, the interest rate, the interest and principal

payment dates and the sale price of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Water Revenue Bonds, Series 1999 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$1,380,000. The Series 1999 A Bonds shall be dated the date of delivery thereof, shall finally mature December 1, 2038, and shall bear no interest. The principal of the Series 1999 A Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2000, and ending December 1, 2038, and in the amounts as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 1999 A Bonds. The Series 1999 A Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1999 A Bonds.

Section 2. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the form provided in the Resolution.

Section 3. The Issuer does hereby authorize, ratify, approve and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the application to the Council and the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon; provided that, the proceeds of the Bonds will be advanced from time to time as requisitioned by the Issuer.

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

Section 5. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Bonds under the Resolution.

Section 6. The Issuer does hereby appoint and designate Citizens National Bank, Elkins, West Virginia, to serve as Depository Bank under the Resolution.

Section 7. Series 1999 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 1999 A Bonds Sinking Fund as capitalized interest.

Section 8. Series 1999 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 1999 A Bonds Reserve Account.

Section 9. The balance of the proceeds of the Series 1999 A Bonds shall be deposited in the Series 1999 A Bonds Construction Trust Fund as received from time to time for payment of Costs of the Project, including, without limitation, costs of issuance of the Series 1999 A Bonds.

Section 12. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds hereby and by the Resolution approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Loan Agreement on or about February 23, 1999.

Section 13. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 14. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Resolution held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements or time accounts, until further directed by the Issuer. Moneys in the Series 1999 A Bonds Sinking Fund and the Series 1999 A Bonds Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 15. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and

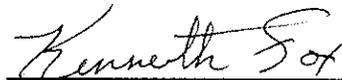
permanent regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations promulgated or to be promulgated thereunder.

Section 16. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 8th day of February, 1999.

NORTON-HARDING-JIMTOWN
PUBLIC SERVICE DISTRICT


Chairman


Member

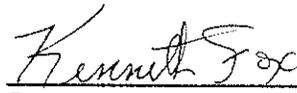
Member

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT on the 8th day of February, 1999.

Dated: February 23, 1999.

[SEAL]


Secretary

02/03/99
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LOAN AGREEMENT

THIS LOAN AGREEMENT, Made and entered into in several counterparts, by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), acting on behalf of the WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL (the "Council") and the governmental agency designated below (the "Governmental Agency");

NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT
(Governmental Agency)

WITNESSETH:

WHEREAS, pursuant to the provisions of Chapter 31, Article 15A, of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered upon request of the Council to make loans to governmental agencies for the acquisition or construction of projects by such governmental agencies, subject to such provisions and limitations as are contained in the Act;

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

WHEREAS, the Governmental Agency is authorized and empowered by the statutes of the State to construct, operate and improve a project, as defined by the Act, and to finance the cost of constructing or acquiring the same by borrowing money to be evidenced by revenue bonds issued by the Governmental Agency;

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

WHEREAS, the Governmental Agency has completed and filed with the Authority an Application for a Construction Loan with attachments and exhibits and an Amended Application for a Construction Loan also with attachments and exhibits (together, as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference; and

WHEREAS, having reviewed the Application and made all findings required by the Act and having available sufficient funds therefor, the Council has authorized the Authority to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Governmental Agency with money in the Infrastructure Fund subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Council's loan program (the "Program") as hereinafter set forth.

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

ARTICLE I

Definitions

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

1.2 "Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser of the Bonds, acting in its administrative capacity pursuant to Section 10 of the Council Act and upon authorization from the Council.

1.3 "Consulting Engineers" means the professional engineer, licensed by the State, who shall not be a regular, full-time employee of the State or any of its agencies, commissions or political sub-divisions, and designated in the Application and any qualified successor thereto; provided, however, when a Loan is made for a Project financed, in part, by the Office of Abandoned Mine Lands, "Consulting Engineers" shall mean the West Virginia Division of Environmental Protection, or any successor thereto.

1.4 "Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Section 9 of the Act.

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

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

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

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

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

1.10 "Project" means the project hereinabove referred to, to be constructed or being constructed by the Governmental Agency in whole or in part with the net proceeds of the Local Bonds.

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

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

ARTICLE II

The Project and the System

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

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

2.3 All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Governmental Agency, subject to any mortgage lien or

other security interest as is provided for in the Local Statute unless a sale or transfer of all or a portion of said property or any interest therein is approved by the Authority and Council.

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

2.5 The Governmental Agency shall keep complete and accurate records of the cost of acquiring the Project site and the costs of constructing, acquiring and installing the Project. The Governmental Agency shall permit the Authority, acting by and through its Director or his duly authorized agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at any and all reasonable times for the purpose of audit and examination, and the Governmental Agency shall submit to the Authority such documents and information as it may reasonably require in connection with the construction, acquisition and installation of the Project, the operation and maintenance of the System and the administration of the Loan or of any State and federal grants or other sources of financing for the Project.

2.6 The Governmental Agency agrees that it will permit the Authority and its agents and representatives to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof or if the Project is an improvement to an existing system at any reasonable time following commencement of construction.

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

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and

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

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

2.10 The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with any and all State and federal standards. The Governmental Agency agrees that qualified operating personnel properly certified by the State will be retained to operate the System during the entire term of this Loan Agreement.

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

2.12 The Governmental Agency, commencing on the date contracts are executed for the construction of the Project and for two years following the completion of the Project, shall each month complete a Monthly Financial Report, the form of which is attached hereto as Exhibit C and incorporated herein by reference, and forward a copy by the 15th of each month to the Authority and Council.

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

(c) The Governmental Agency shall either have received bids or entered contracts for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application; provided, that, if the Loan will refund an interim financing of construction, the Governmental Agency must either be constructing or have constructed its Project for a cost and as otherwise compatible with the plan of financing described in the Application; and, in either case, the Authority shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit A;

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

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

(f) The Governmental Agency shall have obtained any and all approvals for the issuance of the Local Bonds required by State law, and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local

counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

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

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

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

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

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the

Authority, which written notice shall be given not less than ten (10) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority and the Governmental Agency. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority.

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Council for loans to finance projects and that the obligation of the Authority to make any such loan is subject to the Council's authorization and the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing. The Governmental Agency specifically recognizes that the Authority will not purchase the Local Bonds unless and until it has available in the Infrastructure Fund funds sufficient to purchase all the Local Bonds and that, prior to such execution, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available.

ARTICLE IV

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

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

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

- (i) to pay Operating Expenses of the System;
- (ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule

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

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

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

Provided, that if the Governmental Agency has existing outstanding indebtedness which has greater coverage or renewal and replacement fund requirements, then the greater requirements will prevail until said existing indebtedness is paid in full.

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by the gross or net revenues from the System, as more fully set forth in Schedules X and Y attached hereto;

(ii) That the schedule of rates or charges for the services of the System shall be sufficient to provide funds which, along with other revenues of the System, will pay all Operating Expenses and leave a balance each year equal to at least one hundred fifteen percent (115%) of the maximum amount required in any year for debt service on the Local Bonds and all other obligations secured by a lien on or payable from the revenues of the System prior to or on a parity with the Local Bonds or, if the reserve account, if any, established for the payment of debt service on the Local Bonds (the "Reserve Account") is funded (whether by Local Bond proceeds, monthly deposits or otherwise) at an amount at least equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement") and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, equal to at least one hundred ten percent (110%) of the maximum

amount required in any year for debt service on the Local Bonds and any such prior or parity obligations;

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

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

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, based upon the rates, Operating Expenses and customer usage on the date of closing, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds; provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

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

(vii) That the Governmental Agency will not render any free services of the System;

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

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority, which report shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Loan Agreement and that the Governmental Agency's revenues are adequate to meet its operation and maintenance expenses and debt service requirements;

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

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

(xiv) That the proceeds of the Local Bonds must (a) be deposited in a construction fund, which, except as otherwise agreed to in writing by the Authority, shall be held separate and apart from all other funds of the Governmental Agency and on which the owners of the Local Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing for non-construction costs) and/or (b) be used to pay (or redeem) bond anticipation notes or other interim funding of such Governmental Agency, the proceeds of which were used to finance the construction of the Project; provided that, with the prior written consent of the Authority, the proceeds of the Local Bonds may be used to fund all or a portion of the Reserve Account, on which the owner of the Local Bonds shall have a lien as provided herein;

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Governmental Agency may not redeem any Local Bonds by it without the written consent of the Authority and the Council and otherwise in compliance with this Loan Agreement;

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

(xvii) That the Governmental Agency shall take any and all action, or shall refrain from taking any action, as shall be deemed necessary by the Authority to maintain the exclusion from gross income for Federal income tax purposes of interest on the State's general obligation bonds or any bonds secured by the Local Bonds;

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

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

(xx) That the Governmental Agency shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Local Bonds (as that term is defined in the Code) from time to time as the Authority may request; and

(xxi) That the Governmental Agency shall submit all proposed change orders to the Council for written approval. The Governmental Agency shall obtain the written approval of the Council before expending any proceeds of the Local Bonds held in "contingency" as set forth in the final Schedule B. The Governmental Agency shall obtain the written approval of the Council before expending any proceeds of the Local Bonds available due to bid/construction/project underruns.

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

4.2 The Loan shall be secured by the pledge and assignment by the Governmental Agency, as effected by the Local Act, of the fees, charges and other revenues of the Governmental Agency from the System as further set forth by and subject only to such

reservations and exceptions as are described in Schedules X and Y hereto or are otherwise expressly permitted in writing by the Authority and the Council.

4.3 The principal of the Loan shall be repaid by the Governmental Agency on the days and in the years provided in Schedule X hereto. Interest payments on the Loan shall be made by the Governmental Agency on a quarterly basis as provided in said Schedule X.

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

4.5 The Local Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Governmental Agency. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series, as reflected by Schedule X hereto.

4.6 The Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the State's general obligation bonds unless otherwise agreed to by the Council.

ARTICLE V

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

5.1 The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Governmental Agency hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Loan, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System, as set forth in the Local Act and in compliance with the provisions of Subsections 4.1(a) and 4.1(b)(ii) hereof.

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

5.3 In the event the Governmental Agency defaults in the payment of any fees due to the Authority pursuant to Section 4.6 hereof, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, from the date of the default until the date of the payment thereof.

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under the Act and State law, including without limitation the right to an appointment of a receiver.

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

6.3 Notwithstanding Section 6.2, the Authority may at any time, in its sole discretion, cause the rebate calculations prepared by or on behalf of the Governmental Agency to be monitored or cause the rebate calculations for the Governmental Agency to be prepared, in either case at the expense of the Governmental Agency.

6.4 The Governmental Agency hereby agrees to give the Authority prior written notice of the issuance by it of any other obligations to be used for the Project, payable

from the revenues of the System or from any grants for the Project or otherwise related to the Project or the System.

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

ARTICLE VII

Miscellaneous

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

7.2 The Authority shall take all actions required by the Council in making and enforcing this Loan Agreement.

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

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

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

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

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

7.8 This Loan Agreement shall terminate upon the earlier of:

- (i) the end of ninety (90) days after the date of execution hereof by the Authority if the Governmental Agency has failed to deliver the Local Bonds to the Authority;
- (ii) termination by the Authority pursuant to Section 6.1 hereof; or
- (iii) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Governmental Agency to the Authority, acting on behalf of the Council.

7.9 The Authority acknowledges that certain terms and requirements in this Loan Agreement may not be applicable when the Project is financed in part by the West Virginia Division of Environmental Protection, Office of Abandoned Mine Lands and under that circumstance those terms and requirements are specifically waived or modified as agreed to by the Authority and set forth in the Local Act.

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

NORTON-HARDING-JIMTOWN
PUBLIC SERVICE DISTRICT

(SEAL)

By: Michael Kalle
Chairman

Attest:
Kenneth Soy
Secretary

Date: February 23, 1999

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

(SEAL)

By: Daniel B. Yeats
Director

Attest:
Barbara B. Meadows
Secretary-Treasurer

Date: February 23, 1999

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

(Issuer)

(Name of Bonds)

I, _____, Registered Professional Engineer, West Virginia License No. _____, of _____, Consulting Engineers, _____, _____, hereby certify that my firm is engineer for the acquisition and construction of _____ to the _____ system (herein called the "Project") of _____ (the "Issuer") to be constructed primarily in _____ County, West Virginia, which construction and acquisition are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the meaning set forth in the _____ passed by the _____ of the Issuer on _____, 19____, effective _____, 19____, and the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority") dated _____, 19____.

1. The Bonds are being issued for the purpose of _____
_____ (the "Project").

2. The undersigned hereby certifies that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm and as described in the application submitted to the Authority requesting the Authority to purchase the Bonds (the "Application") and approved by all necessary governmental bodies, (ii) the Project is adequate for the purpose for which it was designed and has an estimated useful life of at least _____ years, (iii) the Issuer has received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application and my firm has ascertained that all contractors have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified by my firm for accuracy, (iv) the chosen bidder received any and all addenda to the original bid documents; (v) the bid documents reflect the Project as approved by the West Virginia [Division of Environmental Protection][Bureau for Public Health]; (vi) the chosen bid includes every construction item necessary to complete the Project, or explains any deviation thereof; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project, (ix) the rates and charges for the System as adopted by the Issuer are sufficient to comply with the provisions of Subsection 4.1(b)(ii) of the Loan Agreement, (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably

pledged thereto and the proceeds of grants irrevocably committed therefor, are sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature on this ___ day of ____, 19__.

By: _____

West Virginia License No. _____

[SEAL]

EXHIBIT B

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

West Virginia Infrastructure and
Jobs Development Council
c/o West Virginia Water Development Authority
180 Association Drive
Charleston, West Virginia 25311

Ladies and Gentlemen:

We are bond counsel to _____ (the
"Governmental Agency"), a _____
_____.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement dated _____, 19__, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated _____, 19__ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are in the principal amount of \$_____, issued in the form of one bond registered as to principal and interest to the Authority, with interest and principal payable in installments on September 1, December 1, March 1 and June 1 of each year, beginning _____, at the rate as set forth in Exhibit A incorporated in and made a part of the Bonds.

The Local Bonds are issued for the purpose of _____ and paying certain issuance and other costs in connection therewith.

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

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

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

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

3. The Governmental Agency is a duly organized and presently existing _____, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.

4. The Governmental Agency has legally and effectively enacted the Local Act and all other necessary _____ in connection with the issuance and sale of the Local Bonds. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Local Bonds are valid and legally enforceable special obligations of the Governmental Agency, payable from the [net] revenues of the System referred to in the Local Act and secured by a [first] lien on and pledge of the [net] revenues of said System, all in accordance with the terms of the Local Bonds and the Local Act, and have been duly issued and delivered to the Authority.

6. [If required, the Local Bonds are, by statute, exempt _____, and under existing statutes and court decisions of the United States of America, as presently written and applied, the interest on the Local Bonds is excludable from the gross income of the recipients thereof for Federal income tax purposes.]

No opinion is given herein as to the effect upon enforceability of the Local Bonds of bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights or in the exercise of judicial discretion in appropriate cases.

We have examined executed and authenticated Local Bond numbered R-1, and in our opinion the form of said bond and its execution and authentication are regular and proper.

Very truly yours,

EXHIBIT C

Monthly Financial Report

[Name of Governmental Agency]

[Name of Bond Issue]

Fiscal Year - ____

Report Month: _____

	<u>CURRENT</u>	<u>YEAR TO</u>	<u>BUDGET YEAR</u>	
	<u>MONTH</u>	<u>DATE</u>	<u>TO DATE</u>	<u>DIFFERENCE</u>
1. Gross Revenues Collected				
2. Operation and Maintenance Expense				
3. Other Bond Debt Payments (including Reserve Fund deposits)				
4. Bond Payments (include Reserve Fund deposits)				
5. Renewal and Replacement Fund Deposit				
6. Funds available for capital construction				

Witnesseth my signature this __ day of ____, 19__.

[Name of Governmental Agency]

By: _____
Authorized Officer

CHASFS3:58465

SCHEDULE X

DESCRIPTION OF BONDS

Principal Amount of Bonds	\$1,380,000
Purchase Price of Bonds	\$1,380,000

Principal on the Bonds is payable quarterly, commencing June 1, 2000 to and including December 1, 2038. Quarterly payments will be made thereafter on each September 1, December 1, March 1 and June 1, as set forth on Schedule Y attached hereto and incorporated herein by reference. The Bonds shall be issued on a parity with the Governmental Agency's Water Revenue Bonds, Series 1978, dated September 21, 1979, and Water Revenue Bonds, Series 1986, dated February 4, 1987.

The Governmental Agency shall submit its payments monthly to the West Virginia Municipal Bond Commission which will make quarterly payments to the West Virginia Water Development Authority at such address as is given to the West Virginia Municipal Bond Commission in writing by the Authority.

The Bonds will be fully registered in the name of the West Virginia Water Development Authority as to principal only and such Bonds shall grant the Authority a first parity lien on the net revenues of the Governmental Agency's system.

The Governmental Agency may prepay the Bonds in full at any time at the price of par but only with the Council's written consent. The Governmental Agency must obtain the prior written consent of the Authority and Council before any proposed debt on a parity with the Bonds can be issued by the Governmental Agency. The Governmental Agency's request must be received by the Authority and the Council at least 60 days prior to the intended date of issuance.

SCHEDULE Y

Norton-Harding-Jimtown Public Service District, West Virginia
Infrastructure Fund (Series 1998A) Loan
\$1,380,000; 0% Interest Rate; 40 Years

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
3/01/1999	-	-	-
6/01/1999	-	-	-
9/01/1999	-	-	-
12/01/1999	-	-	-
3/01/2000	-	-	-
6/01/2000	8,904.00	-	8,904.00
9/01/2000	8,904.00	-	8,904.00
12/01/2000	8,904.00	-	8,904.00
3/01/2001	8,904.00	-	8,904.00
6/01/2001	8,904.00	-	8,904.00
9/01/2001	8,904.00	-	8,904.00
12/01/2001	8,904.00	-	8,904.00
3/01/2002	8,904.00	-	8,904.00
6/01/2002	8,904.00	-	8,904.00
9/01/2002	8,904.00	-	8,904.00
12/01/2002	8,904.00	-	8,904.00
3/01/2003	8,904.00	-	8,904.00
6/01/2003	8,904.00	-	8,904.00
9/01/2003	8,904.00	-	8,904.00
12/01/2003	8,904.00	-	8,904.00
3/01/2004	8,904.00	-	8,904.00
6/01/2004	8,904.00	-	8,904.00
9/01/2004	8,904.00	-	8,904.00
12/01/2004	8,904.00	-	8,904.00
3/01/2005	8,904.00	-	8,904.00
6/01/2005	8,904.00	-	8,904.00
9/01/2005	8,904.00	-	8,904.00
12/01/2005	8,904.00	-	8,904.00
3/01/2006	8,904.00	-	8,904.00
6/01/2006	8,904.00	-	8,904.00
9/01/2006	8,904.00	-	8,904.00
12/01/2006	8,904.00	-	8,904.00
3/01/2007	8,904.00	-	8,904.00
6/01/2007	8,904.00	-	8,904.00
9/01/2007	8,904.00	-	8,904.00
12/01/2007	8,904.00	-	8,904.00
3/01/2008	8,904.00	-	8,904.00
6/01/2008	8,904.00	-	8,904.00
9/01/2008	8,904.00	-	8,904.00
12/01/2008	8,904.00	-	8,904.00
3/01/2009	8,903.00	-	8,903.00
6/01/2009	8,903.00	-	8,903.00
9/01/2009	8,903.00	-	8,903.00
12/01/2009	8,903.00	-	8,903.00
3/01/2010	8,903.00	-	8,903.00
6/01/2010	8,903.00	-	8,903.00
9/01/2010	8,903.00	-	8,903.00

Norton-Harding-Jimtown Public Service District, West Virginia

Infrastructure Fund (Series 1998A) Loan

\$1,380,000; 0% Interest Rate; 40 Years

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2010	8,903.00	-	8,903.00
3/01/2011	8,903.00	-	8,903.00
6/01/2011	8,903.00	-	8,903.00
9/01/2011	8,903.00	-	8,903.00
12/01/2011	8,903.00	-	8,903.00
3/01/2012	8,903.00	-	8,903.00
6/01/2012	8,903.00	-	8,903.00
9/01/2012	8,903.00	-	8,903.00
12/01/2012	8,903.00	-	8,903.00
3/01/2013	8,903.00	-	8,903.00
6/01/2013	8,903.00	-	8,903.00
9/01/2013	8,903.00	-	8,903.00
12/01/2013	8,903.00	-	8,903.00
3/01/2014	8,903.00	-	8,903.00
6/01/2014	8,903.00	-	8,903.00
9/01/2014	8,903.00	-	8,903.00
12/01/2014	8,903.00	-	8,903.00
3/01/2015	8,903.00	-	8,903.00
6/01/2015	8,903.00	-	8,903.00
9/01/2015	8,903.00	-	8,903.00
12/01/2015	8,903.00	-	8,903.00
3/01/2016	8,903.00	-	8,903.00
6/01/2016	8,903.00	-	8,903.00
9/01/2016	8,903.00	-	8,903.00
12/01/2016	8,903.00	-	8,903.00
3/01/2017	8,903.00	-	8,903.00
6/01/2017	8,903.00	-	8,903.00
9/01/2017	8,903.00	-	8,903.00
12/01/2017	8,903.00	-	8,903.00
3/01/2018	8,903.00	-	8,903.00
6/01/2018	8,903.00	-	8,903.00
9/01/2018	8,903.00	-	8,903.00
12/01/2018	8,903.00	-	8,903.00
3/01/2019	8,903.00	-	8,903.00
6/01/2019	8,903.00	-	8,903.00
9/01/2019	8,903.00	-	8,903.00
12/01/2019	8,903.00	-	8,903.00
3/01/2020	8,903.00	-	8,903.00
6/01/2020	8,903.00	-	8,903.00
9/01/2020	8,903.00	-	8,903.00
12/01/2020	8,903.00	-	8,903.00
3/01/2021	8,903.00	-	8,903.00
6/01/2021	8,903.00	-	8,903.00
9/01/2021	8,903.00	-	8,903.00
12/01/2021	8,903.00	-	8,903.00
3/01/2022	8,903.00	-	8,903.00
6/01/2022	8,903.00	-	8,903.00

Norton-Harding-Jimtown Public Service District, West Virginia
Infrastructure Fund (Series 1998A) Loan
\$1,380,000; 0% Interest Rate; 40 Years

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/2022	8,903.00	-	8,903.00
12/01/2022	8,903.00	-	8,903.00
3/01/2023	8,903.00	-	8,903.00
6/01/2023	8,903.00	-	8,903.00
9/01/2023	8,903.00	-	8,903.00
12/01/2023	8,903.00	-	8,903.00
3/01/2024	8,903.00	-	8,903.00
6/01/2024	8,903.00	-	8,903.00
9/01/2024	8,903.00	-	8,903.00
12/01/2024	8,903.00	-	8,903.00
3/01/2025	8,903.00	-	8,903.00
6/01/2025	8,903.00	-	8,903.00
9/01/2025	8,903.00	-	8,903.00
12/01/2025	8,903.00	-	8,903.00
3/01/2026	8,903.00	-	8,903.00
6/01/2026	8,903.00	-	8,903.00
9/01/2026	8,903.00	-	8,903.00
12/01/2026	8,903.00	-	8,903.00
3/01/2027	8,903.00	-	8,903.00
6/01/2027	8,903.00	-	8,903.00
9/01/2027	8,903.00	-	8,903.00
12/01/2027	8,903.00	-	8,903.00
3/01/2028	8,903.00	-	8,903.00
6/01/2028	8,903.00	-	8,903.00
9/01/2028	8,903.00	-	8,903.00
12/01/2028	8,903.00	-	8,903.00
3/01/2029	8,903.00	-	8,903.00
6/01/2029	8,903.00	-	8,903.00
9/01/2029	8,903.00	-	8,903.00
12/01/2029	8,903.00	-	8,903.00
3/01/2030	8,903.00	-	8,903.00
6/01/2030	8,903.00	-	8,903.00
9/01/2030	8,903.00	-	8,903.00
12/01/2030	8,903.00	-	8,903.00
3/01/2031	8,903.00	-	8,903.00
6/01/2031	8,903.00	-	8,903.00
9/01/2031	8,903.00	-	8,903.00
12/01/2031	8,903.00	-	8,903.00
3/01/2032	8,903.00	-	8,903.00
6/01/2032	8,903.00	-	8,903.00
9/01/2032	8,903.00	-	8,903.00
12/01/2032	8,903.00	-	8,903.00
3/01/2033	8,903.00	-	8,903.00
6/01/2033	8,903.00	-	8,903.00
9/01/2033	8,903.00	-	8,903.00
12/01/2033	8,903.00	-	8,903.00
3/01/2034	8,903.00	-	8,903.00

Norton-Harding-Jimtown Public Service District, West Virginia
Infrastructure Fund (Series 1998A) Loan
\$1,380,000; 0% Interest Rate; 40 Years

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2034	8,903.00	-	8,903.00
9/01/2034	8,903.00	-	8,903.00
12/01/2034	8,903.00	-	8,903.00
3/01/2035	8,903.00	-	8,903.00
6/01/2035	8,903.00	-	8,903.00
9/01/2035	8,903.00	-	8,903.00
12/01/2035	8,903.00	-	8,903.00
3/01/2036	8,903.00	-	8,903.00
6/01/2036	8,903.00	-	8,903.00
9/01/2036	8,903.00	-	8,903.00
12/01/2036	8,903.00	-	8,903.00
3/01/2037	8,903.00	-	8,903.00
6/01/2037	8,903.00	-	8,903.00
9/01/2037	8,903.00	-	8,903.00
12/01/2037	8,903.00	-	8,903.00
3/01/2038	8,903.00	-	8,903.00
6/01/2038	8,903.00	-	8,903.00
9/01/2038	8,903.00	-	8,903.00
12/01/2038	8,903.00	-	8,903.00
Total	1,380,000.00	-	1,380,000.00

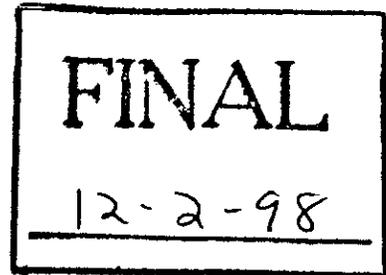
YIELD STATISTICS

Bond Year Dollars.....	\$28,323.98
Average Life.....	20.525 Years
Average Coupon.....	-
Net Interest Cost (NIC).....	-
True Interest Cost (TIC).....	6.12E-11
Bond Yield for Arbitrage Purposes.....	6.12E-11
All Inclusive Cost (AIC).....	6.12E-11

IRS FORM 8038

Net Interest Cost.....	-
Weighted Average Maturity.....	20.525 Years

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON



Entered: November 12, 1998

CASE NO. 97-1706-PWD-CN

NORTON-HARDING-JIMTOWN PUBLIC
SERVICE DISTRICT

Application for a certificate of convenience and necessity to upgrade the existing water treatment plant, to drill additional well and to repaint the Jimtown Water Tank at Norton, in the County of Randolph.

RECOMMENDED DECISION

On March 27, 1998, Norton-Harding-Jimtown Public Service District (District), a public utility, filed an application for a certificate of convenience and necessity to upgrade its existing water treatment plant, drill an additional well and repaint the Jimtown water tower. The District estimated that construction of this project will cost approximately \$1,380,000, and would be financed by a loan in that amount at 0% interest for a term of forty years from the West Virginia Infrastructure and Jobs Development Council.

This matter had been prefiled with the Public Service Commission on December 31, 1997, and was published for public legal notice of the pre-filing on January 2 and 9, 1998, in The Inter-Mountain, a newspaper duly qualified by the Secretary of State, published and of general circulation in Randolph County, West Virginia.

Pursuant to a Notice of Filing entered by the Public Service Commission on May 29, 1998, the District filed an affidavit of publication on June 11, 1998, demonstrating publication for public legal notice of said Notice of Filing on June 3, 1998, in The Inter-Mountain. The Notice of Filing contained the schedule of rates proposed by the District and made provision for the filing of protest or objection to the application within thirty (30) days of that publication date. As of the date of this Procedural Order, no letters of protest or objection have been filed in this matter.

By a Commission Referral Order entered June 8, 1998, this matter was referred to the Division of Administrative Law Judges for further proceedings with a decision due date of November 12, 1998. The Commission noted that its Notice of Filing had been in error and that this application should be deemed as filed on March 27, 1998, the date the formal filed application was completed, and not May 22, 1998, as indicated in the Notice of Filing.

On June 24, 1998, Staff of the Public Service Commission filed its Initial Joint Staff Memorandum in this matter. Staff's review of the materials submitted with the application and during the pre-filing period was continuing, and a final recommendation would be forthcoming.

By a Procedural Order entered July 30, 1998, this matter was scheduled for hearing to be held on September 9, 1998, in Elkins, Randolph County, West Virginia.

On August 26, 1998, Commission Staff filed its Final Joint Staff Memorandum in this matter. The proposed project consists of the addition of one new well, two new 200 gpm well pumps, a 150 gpm greensand pressure filter, a 400 gpm activated carbon pressure filter, a new baffled clearwell, new high service pumps and other required repairs and improvements. Staff has reviewed the plans and specifications and found them to be in general conformance with Commission rules and regulations. The District has been granted Permit No. 13,564 by the Office of Environmental Health Services for this project, and employs two Class II Public Water Supply Operators to operate the system. The estimated cost for the proposed project is \$1,380,000, to be funded by a loan from the West Virginia Infrastructure and Jobs Development Council (WVIJDC). A letter confirming the loan was reviewed by Staff.

The District currently serves 533 customers and through this project will be adding the Town of Junior as a new wholesale customer. The Town is expected to purchase an average of 55,000 gallons per day of treated water. The cost per customer of this project is a feasible \$2,584, and the District's ongoing operation and maintenance expense is expected to increase by \$17,058 per year, mainly for power and chemicals. The operation and maintenance (O&M) expenses are reasonable and customary for a project of this scope. The project is necessary because it will bring the existing plant into compliance with current regulations and will enable the District to provide reliable, safe and healthy water service to an increasing customer base. The project is feasible and convenient in that it will not financially burden the District or its customers. As a result, Staff recommended that the District be granted a certificate of convenience and necessity to construct and operate the project described in its application and supporting documentation.

On September 3, 1998, the District filed a letter in response to the Staff recommendations requesting that the requirement for hearing be waived and the currently scheduled hearing cancelled. In response to this request, a Procedural Order was entered on September 3, 1998, which cancelled the hearing previously scheduled for September 9, 1998, pending entry of this Recommended Decision.

On September 28, 1998, Staff filed a Further Final Joint Staff Memorandum in this matter to clarify that this certificate filing, if granted, would increase existing rates. Rates for the District in general would increase by approximately 12% and in the Mabie-Cassidy area by approximately 8%. Staff stated that the District published appropriate public legal notice of these increased rates in the Notice of Filing, to which no statements of protest or objection were received by the Public Service Commission. Further, Staff renewed its recommendation that the application for a certificate of convenience and necessity be granted.

Pursuant to a Procedural Order entered October 16, 1998, which required Staff to file an appropriate leak adjustment rate in this matter, Staff filed, on November 10, 1998, a revised proposed tariff containing an appropriate leak adjustment rate of \$0.85 per thousand gallons for both rate territories of the Norton-Harding-Jimtown Public Service District.

Consequently, this application will be approved and the Norton-Harding-Jimtown Public Service District will be granted a certificate of convenience and necessity to construct and operate the project described in said application and the Staff recommendation filed herein.

FINDINGS OF FACT

1. On March 27, 1998, Norton-Harding-Jimtown Public Service District, a public utility, filed an application for a certificate of convenience and necessity to upgrade its existing water treatment plant, drill an additional well and repaint the Jimtown water tower. The District estimated that construction of this project will cost approximately \$1,380,000, and will be financed by a loan in that amount at 0% interest for a term of forty years from the West Virginia Infrastructure and Jobs Development Council. (See, Application filed March 27, 1998).

2. This matter had been prefiled with the Public Service Commission on December 31, 1997, and was published for public legal notice of the pre-filing on January 2 and 9, 1998, in The Inter-Mountain, a newspaper duly qualified by the Secretary of State, published and of general circulation in Randolph County, West Virginia. (See, letter filed December 31, 1997; Affidavit of Publication filed January 20, 1998).

3. Pursuant to a Notice of Filing entered by the Public Service Commission on May 29, 1998, the District filed an affidavit of publication on June 11, 1998, demonstrating publication for public legal notice of said Notice of Filing on June 3, 1998, in The Inter-Mountain. The Notice of Filing contained the schedule of rates proposed by the District and made provision for the filing of protest or objection to the application within thirty (30) days of that publication date. As of the date of this Procedural Order, no letters of protest or objection have been filed in this matter. (See, Notice of Filing entered May 29, 1998; Affidavit of Publication filed June 11, 1998).

4. On August 26, 1998, Commission Staff filed its Final Joint Staff Memorandum in this matter detailing the construction and improvements to be undertaken in this project. The plans and specifications of the project have been reviewed and found to be in general conformance with Public Service Commission rules and regulations. The project is necessary because it will bring the existing plant into compliance with current regulations and will enable the District to provide reliable, safe and healthy water service to an increasing customer base. (See, Final Joint Staff Memorandum filed August 26, 1998).

5. The District has been granted Permit No. 13,564 by the Office of Environmental Health Services for this project. (See, Final Joint Staff Memorandum filed August 26, 1998).

6. The estimated cost of this project is \$1,380,000, to be funded by a loan from the WVIJDC which has been confirmed by Staff. The cost per customer is a feasible \$2,584 and ongoing operation and maintenance expense is expected to increase by \$17,058, both of which are reasonable and customary for a project of this scope. The project is feasible and convenient in that it will not financially burden the District or its customers. (See, Final Joint Staff Memorandum filed August 26, 1998).

7. As a result of this project, the District's rates will increase approximately 12% in the general area of service and about 8% in the Mabie-Cassidy service area. These proposed increased rates will result in sufficient revenues to pay all debt service and operating expenses with an annual cash flow surplus of \$7,637. (See, Further Final Joint Staff Memorandum filed September 28, 1998).

8. As a result of its review of this application and supporting documentation, Staff has recommended that the District be granted a certificate of convenience and necessity to construct the project described therein and that the project financing, consisting of a WVIJDC loan not to exceed \$1,380,000, for a term of 40 years at 0% interest, be approved as well. (See, Final Joint Staff Memorandum filed August 26, 1998; Further Final Joint Staff Memorandum filed September 28, 1998).

CONCLUSIONS OF LAW

1. Under the facts and circumstances of this case, it is reasonable to approve the application filed on March 27, 1998, by Norton-Harding-Jimtown Public Service District and to grant the District a certificate of convenience and necessity to construct and operate the project described therein.

2. It is also reasonable to approve the proposed financing of this project consisting of a West Virginia Infrastructure and Jobs Development Council loan not to exceed \$1,380,000, for a term of 40 years at 0% interest.

3. Further, it is reasonable to authorize the Norton-Harding-Jimtown Public Service District to charge and collect the increased rates and charges recommended by the Staff of the Public Service Commission in its Proposed Rates-Schedule I and Proposed Rates-Schedule II, attached hereto as Appendices A and B.

ORDER

IT IS, THEREFORE, ORDERED that the application filed March 27, 1998, by the Norton-Harding-Jimtown Public Service District is approved and that a certificate of convenience and necessity to construct and operate the project described therein shall be granted to the District.

IT IS FURTHER ORDERED that the proposed financing for this project, consisting of a loan, not to exceed \$1,380,000, for a term of 40 years at 0% interest, from the West Virginia Infrastructure and Jobs Development Council, shall also be approved.

IT IS FURTHER ORDERED that the District shall be authorized to charge and collect the increased rates and charges recommended by the Staff of the Public Service Commission in its Proposed Rates-Schedule I and Proposed Rates-Schedule II, attached hereto as Appendices A and B, for all service rendered on and after the date this project is certified by the District's project engineer as substantially complete and operational.

IT IS FURTHER ORDERED that, should there be any change in the plans, scope, or terms of financing of this project, the District shall notify the Public Service Commission and request that this case be reopened for subsequent review and approval of such changes.

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

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

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

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

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



Thomas N. Trent
Administrative Law Judge

TNT:dfs

NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT
CASE NO. 97-1706-PWD-CN

APPROVED RATES

SCHEDULE I

APPLICABILITY

Applicable inside and outside the designated boundaries of Norton-Harding-Jimtown Public Service District.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

METERED RATE

First	3,000 gallons used per month	\$4.58 per 1,000 gallons
Next	3,000 gallons used per month	\$4.28 per 1,000 gallons
Next	4,000 gallons used per month	\$3.88 per 1,000 gallons
Next	10,000 gallons used per month	\$3.48 per 1,000 gallons
All Over	20,000 gallons used per month	\$3.23 per 1,000 gallons

MINIMUM CHARGE

The monthly minimum charge will be as follows, according to the size of the meter installed:

5/8 inch meter	\$ 13.74 per month
3/4 inch meter	20.61 per month
1 inch meter	34.35 per month
1-1/2 inch meter	68.70 per month
2 inch meter	109.92 per month
3 inch meter	206.10 per month
4 inch meter	343.50 per month
6 inch meter	687.00 per month

DELAYED PAYMENT PENALTY

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

CONNECTION CHARGE

Subsequent to construction adjacent to the customer's property, there shall be a charge for connection to the system of Two Hundred and Fifty Dollars (\$250.00).

RECONNECTION CHARGE - \$10.00

INCREMENTAL COST OF WATER PURCHASED

\$0.85 per M Gallons. To be charged for all water billed in excess of the customer's historical usage when the bill reflects unusual consumption which is attributed to eligible leakage on the customer's side of the meter.

NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT
CASE NO. 97-1706-PWD-CN

APPROVED RATES

SCHEDULE II

APPLICABILITY

Applicable in the Mabie/Cassidy area of the North-Harding-Jimtown Public Service District boundaries.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

METERED RATE

First	3,000 gallons used per month	\$6.78 per 1,000 gallons
Next	3,000 gallons used per month	\$5.88 per 1,000 gallons
Next	4,000 gallons used per month	\$5.48 per 1,000 gallons
Next	10,000 gallons used per month	\$5.08 per 1,000 gallons
All Over	20,000 gallons used per month	\$4.68 per 1,000 gallons

MINIMUM CHARGE

The monthly minimum charge will be as follows, according to the size of the meter installed:

5/8 inch meter	\$ 20.34 per month
3/4 inch meter	30.51 per month
1 inch meter	50.85 per month
1-1/2 inch meter	101.70 per month
2 inch meter	162.72 per month
3 inch meter	305.10 per month
4 inch meter	508.50 per month
6 inch meter	1,017.00 per month

DELAYED PAYMENT PENALTY

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

CONNECTION CHARGE

Subsequent to construction adjacent to the customer's property, there shall be a charge for connection to the system of Two Hundred and Fifty Dollars (\$250.00).

RECONNECTION CHARGE - \$10.00

INCREMENTAL COST OF WATER PURCHASED

\$0.85 per M Gallons. To be charged for all water billed in excess of the customer's historical usage when the bill reflects unusual consumption which is attributed to eligible leakage on the customer's side of the meter.



West Virginia Infrastructure & Jobs Development Council

Public Members:

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

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

Susan J. Riggs, Esquire
Executive Secretary

July 8, 1997

Jonathan M. Fowler, P.E.
Haworth, Meyer & Boleyn, Inc.
326 Sixth Avenue
South Charleston, WV 25303

Re: Norton-Harding-Jimtown Public Service District
Water System Upgrade Project 97W-322

Dear Mr. Fowler:

The West Virginia Infrastructure and Jobs Development Council (Council) has reviewed the Norton-Harding-Jimtown Public Service District's (District) preliminary application regarding its proposed project to upgrade its water treatment plant (Project). Based on the findings of the Water Technical Review Committee, the Council has determined that the Project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. The District should carefully review the enclosed comments of the Water Technical Review Committee. The District may need to address certain issues raised in said comments as it proceeds with the Project.

Pursuant to its review of the preliminary application, the Council determined that the District may be eligible for Infrastructure Fund assistance of approximately \$1,380,000. Please notify the Council once the Project design is complete and the District is ready to immediately submit the Project for regulatory approvals. Upon such notification, the Council will review the District's need for funding from the Infrastructure Fund and determine whether a notice of eligibility letter should be issued. The Council's final decision regarding the specific funding of the Project is deferred pending final determination of the Project's eligibility and readiness to proceed, and availability of funds in the Infrastructure Fund. **Please note that this letter does not constitute funding approval from the Council.**

Jonathan M. Fowler, P.E.
July 8, 1997
Page 2

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

Sincerely,



Russell L. Isaacs

RLI/bh

Enclosures

cc: Sheila Smith Johns

1

2

NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1999 A
(West Virginia Infrastructure Fund)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and the undersigned Chairman of Norton-Harding-Jimtown Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

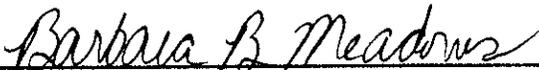
1. On the 23rd day of February, 1999, the Authority received the Norton-Harding-Jimtown Public Service District Water Revenue Bonds, Series 1999 A (West Virginia Infrastructure Fund), issued in the principal amount of \$1,380,000, as a single, fully registered Bond, numbered AR-1 and dated February 23, 1999 (the "Bonds").

2. At the time of such receipt, the Bonds had been executed by the Chairman and the Secretary of the Issuer, by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Bonds, of \$106,094 being a portion of the principal amount of the Series 1999 A Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer by the Authority and the Council as acquisition and construction of the Project progresses.

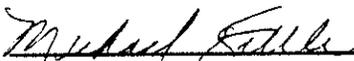
WITNESS our respective signatures on this 23rd day of February, 1999.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY



Authorized Representative

NORTON-HARDING-JIMTOWN
PUBLIC SERVICE DISTRICT



Chairman

02/03/99
664900/97001

NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1999 A
(West Virginia Infrastructure Fund)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

One Valley Bank, National Association,
as Bond Registrar
Charleston, West Virginia

Ladies and Gentlemen:

There are delivered to you herewith:

- (1) Bond No. AR-1, constituting the entire original issue of the Norton-Harding-Jimtown Public Service District Water Revenue Bonds, Series 1999 A (West Virginia Infrastructure Fund), in the principal amount of \$1,380,000, dated February 23, 1999 (the "Bonds"), executed by the Chairman and Secretary of Norton-Harding-Jimtown Public Service District (the "Issuer"), and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Resolution and a Supplemental Resolution, both duly adopted by the Issuer on February 8, 1999 (the "Bond Legislation");
- (2) A copy of the Bond Legislation authorizing the above-described Bond issue, duly certified by the Secretary of the Issuer;
- (3) Executed counterparts of the loan agreement dated February 23, 1999, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Loan Agreement"); and
- (4) An executed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreement and the Bonds.

You are hereby requested and authorized to deliver the Bonds to the Authority upon payment to the account of the Issuer of the sum of \$106,094 representing a portion of the principal amount of the Bonds. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the form of Certificate of Authentication and Registration thereon.

Dated this 23rd day of February, 1999.

NORTON-HARDING-JIMTOWN
PUBLIC SERVICE DISTRICT

Michael Kettle

Chairman

02/08/99
664900/97001

(SPECIMEN BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 1999 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1

\$1,380,000

KNOW ALL MEN BY THESE PRESENTS: That NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Randolph County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of ONE MILLION THREE HUNDRED EIGHTY THOUSAND DOLLARS (\$1,380,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2000, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, with no interest.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated February 23, 1999.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance for the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the

Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Resolution duly adopted by the Issuer on February 8, 1999, and a Supplemental Resolution duly adopted by the Issuer on February 8, 1999 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for 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 OTHER RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 1978, DATED SEPTEMBER 21, 1979, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$195,000; AND (2) WATER REVENUE BONDS, SERIES 1986, DATED FEBRUARY 4, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$133,000 (COLLECTIVELY, THE "PRIOR 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 operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1999 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 1999 A 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; provided however, that so long as there exists in the Series 1999 A 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, 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 One Valley Bank, National Association, Charleston, West Virginia, 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 payment of the costs of the Project and costs of issuance hereof 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, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

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

All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, NORTON-HARDING-JIMTOWN 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 February 23, 1999.

[SEAL]

Chairman

ATTEST:

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: February 23, 1999.

**ONE VALLEY BANK, NATIONAL
ASSOCIATION, as Registrar**

Authorized Officer

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

<p align="center">Norton-Harding-Jimtown Public Service District, West Virginia <i>Infrastructure Fund (Series 1998A) Loan</i> <i>\$1,380,000; 0% Interest Rate; 40 Years</i></p>			
<p align="center">DEBT SERVICE SCHEDULE</p>			
Date	Principal	Coupon	Total P+I
3/01/1999	-	-	-
6/01/1999	-	-	-
9/01/1999	-	-	-
12/01/1999	-	-	-
3/01/2000	-	-	-
6/01/2000	8,904.00	-	8,904.00
9/01/2000	8,904.00	-	8,904.00
12/01/2000	8,904.00	-	8,904.00
3/01/2001	8,904.00	-	8,904.00
6/01/2001	8,904.00	-	8,904.00
9/01/2001	8,904.00	-	8,904.00
12/01/2001	8,904.00	-	8,904.00
3/01/2002	8,904.00	-	8,904.00
6/01/2002	8,904.00	-	8,904.00
9/01/2002	8,904.00	-	8,904.00
12/01/2002	8,904.00	-	8,904.00
3/01/2003	8,904.00	-	8,904.00
6/01/2003	8,904.00	-	8,904.00
9/01/2003	8,904.00	-	8,904.00
12/01/2003	8,904.00	-	8,904.00
3/01/2004	8,904.00	-	8,904.00
6/01/2004	8,904.00	-	8,904.00
9/01/2004	8,904.00	-	8,904.00
12/01/2004	8,904.00	-	8,904.00
3/01/2005	8,904.00	-	8,904.00
6/01/2005	8,904.00	-	8,904.00
9/01/2005	8,904.00	-	8,904.00
12/01/2005	8,904.00	-	8,904.00
3/01/2006	8,904.00	-	8,904.00
6/01/2006	8,904.00	-	8,904.00
9/01/2006	8,904.00	-	8,904.00
12/01/2006	8,904.00	-	8,904.00
3/01/2007	8,904.00	-	8,904.00
6/01/2007	8,904.00	-	8,904.00
9/01/2007	8,904.00	-	8,904.00
12/01/2007	8,904.00	-	8,904.00
3/01/2008	8,904.00	-	8,904.00
6/01/2008	8,904.00	-	8,904.00
9/01/2008	8,904.00	-	8,904.00
12/01/2008	8,904.00	-	8,904.00
3/01/2009	8,903.00	-	8,903.00
6/01/2009	8,903.00	-	8,903.00
9/01/2009	8,903.00	-	8,903.00
12/01/2009	8,903.00	-	8,903.00
3/01/2010	8,903.00	-	8,903.00
6/01/2010	8,903.00	-	8,903.00
9/01/2010	8,903.00	-	8,903.00

Norton-Harding-Jimtown Public Service District, West Virginia
Infrastructure Fund (Series 1998A) Loan
\$1,380,000; 0% Interest Rate; 40 Years

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2010	8,903.00	-	8,903.00
3/01/2011	8,903.00	-	8,903.00
6/01/2011	8,903.00	-	8,903.00
9/01/2011	8,903.00	-	8,903.00
12/01/2011	8,903.00	-	8,903.00
3/01/2012	8,903.00	-	8,903.00
6/01/2012	8,903.00	-	8,903.00
9/01/2012	8,903.00	-	8,903.00
12/01/2012	8,903.00	-	8,903.00
3/01/2013	8,903.00	-	8,903.00
6/01/2013	8,903.00	-	8,903.00
9/01/2013	8,903.00	-	8,903.00
12/01/2013	8,903.00	-	8,903.00
3/01/2014	8,903.00	-	8,903.00
6/01/2014	8,903.00	-	8,903.00
9/01/2014	8,903.00	-	8,903.00
12/01/2014	8,903.00	-	8,903.00
3/01/2015	8,903.00	-	8,903.00
6/01/2015	8,903.00	-	8,903.00
9/01/2015	8,903.00	-	8,903.00
12/01/2015	8,903.00	-	8,903.00
3/01/2016	8,903.00	-	8,903.00
6/01/2016	8,903.00	-	8,903.00
9/01/2016	8,903.00	-	8,903.00
12/01/2016	8,903.00	-	8,903.00
3/01/2017	8,903.00	-	8,903.00
6/01/2017	8,903.00	-	8,903.00
9/01/2017	8,903.00	-	8,903.00
12/01/2017	8,903.00	-	8,903.00
3/01/2018	8,903.00	-	8,903.00
6/01/2018	8,903.00	-	8,903.00
9/01/2018	8,903.00	-	8,903.00
12/01/2018	8,903.00	-	8,903.00
3/01/2019	8,903.00	-	8,903.00
6/01/2019	8,903.00	-	8,903.00
9/01/2019	8,903.00	-	8,903.00
12/01/2019	8,903.00	-	8,903.00
3/01/2020	8,903.00	-	8,903.00
6/01/2020	8,903.00	-	8,903.00
9/01/2020	8,903.00	-	8,903.00
12/01/2020	8,903.00	-	8,903.00
3/01/2021	8,903.00	-	8,903.00
6/01/2021	8,903.00	-	8,903.00
9/01/2021	8,903.00	-	8,903.00
12/01/2021	8,903.00	-	8,903.00
3/01/2022	8,903.00	-	8,903.00
6/01/2022	8,903.00	-	8,903.00

Norton-Harding-Jimtown Public Service District, West Virginia
Infrastructure Fund (Series 1998A) Loan
\$1,380,000; 0% Interest Rate; 40 Years

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/2022	8,903.00	-	8,903.00
12/01/2022	8,903.00	-	8,903.00
3/01/2023	8,903.00	-	8,903.00
6/01/2023	8,903.00	-	8,903.00
9/01/2023	8,903.00	-	8,903.00
12/01/2023	8,903.00	-	8,903.00
3/01/2024	8,903.00	-	8,903.00
6/01/2024	8,903.00	-	8,903.00
9/01/2024	8,903.00	-	8,903.00
12/01/2024	8,903.00	-	8,903.00
3/01/2025	8,903.00	-	8,903.00
6/01/2025	8,903.00	-	8,903.00
9/01/2025	8,903.00	-	8,903.00
12/01/2025	8,903.00	-	8,903.00
3/01/2026	8,903.00	-	8,903.00
6/01/2026	8,903.00	-	8,903.00
9/01/2026	8,903.00	-	8,903.00
12/01/2026	8,903.00	-	8,903.00
3/01/2027	8,903.00	-	8,903.00
6/01/2027	8,903.00	-	8,903.00
9/01/2027	8,903.00	-	8,903.00
12/01/2027	8,903.00	-	8,903.00
3/01/2028	8,903.00	-	8,903.00
6/01/2028	8,903.00	-	8,903.00
9/01/2028	8,903.00	-	8,903.00
12/01/2028	8,903.00	-	8,903.00
3/01/2029	8,903.00	-	8,903.00
6/01/2029	8,903.00	-	8,903.00
9/01/2029	8,903.00	-	8,903.00
12/01/2029	8,903.00	-	8,903.00
3/01/2030	8,903.00	-	8,903.00
6/01/2030	8,903.00	-	8,903.00
9/01/2030	8,903.00	-	8,903.00
12/01/2030	8,903.00	-	8,903.00
3/01/2031	8,903.00	-	8,903.00
6/01/2031	8,903.00	-	8,903.00
9/01/2031	8,903.00	-	8,903.00
12/01/2031	8,903.00	-	8,903.00
3/01/2032	8,903.00	-	8,903.00
6/01/2032	8,903.00	-	8,903.00
9/01/2032	8,903.00	-	8,903.00
12/01/2032	8,903.00	-	8,903.00
3/01/2033	8,903.00	-	8,903.00
6/01/2033	8,903.00	-	8,903.00
9/01/2033	8,903.00	-	8,903.00
12/01/2033	8,903.00	-	8,903.00
3/01/2034	8,903.00	-	8,903.00

Norton-Harding-Jimtown Public Service District, West Virginia
Infrastructure Fund (Series 1998A) Loan
\$1,380,000; 0% Interest Rate; 40 Years

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2034	8,903.00	-	8,903.00
9/01/2034	8,903.00	-	8,903.00
12/01/2034	8,903.00	-	8,903.00
3/01/2035	8,903.00	-	8,903.00
6/01/2035	8,903.00	-	8,903.00
9/01/2035	8,903.00	-	8,903.00
12/01/2035	8,903.00	-	8,903.00
3/01/2036	8,903.00	-	8,903.00
6/01/2036	8,903.00	-	8,903.00
9/01/2036	8,903.00	-	8,903.00
12/01/2036	8,903.00	-	8,903.00
3/01/2037	8,903.00	-	8,903.00
6/01/2037	8,903.00	-	8,903.00
9/01/2037	8,903.00	-	8,903.00
12/01/2037	8,903.00	-	8,903.00
3/01/2038	8,903.00	-	8,903.00
6/01/2038	8,903.00	-	8,903.00
9/01/2038	8,903.00	-	8,903.00
12/01/2038	8,903.00	-	8,903.00
Total	1,380,000.00	-	1,380,000.00

YIELD STATISTICS

Bond Year Dollars.....	\$28,323.98
Average Life.....	20.525 Years
Average Coupon.....	-
Net Interest Cost (NIC).....	-
True Interest Cost (TIC).....	6.12E-11
Bond Yield for Arbitrage Purposes.....	6.12E-11
All inclusive Cost (AIC).....	6.12E-11

IRS FORM 8038

Net Interest Cost.....	-
Weighted Average Maturity.....	20.525 Years

Ferris, Baker Watts, Inc.
 West Virginia Public Finance Department

File = ifnorton.sf-012899- SINGLE PURPOSE
 1/28/1999 9:47 AM

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto

the within Bond and does hereby irrevocably constitute and appoint
_____, Attorney to transfer the said Bond
on the books kept for registration of the within Bond of the said Issuer with full power of
substitution in the premises.

Dated: _____, _____.

In the presence of:

STEPTOE & JOHNSON

ATTORNEYS AT LAW

BANK ONE CENTER

SIXTH FLOOR

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

FACSIMILE (304) 624-8183

February 23, 1999

RILEY BUILDING, FOURTH FLOOR

14TH AND CHAPLINE STREETS

P. O. BOX 150

WHEELING, W. VA. 26003-0020

(304) 233-0000

FACSIMILE (304) 233-0014

THE RIVERS OFFICE PARK

200 STAR AVENUE, SUITE 220

P. O. BOX 628

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ALAN B. MOLLOHAN INNOVATION CENTER

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WRITER'S DIRECT DIAL NUMBER

**Norton-Harding-Jimtown Public Service District
Water Revenue Bonds, Series 1999 A
(West Virginia Infrastructure Fund)**

Norton-Harding-Jimtown Public Service District
Norton, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs
Development Council
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Norton-Harding-Jimtown Public Service District (the "Issuer"), a public service district and public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its \$1,380,000 Water Revenue Bonds, Series 1999 A (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of the loan agreement for the Bonds, dated February 23, 1999, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one bond, registered as to principal only to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2000, and ending December 1, 2038, all as set forth in "Schedule Y," attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks facilities of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on February 8, 1999, as supplemented by a Supplemental Resolution duly adopted by the Issuer on February 8, 1999 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

1. The Issuer is a duly organized and validly existing public service district, public corporation and political subdivision of the State of West Virginia, with corporate power and authority to acquire and construct the Project, to operate and maintain the System and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and the Council and cannot be amended by the Issuer so as to affect adversely the rights of the Authority and the Council or diminish the obligations of the Issuer without the written consent of the Authority and the Council.

3. The Bond Legislation and all other necessary orders and resolutions have been duly and effectively adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable upon the Issuer. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Water Revenue Bonds, Series 1986, and Water Revenue Bonds, Series 1978, all in accordance with the terms of the Bonds and the Bond Legislation.

5. The Bonds are, under the Act, exempt from taxation by the State of West Virginia, and the other taxing bodies of the State, and the interest on the Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia.

6. The Bonds have not been issued on the basis that the interest, if any, thereon is or will be excluded from gross income for federal income tax purposes. We express no opinion regarding the federal tax consequences arising with respect to the Bonds.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the Loan Agreement, the Bond Legislation and the liens and pledges therein may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Bond numbered AR-1 and in our opinion the form of said bond and its execution and authentication is regular and proper.

All counsel to this transaction may rely upon this opinion as if specifically addressed to them.

Very truly yours,



STEPTOE & JOHNSON

R. SUE CORE
ATTORNEY AT LAW
102 SOUTH RANDOLPH AVENUE
P.O. BOX 409
ELKINS, WEST VIRGINIA 26241

R. SUE CORE

TELEPHONE
(304) 636-8525

February 23, 1999

Norton-Harding-Jimtown Public Service District
Water Revenue Bonds, Series 1999 A
(West Virginia Infrastructure Fund)

Norton-Harding-Jimtown Public Service District
Norton, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs
Development Council
Charleston, West Virginia

Steptoe & Johnson
Clarksburg, West Virginia

Ladies and Gentlemen:

I am counsel to Norton-Harding-Jimtown Public Service District, a public service district in Randolph County, West Virginia (the "Issuer"). As such counsel, I have examined a copy of the approving opinion of Steptoe & Johnson, as bond counsel, the loan agreement for the Bonds, dated February 23, 1999, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), the Bond Resolution duly adopted by the Issuer on February 8, 1999, the Supplemental Resolution duly adopted by the Issuer on February 8, 1999 (collectively, the "Bond Legislation"), and other documents, papers, agreements, instruments and certificates relating to the above-captioned Bonds of the Issuer (the "Bonds") and orders of The County Commission of Randolph County relating to the Issuer and the appointment of members of the Public Service Board of the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

I am of the opinion that:

1. The Issuer is duly created and validly existing as a public service district and as a public corporation and political subdivision of the State of West Virginia.

2. The Loan Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Authority, constitutes a valid and binding agreement of the Issuer in accordance with its terms.

3. The members and officers of the Public Service Board of the Issuer have been duly, lawfully and properly appointed and elected, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.

4. The Bond Legislation has been duly adopted by the Issuer and is in full force and effect.

5. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Bonds, the Loan Agreement and the Bond Legislation, and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default under any agreement, document or instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, rule, order or decree to which the Issuer is subject.

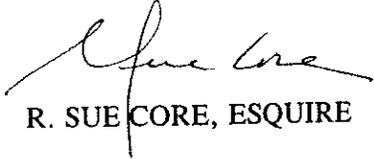
6. Based upon my diligent inquiry of all the other parties to this transaction, the Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges, including, without limitation, all requisite orders, consents, certificates and approvals from The County Commission of Randolph County, the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia, and the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on November 12, 1998, in Case No. 97-1706-PWD-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of such Final Order has expired prior to the date hereof without any appeal.

7. The Issuer has duly published a notice of the acquisition and construction of the Project, the issuance of the Bonds and related matters, as required under Chapter 16, Article 13A, Section 25 of the West Virginia Code of 1931, as amended, and has duly complied with the provisions thereof.

8. To the best of my knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Loan Agreement, the Bonds and the Bond Legislation, the acquisition and construction of the Project, the operation of the System or the validity of the Bonds or the collection or pledge of the Net Revenues therefor.

Norton-Harding-Jimtown Public Service District, et al.
Page 3

All counsel to this transaction may rely upon this opinion as if specifically addressed to them.

Very truly yours,

R. SUE CORE, ESQUIRE

02/03/99
664900/97001

R. SUE CORE
ATTORNEY AT LAW
102 SOUTH RANDOLPH AVENUE
P.O. BOX 409
ELKINS, WEST VIRGINIA 26241

February 23, 1999

R. SUE CORE

TELEPHONE
(304) 636-8525

Ms. Susan J. Riggs
Executive Secretary
WV Infrastructure & Jobs Dev. Council
980 One Valley Square
Charleston, WV 25301

RE: Case No. 97-1706-PWD-CN
Norton-Harding-Jimtown Public Service District
Final Report of Title to 0.27 Acres, Leadsville District,
Randolph County, WV--Water Well Site

Dear Ms. Riggs:

The undersigned, R. Sue Core, attorney at law, hereby certifies that she has brought her title report of December 8, 1998, concerning the above described property up to date and reports as follows:

1. That the lease agreement dated February 1, 1999, by and between the West Virginia State Rail Authority and the Norton-Harding-Jimtown Public Service District has been duly executed by the parties; approved as to form by the Office of the Attorney General of the State of West Virginia; and recorded in the Office of the Clerk of the County Commission of Randolph County, West Virginia, on the 19th day of February, 1999, at 10:02 a.m.

2. That I have reviewed the Right of Entry from the West Virginia Department of Transportation, Division of Highways, a copy of which is attached, and am of the opinion the right of entry would not permit the drilling of the well on Department of Highways right of way, State Project S342-33-9.85 crossing the 0.27 acre subject tract as shown on the plat of survey entitled "Plat of Survey for Proposed Well Site for Norton/Harding/Jimtown PSD, Leadsville District, Randolph County, West Virginia" dated November 1998, as surveyed by Kenneth Kelly, Professional Surveyor No. 973, of Dailey, West Virginia. The plat and legal description were provided to you along with my report of December 8, 1998.

The undersigned further certifies that Norton-Harding-Jimtown Public Service District has a vested leasehold estate in the 0.27 acre tract subject to the following:

1. The terms and conditions of the lease set forth under Paragraph 1 hereof, creating the leasehold estate hereby certified.

2. The above noted items.
3. Any defects and irregularities set forth in my report of December 8, 1998.
4. Correctness of the indices of the records contained in the office of the Clerk of the County Commission of Randolph County, West Virginia.
5. Unrecorded easements.
6. Accuracy of the "Plat of Survey for Proposed Well Site for Norton/Harding/Jimtown PSD, Leadsville District, Randolph County, West Virginia" dated November 1998, as surveyed by Kenneth Kelly, Professional Surveyor No. 973, of Dailey, West Virginia.

Respectfully submitted,



R. Sue Core

kw

Enclosure

PERMIT TO ENTER UPON, UNDER, OVER OR ACROSS THE STATE ROADS OF THE STATE OF WEST VIRGINIA, AS PROVIDED FOR IN SECTION 6, ARTICLE 16, CHAPTER 17; SECTION 9, ARTICLE 16, CHAPTER 17; SECTION 8, ARTICLE 4, CHAPTER 17; WEST VIRGINIA CODE, 1931, AS AMENDED.

THIS PERMIT, Made this 24 day of June, 1998, between the WEST VIRGINIA DEPARTMENT OF TRANSPORTATION, DIVISION OF HIGHWAYS, a statutory corporation hereinafter called DIVISION and Norton - Harding - Jimtown PSD

Address: P.O. Box 87 Norton, WV 26285

hereinafter called APPLICANT.

WITNESSETH

In consideration of the hereinafter set out covenants and in accordance with Section 6, Article 16, Chapter 17; or Section 9, Article 16, Chapter 17; or Section 8, Article 4, Chapter 17, of the Official Code of West Virginia, 1931, as amended, and the rules and regulations promulgated thereunder, APPLICANT does hereby apply to enter

Circle Type of Route: I WV(SLS)D Route No 151 DOH Project No. _____ (if applicable);

at 0.25 west jct. CR 53 Mile Post 9.95

in Randolph County, for the purposes hereinafter set forth and in accordance with the plans and specifications which are attached hereto and made a part hereof: To construct and maintain a Well House upon embankment fill as detailed by attached plans. All work to be performed without affecting the structural integrity of bridge or roadway.

APPLICANT further agrees to accept the conditions hereinafter set forth:

1. APPLICANT shall deposit with DIVISION the sum of \$ _____ in the form of a certified check, money order, or executed bond with surety satisfactory to DIVISION to cover any damage and inspection costs DIVISION may sustain by reason of the granting of this permit, including any expense incurred in restoring said highway to its original condition or the proper repair of any and all damages that may result within one (1) year from the date of the completion of said work.
2. APPLICANT agrees to reimburse DIVISION for inspection costs as follows:
 - A. For any inspection costs incurred under this permit.
 - B. At \$ _____ per linear foot for _____ feet of water line under this permit.
 - C. At \$ _____ per linear foot for _____ feet of sewer line under this permit.
3. APPLICANT shall notify DIVISION at least 48 hours in advance of the date work will begin. Failure to comply will be cause for cancellation of this permit.
4. APPLICANT agrees to protect its employees, equipment and the users of the highway at all times in accordance with the current Division of Highways manual "Traffic Control For Streets and Highways Construction and Maintenance Operation".
5. APPLICANT agrees to comply with all applicable state and federal laws in the performance of work under this permit.
6. Supplementary conditions cited on the reverse side of this permit are understood and agreed to be a part hereof.
7. The work authorized under this permit shall be completed on or before the 30th day of September, 1999

RECOMMENDED: DP

Thomas J. Stave
TITLE ASSISTANT DIST ENGINEER MAINTENANCE

BOND REQUIREMENT:

BOND NO. _____ /DATE _____
Attached On File

INSPECTION REQUIREMENTS:

Full Time Part Time
Periodic Reimbursable No Cost

REIMBURSABLE AUTHORIZATION NO. _____

Michael Keith Chapman
Signature and Title of Applicant

APPROVED: Thomas J. Stave

Title DISTRICT ENGINEER
West Virginia Division of Highways

PERMIT NO. _____

NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1999 A
(West Virginia Infrastructure Fund)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
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. LOAN AGREEMENT
11. RATES
12. PUBLIC SERVICE COMMISSION ORDER
13. SIGNATURES AND DELIVERY
14. BOND PROCEEDS
15. PUBLICATION OF NOTICE OF BORROWING
16. SPECIMEN BOND
17. CONFLICT OF INTEREST
18. YEAR 2000 COMPLIANCE

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Norton-Harding-Jimtown Public Service District in Randolph County, West Virginia (the "Issuer"), and the undersigned COUNSEL to the Issuer, hereby certify in connection with the \$1,380,000 Norton-Harding-Jimtown Public Service District Water Revenue Bonds, Series 1999 A (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds" or the "Series 1999 A Bonds"), as follows:

1. **TERMS:** All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning set forth in the Bond Resolution of the Issuer duly adopted February 8, 1999, and a Supplemental Resolution of the Issuer duly adopted February 8, 1999 (collectively, the "Bond Legislation"), when used herein.

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 Bonds, the acquisition or construction of the Project, the operation of the

System, the receipt of the Net Revenues, or in any way contesting or affecting the validity of the Bonds, or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the acquisition and construction of the Project, the operation of the System, or the collection of the Net Revenues or pledge thereof.

3. **GOVERNMENTAL APPROVALS AND BIDDING:** Based upon the diligent inquiry of the undersigned counsel, all applicable and necessary approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for 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 Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the West Virginia Code of 1931, as amended, which bids remain in full force and effect.

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

There are outstanding obligations of the Issuer which will rank on a parity with the Series 1999 A Bonds as to liens, pledge and source of and security for payment, being the Water Revenue Bonds, Series 1978, dated September 21, 1979, issued in the original aggregate principal amount of \$195,000, and the Water Revenue Bonds, Series 1986, dated February 4, 1987, issued in the original aggregate principal amount of \$133,000 (collectively, the "Prior Bonds").

The Series 1999 A Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has obtained the written consent of the Holders of the Prior Bonds to the issuance of the Series 1999 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

5. **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 modification appears from later documents also listed below.

Bond Resolution

Supplemental Resolution

Loan Agreement

Public Service Commission Order

Infrastructure Council Approval

County Commission Orders on Creation and Enlargement of District

County Commission Orders Appointing Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Affidavit of Publication on Borrowing

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution and Supplemental Resolution

1978 Bond Resolution

1986 Bond Resolution

Consent of Prior Bondholder

NPDES Permit

Lease Agreement with West Virginia State Rail Authority

6. **INCUMBENCY AND OFFICIAL NAME:** The proper corporate title of the Issuer is "Norton-Harding-Jimtown Public Service District." The Issuer is a public service district and public corporation duly created by The County Commission of Randolph County 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:

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Kenneth Fox	January 1, 1999	December 31, 2004
Michael R. Kittle	January 1, 1995	December 31, 2000
O. B. Currence	January 1, 1997	December 31, 2002

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 1999 are as follows:

Chairman	-	Michael R. Kittle
Secretary	-	Kenneth Fox
Treasurer	-	O. B. Currence

The duly appointed and acting counsel to Issuer is R. Sue Core, of Elkins, West Virginia.

7. **LAND AND RIGHTS-OF-WAY:** Except as set forth in the title opinion of the undersigned counsel, all land in fee simple and all rights-of-way and easements necessary for the acquisition and construction of the Project and 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 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, 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 the Rules of Procedure of the Governing Body and all applicable statutes, including, without limitation, Chapter 6, Article 9A of the West Virginia Code of 1931, as amended, and a quorum of duly 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 Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Bond Legislation. All insurance for the System required by the Bond Legislation is in full force and effect.

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

11. **RATES:** The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on November 12, 1998, in Case No. 97-1706-PWD-CN, approving the rates and charges for the services of the System and has adopted a resolution prescribing such rates and charges. The time for appeal of such Final Order has expired prior to the date hereof without any appeal.

12. **PUBLIC SERVICE COMMISSION ORDER:** The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on November 12, 1998, in Case No. 97-1706-PWD-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of such Final Order has expired prior to the date hereof without any appeal.

13. **SIGNATURES AND DELIVERY:** On the date hereof, the undersigned Chairman did officially sign all of the Bonds of the aforesaid issue, consisting upon original issuance of a single Bond, dated the date hereof, by his or her manual signature, and the undersigned Secretary did officially cause the official seal of the Issuer to be affixed upon the Bonds and to be attested by his or her manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

14. **BOND PROCEEDS:** On the date hereof, the Issuer received \$106,094 from the Council and the Authority, being a portion of the principal amount of the Bonds and more than a de minimis amount of the proceeds of the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

15. **PUBLICATION OF NOTICE OF BORROWING:** The Issuer has published any required notice with respect to, among other things, the amount of the Bonds, the interest rate and terms of the Bonds, the acquisition and construction of the Project, the anticipated user rates and charges, and the date of 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 West Virginia Code of 1931, as amended.

16. **SPECIMEN BOND:** Delivered concurrently herewith is a true and accurate specimen of the Bond.

17. **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 Bonds, the Bond Legislation 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.

18. **YEAR 2000 COMPLIANCE:** The Issuer represents that it has undertaken or will undertake an investigation to determine whether the operations of the System, including but not limited to any billing, collection and inventory computer programs of the System and any electronic or mechanical components of the System are Year 2000 Compliant. The Issuer further represents that if it determines as a result of this investigation that any Mission-Critical Component of the System is not Year 2000 Compliant, the Issuer (i) will take timely and affirmative action to repair or replace any such component, and (ii) will perform adequate testing to ensure the sound operation and Year 2000 Compliant status of the repaired or replaced component. For purposes of this paragraph, "Year 2000 Compliant" means, with respect to the information technology the Issuer uses or will use in the operation of the System (including any date-sensitive microprocessors embedded in electronic or mechanical components of the System), the information technology is designed to be used prior to, during and after calendar Year 2000 A.D., and the information technology used during each such time period will accurately receive, provide and process date-time data (including, but not limited to, calculating, comparing and sequencing) from, into and between the twentieth and twenty-first centuries, including the years 1999 and 2000, and leap-year calculations, and will not malfunction, cease to function, or provide invalid or incorrect results as a result of date-time data. For purposes of this paragraph, "Mission-Critical Component" means any component of the System that would be critical to (a) the System's continued operation after January 1, 2000; (b) the Issuer's ability to continue to bill its customers and collect amounts billed from those customers after January 1, 2000; or (c) the Issuer's ability to make all principal and interest payments for the Bonds as and when they become due.

WITNESS our signatures and the official seal of
NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT on this 23rd day of
February, 1999.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Michael Kettle

Chairman

Kenneth S. A.

Secretary

R. J. Love

Counsel to Issuer

02/03/99
664900/97001

NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1999 A
(West Virginia Infrastructure Fund)

CERTIFICATE OF ENGINEER

I, Jonathan M. Fowler, Registered Professional Engineer, West Virginia License No.8945, of Haworth, Meyer & Boleyn, Inc., South Charleston, West Virginia, hereby certify as follows:

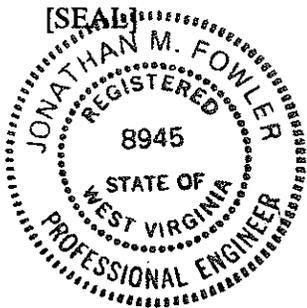
1. My firm is engineer for the acquisition and construction of certain improvements and extensions to the existing public waterworks facilities (the "Project") of Norton-Harding-Jimtown Public Service District (the "Issuer") to be constructed primarily in Randolph County, West Virginia, which acquisition and construction are being financed in part by the proceeds of the above-captioned bonds (the "Bonds") of the Issuer. All capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Resolution adopted by the Issuer on February 8, 1999, and the Loan Agreement dated February 22, 1999, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council").

2. The Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project, and (ii) paying costs of issuance and related costs.

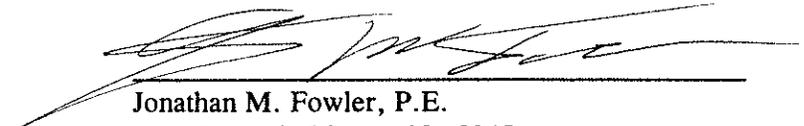
3. The undersigned hereby certifies to the best of my knowledge, information and belief that (i) the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and as described in the application submitted to the Authority and the Council, requesting the Authority to purchase the Bonds, or amendments thereto (the "Application") and any change orders approved by the Issuer, the Council and all necessary governmental bodies; (ii) the Project is adequate for the purpose for which it was designed and has a useful life of at least forty 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 described in the Application and my firm has ascertained that all contractors have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified by my firm for accuracy; (iv) the chosen bidder received any and all addenda to the original bid documents; (v) the bid documents reflect the

Project as approved by the West Virginia Bureau for Public Health; (vi) the chosen bid includes every construction item necessary to complete the Project, or explains any deviation thereof; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and the operation of the System; (ix) the rates and charges for the System as adopted by the Issuer are sufficient to comply with the provisions of Subsection 4.1(b) of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project as set forth in the Application; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Total Cost of Project and Sources of Funds" for the Project. All counsel to this transaction may rely upon this certificate as if specifically addressed to them.

WITNESS my signature and seal on this 23rd day of February, 1999.



HAWORTH, MEYER & BOLEYN, INC.



Jonathan M. Fowler, P.E.
West Virginia License No. 8945

02/03/99
664900/97001

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

SCHEDULE B

Norton-Harding-Jimtown Public Service District

Water Plant Upgrade Project 97W-322

FINAL TOTAL COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

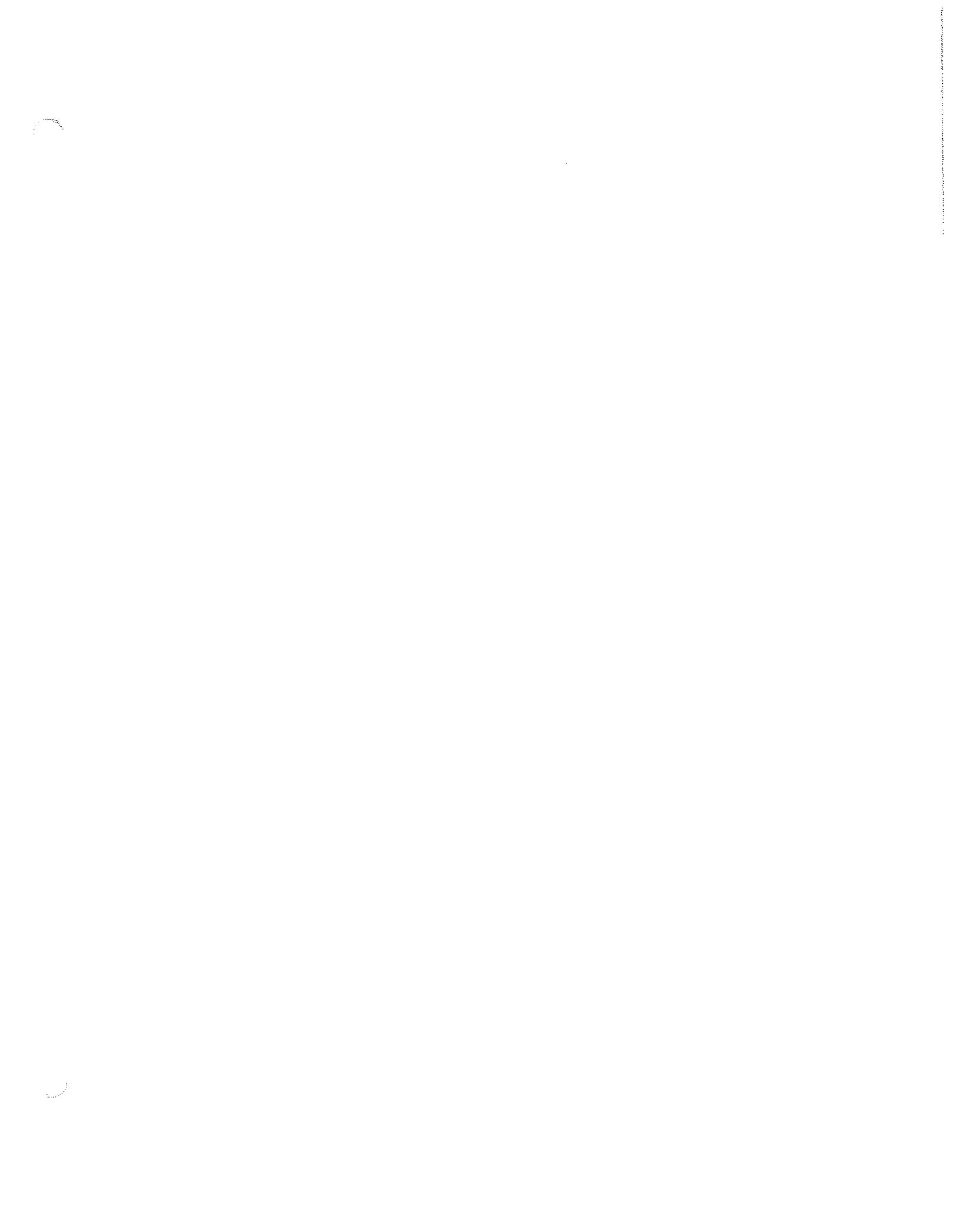
A. Cost of Project	Total
1. Construction (Based on Actual Bids)	1,055,000.00
2. Technical Services	
a. Preliminary Engineering	0.00
b. Design	85,360.00
c. Special Services	9,146.50
d. Inspection	68,288.00
3. Legal & Fiscal	
a. Legal	7,000.00
b. Fiscal	5,800.00
4. Administrative	11,700.00
5. Sites and Other Lands	1,000.00
6. Other Costs	
a. Legal Advertisement	979.00
b. Permits	350.00
7. Interim Financing Costs	0.00
8. Contingency	121,126.50
9. Total of Lines 1 through 8	1,365,750.00
B. Sources of Funds	
10. Federal Grants:	0.00
11. State Grants:	0.00
12. Other Grants:	0.00
13. Any Other Source:	0.00
14. Infrastructure Fund Grant	0.00
15. Total of Lines 10 through 14	0.00
16. Net Proceeds Required from Bond Issue (Line 9 minus Line 15)	1,365,750.00
C. Cost of Financing	
17. Funded Reserve Account	0.00
18. Other Costs	250.00
a. Bond Counsel	14,000.00
19. Total Cost of Financing (Lines 17 and 18)	14,250.00
20. Size of Bond Issue (Line 16 plus Line 19)	1,380,000.00

Michael Kettle Chasman
 GOVERNMENTAL AGENCY

[Signature]
 CONSULTING ENGINEER

DATE: 02/22/99

DATE: 02/22/99





Smith, Cochran & Hicks, P.L.L.C.

Certified Public Accountants

Beckley Bridgeport Charleston Montgomery

405 Capitol Street • Suite 908 • Charleston, West Virginia 25301 • 304-345-1151 • Fax 304-346-6731

February 23, 1999

**NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 1999 A
(WEST VIRGINIA INFRASTRUCTURE FUND)**

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

West Virginia Infrastructure and
Jobs Development Council
Charleston, West Virginia 25301

Ladies and gentlemen:

Based upon the rates and charges as set forth in the Final Order of the Public Service Commission of West Virginia, Case No. 97-1706-PWD-CN, entered November 12, 1998, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Haworth, Meyer & Boleyn, Inc., Consulting Engineers, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the waterworks system (the "System") of Norton-Harding-Jimtown Public Service District (the "Issuer"), will pay all repair, operation and maintenance expenses of the System and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Water Revenue Bonds, Series 1999 A (West Virginia Infrastructure Fund), to be issued to the West Virginia Water Development Authority on the date hereof, and the Issuer's outstanding Water Revenue Bonds, Series 1978, and Water Revenue Bonds, Series 1986. All counsel to this transaction may rely upon this opinion as if specifically addressed to them.

Very truly yours,

Smith, Cochran & Hicks, P.L.L.C.

Charleston, West Virginia

West Virginia Department of Highways for Project No. APL 9458 001 Bata Shoe Factory access road Right of Way.

IN RE - - - JIMTOWN WATER SERVICE DISTRICT
CREATION OF A PUBLIC SERVICE DISTRICT

This day this matter came on again for hearing; upon the petition in writing heretofore filed with this Court and signed by a number of residents and legal voters residing within the hereinafter described boundary requesting the creation of a public service district for the purpose of furnishing treated water to customers residing within said district; upon the notice of a public hearing required by Statute to be published; and upon the certificate of publication of such notice evidencing the publication of said notice.

Whereupon this matter came on for hearing, and came Gerale Martin, a resident of the proposed water service district, who moved the Court to create such Public Service District, and the Court having ascertained that there was no objection or opposition thereto, and the Court, being of the opinion that it is in the best interest and public welfare to grant such relief, the Court being of the further opinion that the construction, acquisition, maintenance, and operation of the treated water supply system would be conducive to the preservation of public health, comfort, and convenience of said area, and the rights of no individual would be adversely affected, accordingly, it is

ADJUDGED and ORDERED that the Public Service District be and is hereby created, which shall be known as the Jimtown Water Service District, located in Roaring Creek District of Randolph County, West Virginia, more particularly bounded and described as follows:

BEGINNING at a point in U. S. Route #33, situate on or about the real estate owned by one Forest Bowers et als; thence running in a westerly direction along said right of way to a point approximately opposite the Kittle Run Road in said Roaring Creek District, thence leaving said right of way in a northerly direction for a distance of 5/10 of a mile to a point; thence in an easterly direction in a line adjacent to said U. S. Route #33 to a point located in the said Forest Bowers land; thence in a southerly direction for 5/10 of a mile back to the place of beginning; thence running in a southerly direction for a distance of 5/10 of a mile to a point in certain real estate owned by Kay Elmore; thence in a line adjacent and parallel to U. S. Route #33, in a westerly direction to said Kittle Run Road; thence in a northerly direction for 5/10 of a mile back to U. S. Route #33; thence in an easterly direction along said U. S. Route #33 to the place of beginning, it being the ruling of said Commissioners that said Public Service District shall extend for a distance of 5/10 of a mile on either side of U. S.

Route #33; and extending from the land owned by Ray Elmore and Forest Bowers to the said Kittle Run Area.

Whereupon the said Gerald Martin did move that a Public Service Board consisting of three (3) members to be selected in accordance with West Virginia Code Chapter 16, Art. 13a, Sec. 3, (1953 as amended) and it is accordingly

ADJUDGED and ORDERED that the following board members are appointed for the respective terms of office running from September 14, 1971:

Gerald Martin -- Two Year Term
David Nutter -- Four Year Term
Bernard Bennett -- Six Year Term

It is further ADJUDGED and ORDERED that the aforesaid three Board Members shall appear before the Clerk of this Court and qualify as members of such Public Service Board by taking the oath of office administered by the Clerk of this Court as in such cases is required by law.

NO FURTHER BUSINESS appearing in these proceedings, it is ORDERED that Court do now adjourn.

Attest: Barrett L. Liggett President

T U E S D A Y, N O V E M B E R N I N T H 1971

STATE OF WEST VIRGINIA,

COUNTY OF RANDOLPH, TO WIT:

At a Regular Session of the County Court, held in and for the aforesaid County and State, at the Court House thereof, on Tuesday, November 9, 1971.

Present: Barrett L. Liggett, President, and John W. Scallon, Commissioner thereof.

The following orders were made and entered of record:

IN RE - - - PAUL G. RAINES - NOTARY APPLICATION

Upon the application of Paul G. Raines for appointment as Notary Public in and for the said County of Randolph, it was shown to the satisfaction of this Court that said applicant is a resident of the County from which he seeks appointment, that he is competent to perform the duties of such office and that he is a person of good moral character.

IN RE - - - ROSEZETTA LLOYD - NOTARY APPLICATION

Upon the application of Rosezetta Lloyd for appointment as Notary Public in and for the said County of Randolph, it was shown to the satisfaction of this

State of West Virginia,
Randolph County, to wit:

I, Rosezetta Lloyd, Clerk of the County Commission in and for the aforesaid County and State, the same being a Court of Record and having an Official Seal, do hereby certify that the foregoing is a true and correct copy from Records of my office. AND I DO FURTHER CERTIFY that under the laws of the State of West Virginia, I am the legal custodian of said records.

Ct Order Bk "S" Page 263

Given under my hand and the Official Seal of my office, in my office, in the City of Elkins, Randolph County, West Virginia, this the 28th day of Jan, 19 98.

Rosezetta Lloyd

Clerk

IN RE - - - NEWTON F. RIGGLEMAN, CIRCUIT CLERK

S-496

This day, Newton F. Riggleman appeared before the Circuit Judge of Randolph County, West Virginia, and took the oath prescribed by law as such Circuit Clerk of Randolph County, which said Newton F. Riggleman, was elected to the Office of Circuit Clerk on the 5th day of November, 1974., and entered into and acknowledged a bond in the penalty of Five Thousand Dollars (\$5,000.00), conditioned according to law, with The Travelers Indemnity Company as surety thereon, which bond is approved and ordered to be recorded and filed.

✓
IN RE - - - JIMTOWN PUBLIC SERVICE DISTRICT - PETITION FILED

This day, Harry Smith, III., Attorney, filed a petition to enlarge the said Jimtown Public Service District and for the said Public Service District to be renamed "Norton-Jimtown-Harding Public Service District".

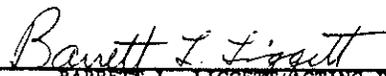
It was ordered by the Court that proper notices be published in the newspaper and that a hearing be set at a later date.

IN RE - - - SMITH PROPERTY RANDOLPH AVENUE - TO BE PURCHASED
BY RANDOLPH COUNTY COURT.

Upon Motion of James F. Parsons, and seconded by Barrett L. Liggett, it is ORDERED that the RANDOLPH COUNTY COURT enter into an OPTION and LEASE for purchasing said property on RANDOLPH AVENUE from Mildred Smith and Hosea A. Smith, Jr.

NO FURTHER BUSINESS APPEARING in these proceedings, it is ORDERED that Court do now adjourn.

Attest:


BARRETT L. LIGGETT, ACTING PRESIDENT

STATE OF WEST VIRGINIA,

RANDOLPH COUNTY COURT CLERK'S OFFICE:

At a Special Session of the County Court held in and for the aforesaid County and State, on January 3, 1975, at 10:00 A. M.

Present: Fred S. Poling, Barrett L. Liggett and James F. Parsons.

The following orders were made and entered of record.

IN RE - - - FRED S. POLING, PRESIDENT OF COURT - 1975

Upon Motion duly made and seconded, it is ORDERED that Fred S. Poling be and he is hereby elected to serve as Randolph County Court President for the year of 1975.

State of West Virginia, County of Randolph, ss.

LEGAL NOTICE

Please take notice that on the fourteenth day of January, 1975, at 10 A.M., a hearing will be held by the County Court of Randolph County, West Virginia, at the Randolph County Courthouse on the proposed enlargement of the Jimenez Public Service District to include the following territory, which territory is situated in Leadville and Rearing Cross Districts of Randolph County and which is bounded and described as follows:

BEGINNING at a point on the height of land on Laurel Mountain, at the intersection of the Barbour County-Randolph County line about 1/2 of a mile south of the Laurel Mountain Lookout Tower. Thence westerly along or near the height of land on Laurel Mountain, passing through or over the water gap of the Tygart Valley River at Appropos, continuing along or near the height of land on Rich Mountain to the divide between the Cassidy Fork of the Middle Park River and Rearing Cross, a tributary of the Tygart Valley River.

Thence northerly along the divide between Rearing Cross, Flatbush Fork, a tributary of Rearing Cross, and Middle Park River to State Secondary 23 of U.S. Route 32.

Thence westerly along State Secondary 23 to U.S. Route 23.

Thence southerly along U.S. Route 32 to its intersection with State Secondary Route 17.

Thence easterly along an imaginary line about 200 linear feet northerly of State Secondary Route 17 and parallel to State Secondary Route 17 as it meanders to the Barbour County-Randolph County line.

Thence southerly along the Barbour County-Randolph County line to the place of beginning, and including the incorporated Town of Womelsbury, (Cassidy, P.O.).

The said public hearing will also consider proposals that the said Public Service District be permitted to supply sewerage services to residents and businesses lying within the above-described territory and that the said Public Service District be renamed "North-Harding-Jimenez Public Service District."

All persons residing in or owning or having any interest in property in the above-described proposed public service district shall have an opportunity, at the hearing, to be heard for and against the above three proposals. If, at the said hearing, written protest is filed by thirty percent or more of the qualified voters registered and residing within the proposed public service district, no further action will be taken by the County Court in acting upon the proposals unless the proposals shall be approved by a majority vote of the qualified registered voters voting at a referendum to be called by the County Court for such purpose.

Given at Elkins, West Virginia, this 26th day of December, 1974.

Virgil Hamrick
Clerk of the County Court of
Randolph County, West Virginia

I, Charles R. Olson, Publisher of THE INTER-MOUNTAIN, a newspaper published at Elkins, in said county, do hereby certify that the annexed advertisement was published on the following dates:

January 2 -----

19 *75* as required by law.

Given under my hand this *23* day of *February* 19 *79*.

Charles R. Olson

Publisher

Printer's Fee: \$ *22.40* -----

fore me this *23* day of *February* 19 *79*.

Ernest P. Brown

Notary Public

26 day of *Jan* ----- 19 *75*

LEGAL NOTICE

Please take notice that on the fourteenth day of January, 1975, at 10 A.M., a hearing will be held by the County Court of Randolph County, West Virginia, at the Randolph County Courthouse on the proposed enlargement of the Jimtown Public Service District to include the following territory, which territory is situate in Leadsville and Roaring Creek Districts of Randolph County and which is bounded and described as follows:

BEGINNING at a point on the height of land on Laurel Mountain at the intersection of the Barbour County - Randolph County line, about 3/4 of a mile south of the Laurel Mountain Lookout Tower. Thence westerly along or near the height of land on Laurel Mountain passing through or over the water gap of the Tygart Valley River at Agregates, continuing along or near the height of land on Rich Mountain to the divide between the Cassity Fork of the Middle Fork River and Roaring Creek, a tributary of the Tygart Valley River.

Thence northerly along the divide between Roaring Creek, Flatbush Fork - a tributary of Roaring Creek, and Middle Fork River to State Secondary 20/3 or U. S. Route 33. ..

Thence easterly along State Secondary 20/3 to U. S. Route 33.

Thence southeasterly along U. S. Route 33 to its intersection with State Secondary Route 17.

Thence easterly along an imaginary line about 200 linear feet northerly of State Secondary Route 17 and parallel to State Secondary Route 17 as it meanders to the Barbour County-Randolph County line.

Thence southerly along the Barbour County-Randolph County

line to the place of beginning, and excluding the incorporated Town of Womelsdorf, (Coalton P.O.).

The said public hearing will also consider proposals that the said Public Service District be permitted to supply sewerage services to residents and businesses lying within the above-described territory and that the said Public Service District be renamed "Norton-Harding-Jimtown Public Service District."

All persons residing in or owning or having any interest in property in the above-described proposed public service district shall have an opportunity, at the said hearing, to be heard for and against the above three proposals. If, at the said hearing, written protest is filed by thirty percent or more of the qualified voters registered and residing within the proposed public service district, no further action will be taken by the County Court in acting upon the proposals unless the proposals shall be approved by a majority vote of the qualified registered voters voting at a referendum to be called by the County Court for such purpose.

Dated at Elkins, West Virginia, this 30th day of December, 1974.

Virgil Hamrick

Virgil Hamrick
Clerk of the County Court of
Randolph County, West Virginia.

Posted ~~in~~ the within notices ~~in~~ the within
named Butcher Store - Norton Post Office -
Rowers Exxon - Clayton Store -
Antonina Texaco
on the 2 day of Jan, 1975, by delivering
a true copy thereof to these locations in ~~in~~
in Randolph County, West Va.

Phil White S. R. C.
By _____ Deputy

STATE OF WEST VIRGINIA:

RANDOLPH COUNTY CLERK'S OFFICE:

I, Virgil Hamrick, Clerk of the County Commission in
and for the aforesaid County and State, the same being a Court
of Record and having an Official Seal, do hereby certify that
the foregoing is a true and correct copy from Court Order
Book No. "T" at page No. 3 of the records of my office. AND I
DO FURTHER CERTIFY THAT I am the legal custodian of said records
under the laws of the State of West Virginia.

Given under my hand and Official
Seal of my office, in my Office,
in the City of Elkins, Randolph
County, West Virginia, this the
3rd day of February, 1978

Virgil Hamrick
Clerk

the Court and took the oath prescribed by law as such Notary Public, and entered into and acknowledged a bond in the penalty of Five Hundred Dollars (\$500.00), conditioned according to law, with Sidney H. Tedford, as surety thereon, which bond is approved and ordered to be recorded and filed.

IN RE - - - MICHAEL ROSS, NOTARY QUALIFICATION

Michael Ross, who was on the 5th day of December, 1974, duly commissioned a Notary Public in and for the aforesaid County and State, by the Governor of the State of West Virginia, appeared before the Court and took the oath prescribed by law as such Notary Public, and entered into and acknowledged a bond in the penalty of Five Hundred Dollars (\$500.00), conditioned according to law, with Virgil Hamrick as surety thereon, which bond is approved and ordered to be recorded and filed.

IN RE - - - EUGENE ANTHONY, - NOTARY QUALIFICATION

Eugene Anthony, who was on the 20th day of December, 1974, duly commissioned a Notary Public in and for the aforesaid County and State, by the Governor of the State of West Virginia, appeared before the Court and took the oath prescribed by law as such Notary Public, and entered into and acknowledged a bond in the penalty of Five Hundred Dollars (\$500.00), conditioned according to law, with Virgil Hamrick, as surety thereon, which bond is approved and ordered to be recorded and filed.

IN RE - - - JUDI EDGELL DEAN - NOTARY QUALIFICATION

Judi Edgell Dean, who was on the 3rd day of December, 1974, duly commissioned a Notary Public in and for the aforesaid County and State, by the Governor of the State of West Virginia, appeared before the Court and took the oath prescribed by law as such Notary Public, and entered into and acknowledged a bond in the penalty of Five Hundred Dollars (\$500.00), conditioned according to law, with Ray Powell, as surety thereon, which bond is approved and ordered to be recorded and filed.

IN RE - - - LEADSVILLE PUBLIC SERVICE DISTRICT - DIRECTORS APPT'D

UPON MOTION by Barrett L. Liggett and seconded by James F. Parsons, it is ORDERED that DALE PHILLIPS, LUNSFORD HOLLAND and RALPH HESS be and they are hereby appointed as Directors of the Leadsville Public Service District, and the said Dale Phillips, Lunsford Holland and Ralph Hess appeared before the Court and took the oath prescribed by law as such Directors.

IN RE - - - JIMTOWN PUBLIC SERVICE DISTRICT - ENLARGEMENT

This matter came on again to be considered upon the petition in writing heretofore filed with the Court, signed by David W. Nutter, member of the public service board of Jimtown Public Service District, requesting the enlargement of the Jimtown Service District, requesting permission for the said district to furnish sewer service to customers residing within said district, and requesting that the

said district be renamed "Norton-Harding Jintown Public Service District", upon the notice of a public hearing required by statute to be held in this matter, and upon the certificate of publication of said notice evincing its publication in the Elkins Inter-Mountain. Thereupon, the Court proceeded to hold said public hearing. And again came Harry A. Smith, III, counsel for the public service district, and moved the Court to enlarge the said public service district and for the other petitioned-for relief, and there being insufficient opposition or protest made, the Court being of opinion that the said enlargement is in the best interests of the public welfare, and will be conducive to the preservation of public health, comfort and convenience of such area, and the rights of no individual will be adversely affected thereby, thereupon, on motion of B. L. Liggett, seconded by James F. Parsons, it is accordingly ORDERED that the Jintown Public Service District be and the same is hereby enlarged, which enlarged district includes the following territory, which territory is situated in Leadville and Roaring Creek Districts of Randolph County, West Virginia, being more particularly bounded and described as follows:

BEGINNING at a point on the height of land on Laurel Mountain, at the intersection of the Barbour County - Randolph County line, about 3/4 of a mile south of the Laurel Mountain Lookout Tower. Thence westerly along or near the height of land on Laurel Mountain passing through or over the water gap of the Tygarts Valley River at Aggregates, continuing along or near the height of land on Rich Mountain to the divide between the Cassity Fork of the Middle Fork River and Roaring Creek, a tributary of the Tygart Valley River.

Thence northerly along the divide between Roaring Creek, Flatbush Fork - a tributary of Roaring Creek, and Middle Fork River to State Secondary 20/3 of U.S. Route 33.

Thence easterly along State Secondary 20/3 to U. S. Route 33.

Thence southeasterly along U. S. Route 33 to its intersection with State Secondary Route 17.

Thence easterly along an imaginary line about 200 linear feet northerly of State Secondary Route 17 and parallel to State Secondary Route 17 as it meanders to the Barbour County-Randolph County line.

Thence southerly along the Barbour County-Randolph County line to the place of beginning, and excluding the incorporated Town of Womelsdorf (Coalton P. O.).

It is further ORDERED that the said public service district is permitted to supply sewerage services to residents lying within the above-described territory and that the said public service district be renamed "Norton-Harding-Jintown Public Service District.

State of West Virginia,
Randolph County, to wit:

I, Rosezetta Lloyd, Clerk of the County Commission in and for the aforesaid County and State, the same being a Court of Record and having an Official Seal, do hereby certify that the foregoing is a true and correct copy from Records of my office. AND I DO FURTHER CERTIFY that under the laws of the State of West Virginia, I am the legal custodian of said records.

Order Bk "T" Page 3.

Given under my hand and the Official Seal of my office, in my office, in the City of Elkins, Randolph County, West Virginia, this the 29th day of Jan, 19 98.

Rosezetta Lloyd
Clerk



STATE OF WEST VIRGINIA,
NDOLPH COUNTY COMMISSION, SS:

At a Regular Session of the County Commission held in and for the aforesaid County and State, at the Court House Annex on August 21, 1995 at 1:30 P. M.

Present: Thomas A. Wamsley, President and Judy Guye and Ira J. Coberly, Commissioners thereof.

Court opened by Deputy Sheriff Jason Queen.

Prayer led by Commr. Guye

Pledge of Allegiance was led by Commr. Coberly.

COUNTY COMMISSION AGENDA - Motion made by Commr. Guye and seconded by Commr. Coberly to amend the Agenda - to have public comment to be at the end of the Commission meeting - so that County Business can be taken care of first. This amendment to the Agenda will be effective on August 28, 1995. So ordered.

Bill Phares discussed building on the Annex. He said Commr. Guye said you had to go thru the Sheriff's Office - Bill said you could take 4 feet of the building and not interfere with the Sheriff's Office. Bill - if you buy the NAPA Building you are buying a storage building and a Parking Lot. Bill said Upshur County bought a parking lot and now they want to sell it. I strongly urge you to build on to the Annex as originally planned.

Clay Tallman - discussed the NAPA Building - Clay said he had talked with some people and they said there was asbestos in the NAPA Building. Also, the back of the building is being used to work on vehicles, etc. - before you purchase the building check with someone to see about this. It is very expensive to remove asbestos. I think you should forget about the lot and building (NAPA Building). You could tear down the back of the annex and it would be cheaper than buying the NAPA Building.

Government is expanding and expanding - and if we can stop you people from expanding we will have accomplished quite a bit.

Phil Hudok - told the Commission that he had moved here about 20 years ago, and I think that this the greatest County, State and County. Mr. Hudok suggested that the Commission meetings should be videoed and that he felt that some of the franchise fees the county collects from Cable Television should be put back into local access system to show the public that the Commission wants to deal "above board".

Jerry Gibson-told the Commissioners he must "pick and choose" what activities he films for public viewing because his resources are limited.

Clay Tallman discussed the plush office of the Prosecuting Attorney and said that probably all the Elected Officials would want as much space as the Prosecuting Attorney.

Responding to Mr. Tallman's statement - Commisisoner Coberly invited the News Media to tour the P.A. Office. Lina Taylor asked for the public to tour the Prosecuting Attorney's as well as the Media.

Lina asked when the Commission obtained the legal services of the Busch-Talbott Law firm? Why didn't you make it public? When did you retain Mr. Busch for his services in regard to the NAPA Building? The Commission said this firm was respresenting them in the case against the Assessor - Mr. Busch is not charging for the letters he wrote in regard to the NAPA Building.

Commr. Coberly said he hated to cite WV Code--again-- but the reason being - someone else might buy it or make a better offer - would not be good business.

Lina asked the Commission what they were trying to hide.. Why would you buy a building when you don't know what it would cost to remodel it or tear it down - whether it has asbestos or not? You shouldn't be buying a pig in the poke -- you should spend the taxpayers money wisely. I think you as elected officials have a duly to the taxpayers to spend their money wisely.

Troy Arbogast many citizens have failed to understand why the Commissioners cannot advertise for bids for projects relating to the building until they actuall own the building. He suggested the Commissioners could prove a more centralized location for County Offices. He said many citizens are opposed to the purchase of the building and not the potential long-term savings to the County.

Mr. Tallman said maybe city people are different than our country folks - would you buy a house without looking at it first?

Roseann Marshall told the Commissioners that Dan Joyce from FEMA will be in Elkins Wednesday to meet with County and City Officials. Joyce will discuss the National Flood Insurance Program.

Commr Guye reported that the U.S. Forest Service will hold an Open House from 4-8:00 P. M. - Thursday at the U. S. Forest Service office in Ekkins concerning the Wild and Scenic Rivers.

Minutes from the previous meeting was read and approved.

NORTON-HARDING-JIMTOWN PSD - Motion was made by Commr.

Guye and second by Ira Coberly to reappoint the following persons as members of the Norton Harding Jimtown PSD.

O. B. Currence - Term expires January 1, 1997

Kenny Fox - Term expires January 1, 1999

✓ Mike Kittle - Term expires January 1, 2001

these re-appointments were made as a corrective measure to stagger the terms of the members.

President Wamsley said he met with about 4 people on Sunday - they were upset with the fence around the playground at Mill Creek - it is crowding traffic on other people's property.

Commr. Guye announced she was elected to the Board of Directors -County Commission - Congressional District to represent the Eastern portion of Region II which includes nine (9) counties.

Lina Taylor asked the Commission if Randolph County has an advisor for investments? The Commission said yes - the Sheriff of Randolph County.

Bill Phares told the Commission that Upshur County put the issue on their ballot whether or not to sell their parking lot. I think the Commission needs to research whether or not they need to do something if they purchase a building.

Jerry Gibson asked the Commission if they had ever considered a crosswalk in front of the Court House? The Commission said the City or the State would probably have to decide this issue.

COURTHOUSE - Bids for Conversion Boiler - Motion made by Commr. Coberly and seconded by Commr. Guye to advertise for bids for the Conversion boiler project at the Randolph County Courthouse.

ERRONEOUS ASSESSMENTS - Motion made by Commr. Guye and seconded by Commr. Coberly to approve the correction of Erroneous Assessments.

Motion made by Commr. Guye and seconded by Commr. Guye to adjourn. So ordered.....

Attest: Thomas A. Wamsley President
Thomas A. Wamsley

State of West Virginia,
Randolph County, to wit:

I, Rosezetta Lloyd, Clerk of the County Commission in and for the aforesaid County and State, the same being a Court of Record and having an Official Seal, do hereby certify that the foregoing is a true and correct copy from Records of my office. AND I DO FURTHER CERTIFY that under the laws of the State of West Virginia, I am the legal custodian of said records.

Given under my hand and the Official Seal of my office, in my office, in the City of Elkins, Randolph County, West Virginia, this the 7th day of Aug., 19 98.

Rosezetta Lloyd
Clerk

BILLS, PAYMENT OF - Motion made by Commr. Wamsley and Seconded by Commr. Coberly to pay outstanding bills.

Information - LOCAL CORRIDOR H. INFRASTRUTURE TEAM MEETING

JANUARY 29, 1997 AT 10:00 A. M. WOOD TECHNOLOGY CENTER.

Extension Service Committee - 1/29/97 7:00 P. M. Ext. Office

Govt/Roadway Focus Group - Feb. 3, 1996 Annex, 3:30 P. M. Staunton-Parkersburg Turnpike By-way.

EXECUTIVE SESSION - Motion made by Commr. Coberly and seconded by Commr. Wamsley to go into Executive Session.

Motion made by Commr. Coberly and seconded by Commr. Wamsley to go back into regular session. No action taken.

Motion made by Commr. Coberly and seconded by Commr. Wamsley to continue until January 31, 1997 at 10:00 Board of Review and Equalization.

Attest: Judith A. Guye
Judith A. Guye, President

STATE OF WEST VIRGINIA,
RANDOLPH COUNTY COMMISSION, SS:

At a Regular Session of the County Commission held in and for the aforesaid County and State, at the Court House Annex, on February 3, 1997.

Present: Judith A. Guye, President and Thomas A. Wamsley and Ira J. Coberly. Commissioners thereof

Court opened by Sheriff Paul Brady, Jr

Prayer was led by President Guye.

Pledge of Allegiance was led by Commr. Coberly.

Minutes from the previous meeting was read and approved.

CVB - Commr. Coberly read a letter from James H. Paige, III, Secretary of state Tax and Revenue, advising that an Auditor from the Chief Inspection Division will be here this week to arrange for a mutally convenient time to begi n an audit of the CVB that was requested by Chuck Merritt. Mr. Merritt was present at this meeting and asked the Commission if they had discussed among themselves how many years they would ask for an audit to be conducted? Commissioner Coberly said he would talk to the Auditor and then it will be determined how much money and time is justified.

RANDOLPH COUNTY PLANNING COMMISSION - LETTER IN REGARD TO BUILDING CODE PERMIT AND INSPECTION - Commissioner Coberly read a letter from Emil Knutti, President of the Randolph County Planning Commission that the Randolph County Planning Commission had voted on the issue of a building code permit and inspection system for unincorporated area of Randolph County to be placed on the next county-wide election ballot as a referendum proposal to be an indicator by precinct for those areas most in favor or contrary to the implementation of a code and inspection system. (Building Code).

MIDLAND PSD - Motion made by Commr. Coberly and seconded by Commr. Wamsley that the following persons be appointed as members of the Midland Public Service District.

Patricia Arnett - 6 year term	June 30, 2002
Wayne C. Hart - 4 year term	June 30, 2000
R. Scott Criss - 2 year term	June 30, 1998.

So ordered. . . .

✓ **NORTON HARDING JIMTOWN PSD** - Motion made by Commr. Coberly and seconded by Commr. Wamsley to reappoint O. B. Currence as a member of the Norton-Harding-Jimtown PSD for a term of six (6) years, effective January 1, 1997. So ordered... .

HUTTONSVILLE PSD - Commr. Coberly read a petition from the Huttonsville Public Service Commission - asking the Commission to expand the District's service area to include the area commonly known as the Mingo Magisterial District. It was further petitioned that the purpose of the District be defined as to provide water and waste water facilities and service within its boundry as established in 1972, as expanded in 1993 and 1996. Also to include the Mingo Magisterial District if petition as requested is approved. The Commission will have more information on this at a later date, such as publication, hearings, etc.

Motion made by Commr. Coberly and seconded by Commr. Wamsley to start proceedings on the expansion of Huttonsville PSD to include Mingo Magisterial District.

HARMAN CITIZENS - WATER REQUEST - Commr. Coberly read a letter from Citizens from the Harman area asking for help with their water situation. Commission will look into this matter.

INFORMATION:

Board of Review and Equalization will meet tomorrow night at 6:00 P. M.

PUBLIC COMMENT: Milford Jones discussed a letter that President Guye had written and copies that were sent to individuals that were not involved in the Executive Sessions that were held with him and the Commission.

Motion made by Commr. Coberly and seconded by Commr. Wamsley to continue meeting until February 4, 1997, at 6:00 P. M.

Attest: Judith A. Guye
Judith A. Guye, President

STATE OF WEST VIRGINIA,
RANDOLPH COUNTY COMMISSION, SS:

At a Regular Session of the County Commission held in and for the aforesaid County and State, at the Court House Annex, on February 10, 1997, at 1:30 P. M.

Present: Judith A. Guye, President and Thomas A. Wamsley and Ira W. Coberly, Commissioners thereof

Open by Deputy Sheriff Blair Pawelczyk

Prayer was led by President Guye.

Pledge of Allegiance was led by Commr. Coberly.

VOCATIONAL EDUCATIONAL WEEK - Motion was made by Commr. Wamsley and seconded by Commr. Coberly to proclaim the week of February 10, 1997 thru 2/14/97 as Vocational Educational Week.

So ordered

Minutes from the previous meeting was read and approved.

ERRONEOUS ASSESSMENTS - Motion made by Commr. Coberly and seconded by Commr. Wamsley to approve the correction of Erroneous Assessment.

MOUNTAIN CAP - Motion made by Commr. Wamsley and seconded by President Guye to appoint Thomas A. Wamsley as a representative to Mountain Cap. Commr. Wamsley abstained from voting.

SOLID WASTE AUTHORITY - Motion made by Commr. Coberly and seconded by Commr. Wamsley to appoint Joe Ross - member of the Solid Waste Authority from the period from July 1, 1994 thru

State of West Virginia,
Randolph County, to wit:

I, Rosezetta Lloyd, Clerk of the County Commission in and for the aforesaid County and State, the same being a Court of Record and having an Official Seal, do hereby certify that the foregoing is a true and correct copy from Records of my office. AND I DO FURTHER CERTIFY that under the laws of the State of West Virginia, I am the legal custodian of said records.

Given under my hand and the Official Seal of
my office, in my office, in the City of Elkins,
Randolph County, West Virginia, this the
7th day of Aug., 19 98.


Clerk

COMMISSION MEMBERS

Thomas A. Wamsley, President
J. Coberly
Willard L. Herron
(304) 636-2057

ROSEZETTA LLOYD
Clerk
(304) 636-0543

Randolph County Commission



ELKINS, WEST VIRGINIA 26241

February 4, 1999

Norton-Harding-Jimtown PSD
Norton, wV

Dear Sirs:

This letter will inform you that Kenny Fox has been re-appointed as a member of the Norton-Harding-Jimtown PSD retroactive to January 1, 1999. This appointment is for a term of six (6) years.

If you have any questions regarding the above, please call me at 636-0543.

This appointment was made on January 27, 1999 by the Randolph County Commission.

Sincerely yours,

A handwritten signature in cursive script that reads "Rosezetta Lloyd".

Rosezetta Lloyd, Clerk
Randolph County Commission



OATH OF OFFICE

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

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia and that I will faithfully discharge the duties of the office of Notary Public - Hardway Junction PSD, to the best of my skill and judgment, SO HELP ME GOD.....

(Signature of Affiant) Michael J. Kelle

Taken, acknowledged and subscribed to before me, a Notary Public, or Official, this the 19th day of May, 1998.

Rosetta Lloyd
12-31-98

My Commission expires _____

FILED
MAY 19 8 36 AM '98

FILED

FEB 1 10 33 AM '99

OATH OF OFFICE

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

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia and that I will faithfully discharge the duties of the office of Member - Norton-Harding Jimtown PSD to the best of my skill and judgment,
SO HELP ME GOD.

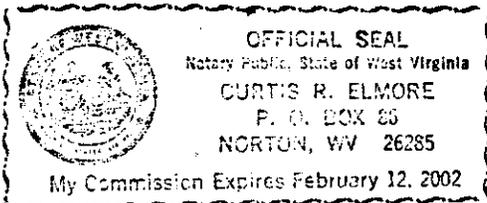
[Handwritten Signature]

(Signature of Affiant)

TAKEN, ACKNOWLEDGED AND SUBSCRIBED to before, a Notary Public or Official, this the 28th day of January, 1999.

[Handwritten Signature]

My Commission expires: Feb 12, 2002



OATH OF OFFICE

STATE OF WEST VIRGINIA,

COUNTY OF RANDOLPH, TO WIT:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia and that I will faithfully discharge the duties of the office of Norton Harding Jimtown PSD, to the best of my skill and judgment; ^{Sec - Tres.} SO HELP ME GOD.....

(Signature of Affiant) O.B. Curren

Taken, acknowledged and subscribed to before me, a Notary Public, or Official, this the 27th day of May, 1998.

Rosetta Lloyd

My Commission expires 12-31-98

FILED
MAY 27 1 00 PM '98

RULES OF PROCEDURE

NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT

Section 2. The principal office of this Public Service District will be located at 44 S. Randolph, Elkins, West Virginia

Section 3. The Common Seal of the District shall consist of two concentric circles between which circles shall be inscribed Norton-Harding-Jimtown Public Service District, and in the center "seal" as follows:

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

ARTICLE II

PURPOSE

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

ARTICLE III

MEMBERSHIP

Section 1. The members of the Public Service Board of this District shall be those persons appointed by The County Commission of Randolph County, West Virginia, 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 Public Service Board resign or otherwise become legally disqualified to serve as a member of the Public Service Board, the Secretary 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 Public Service Board, the Secretary 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 Public Service Board.

ARTICLE IV

MEETINGS OF THE PUBLIC SERVICE BOARD

Section 1. The members of the Public Service Board of this District shall hold regular monthly meetings on the 2nd Monday of each month 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 Public Service Board may be called at any time by the Chairman or by a quorum of the Board.

Section 2. At any meeting of the Public Service Board of the District, two members shall constitute a quorum. Each member of the Public Service Board shall have one vote at any membership 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 by letter or telephone shall be required for regular meetings. Unless otherwise waived, notice in writing of each special meeting of the membership shall be given to all members by the Secretary by mailing the same to the last known post office addresses of the members at least three (3) days before the date fixed for such meeting. The notice of any special meeting shall state briefly the purposes of such meeting and the nature of the business to be transacted thereat, and no business other than that stated in the notice or incidental thereto shall be transacted at any such special meeting.

PUBLIC NOTICE OF MEETINGS

Section 4. Pursuant to Section 3, Article 9A, Chapter 6 of the West Virginia Code of 1931, as amended, notice of the time and place of all regularly scheduled sessions of such Public Service Board, and the time, place and purpose of all special

sessions of such Public Service Board, shall be made available, in advance, to the public and news media as follows:

A. A notice shall be posted by the Secretary of the Public Service Board of the Public Service District at the front door of the Randolph County Courthouse and at the front door of the place fixed for the regular meetings of the Public Service Board of the time and place fixed and entered of record by the Public Service Board for the holding of regularly scheduled sessions. If a particular regularly scheduled session is cancelled or postponed, a notice of such cancellation or postponement shall be posted at the front doors of the Courthouse and the meeting place as soon as feasible after such cancellation or postponement has been determined upon.

B. A notice shall be posted by the Secretary of the Public Service Board at the front door to the Randolph County Courthouse and at the front door of the place fixed for the regular meetings of the Public Service Board at least forty-eight hours before a special session is to be held, stating the time, place and purpose for which such special session shall be held. If the special session is cancelled, a notice of such cancellation shall be posted at the front doors of the Courthouse and the meeting place as soon as feasible after such cancellation has been determined upon.

C. The form of notice for posting as to a special session may be generally as follows:

NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT

NOTICE OF SPECIAL SESSION

The Public Service Board of Norton-Harding-Jimtown Public Service District will meet in special session on _____, at _____ .m., prevailing _____ time, at _____, West Virginia, for the following purposes:

1. To consider and act upon a proposed Bond Authorizing Resolution providing for the issuance of a _____ Bond, Series _____, of the District, in the principal amount of \$ _____, to provide

funds for construction of _____
_____ facilities of the District.

2.

Secretary

Date: _____

ARTICLE V

OFFICERS

Section 1. The officers of the Public Service Board shall be a Chairman, Secretary and Treasurer. The Chairman shall be elected from the members of the Public Service Board. The Secretary and Treasurer need not be members of the Public Service Board, and may be the same person.

Section 2. The officers of the Public Service Board shall be elected each year by the members at the first meeting held in the month of January of such 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 Public Service Board at a regular or special meeting. Persons selected to fill vacancies shall serve until the following January meeting of the Board when their successors shall be elected hereinabove provided.

ARTICLE VI

DUTIES OF OFFICERS

Section 1. When present, the Chairman shall preside as Chairman at all meetings of the Public Service Board. He shall, together with the Secretary, sign the minutes of all meetings at which he shall preside. He shall attend generally to the executive business of the Board and exercise such powers as may be conferred upon him by the Board, by these bylaws, or prescribed by law. He shall execute, and if necessary, acknowledge for record, any deeds, deeds of trust, contracts, notes, bonds, agreements or other papers necessary, requisite, proper or convenient to the 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. He shall, together with the Chairman, sign the minutes of the meetings at which he is present. The Secretary shall have charge of the minute book, be the custodian of deeds and other writings and papers of the Board. He shall also perform such other duties as he may have under law by virtue of his office or as may be conferred upon him 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 and shall prepare and submit such reports and statements of the financial condition of the Board as the members may from time to time prescribe. He shall perform such other duties as may be required of him by law or as may be conferred upon him by the members of the Board.

ARTICLE VII

AMENDMENTS TO RULES OF PROCEDURE

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

01/21/86

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State of West Virginia, County of Randolph, ss.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT, a public utility, Randolph County, man, Publisher of THE INTER-MOUNTAIN, a news-

application for a certificate of convenience and necessity to construct a water system upgrade at Elkins, in said county, do hereby certify that the annexed

NOTICE

PLEASE TAKE NOTICE that the Norton-Harding-Jimtown Public Service District, a public utility located in Randolph County, West Virginia, proposes improvements to the water treatment plant; including the development of an additional source capacity, the installation of new control telemetry systems, the addition of new filtering equipment, upgrading of the high service pumps and various miscellaneous physical plant improvements as shown upon plans and specifications which have been developed by Haworth, Meyer & Boleyn Engineering. This project will increase the treatment capacity from 300 gpm to 400 gpm, primarily to supply bulk water to the City of Juniper.

The Norton-Harding-Jimtown Public Service District will make a formal application to the Public Service Commission of West Virginia for a Certificate of Convenience and Necessity regarding said project on or after February 9, 1998.

The total estimated cost of the project is anticipated not to exceed \$1,587,000, and the Norton-Harding-Jimtown Public Service District intends to borrow an amount of money not to exceed \$87,000, said amount being financed through the West Virginia Infrastructure and Jobs Development Council. The Norton-Harding-Jimtown Public Service District estimates that the interest on this loan will not exceed three percent (3%) for a borrowing period not to exceed forty (40) years.

The proposed project will also involve the acquisition of land for the well site. Right-of-way easements from the general public will be minimal. The district intends to use the existing public right-of-ways to the maximum extent possible.

Construction cost of the proposed project is estimated to be \$970,000 and will consist of the following primary features:

- New raw water source (rock well)
- Filtration system upgrade
- New service pump with the necessary piping, valves and controls
- Radio based telemetry system
- Backwash holding basin
- Repairs to existing storage tank
- Miscellaneous plant improvements

Other necessary appurtenances to create a complete and operating system for the proper treatment, distribution and storage of potable water for the service area.

The completed facilities will be owned, operated and maintained by the Norton-Harding-Jimtown Public Service District.

The Norton-Harding-Jimtown Public Service District anticipates that the rates applicable inside and outside the boundaries of the district will not exceed the following:

ESTERED RATES

3,000 gallons used per month	\$5.00 per thousand gallons.
4,000 gallons used per month	\$4.70 per thousand gallons.
10,000 gallons used per month	\$3.90 per thousand gallons.
20,000 gallons used per month	\$3.65 per thousand gallons.

MINIMUM CHARGE

The above stated rate shall be subject to a minimum monthly charge of fifteen dollars and no cents (\$15.00) based on 3,000 gallons.

5/8 inch meter	\$ 15.00 per month
3/4 inch meter	\$ 22.50 per month
1 inch meter	\$ 37.50 per month
1-1/2 inch meter	\$ 75.00 per month
2 inch meter	\$ 120.00 per month
3 inch meter	\$ 225.00 per month
4 inch meter	\$ 375.00 per month
6 inch meter	\$ 750.00 per month
8 inch meter	\$ 1,200.00 per month

The Norton-Harding-Jimtown Public Service District anticipates that the rates applicable to the outside-Cassidy area of the district will not exceed the following:

ESTERED RATES

3,000 gallons used per month	\$7.20 per thousand gallons.
4,000 gallons used per month	\$6.30 per thousand gallons.
10,000 gallons used per month	\$5.90 per thousand gallons.
20,000 gallons used per month	\$5.50 per thousand gallons.

MINIMUM CHARGE

The above stated rate shall be subject to a minimum monthly charge of twenty-one dollars and cents (\$21.60) based on 3,000 gallons.

5/8 inch meter	\$ 21.60 per month
3/4 inch meter	\$ 32.40 per month
1 inch meter	\$ 54.00 per month
1-1/2 inch meter	\$ 108.00 per month
2 inch meter	\$ 172.80 per month
3 inch meter	\$ 324.00 per month
4 inch meter	\$ 540.00 per month
6 inch meter	\$ 1,080.00 per month
8 inch meter	\$ 1,728.00 per month

The following is applicable to all areas of the district:

DELAYED PAYMENT PENALTY

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

RECONNECTION CHARGE

A reconnection charge of \$20.00 will be charged before water service is restored.

CONNECTION CHARGE

Subsequent to construction adjacent to the customer's property there shall be a charge for connection to the system of Two Hundred and Fifty Dollars (\$250.00).

Anyone wishing to object to this proposed project may sign a petition in the Office of the Clerk of the County Commission of Randolph County, West Virginia, Randolph County Courthouse, Elkins, West Virginia, or at the business office of the Norton-Harding-Jimtown Public Service District located at Norton, West Virginia, or may contact the Public Service Commission of West Virginia, Office located at 201 Brooks Street, Charleston, West Virginia, 25301.

This certificate is prepared pursuant to West Virginia Code, 16-13A-25. Submitted by: Mike Kittle, Chairman, Norton-Harding-Jimtown Public Service District, 2, 9

man, Publisher of THE INTER-MOUNTAIN, a news-
at Elkins, in said county, do hereby certify that the annexed
as published on the following dates:

Jan. 09

required by law.

ny hand this 09 day of January, 1998.

James H. Brown
Publisher

\$ 313.72

of January, 1998.

Shirley A. Menead
Notary Public

2002

State of West Virginia, County of Randolph, ss.

I, James Hoffman, Publisher of THE INTER-MOUNTAIN, a newspaper published at Elkins, in said county, do hereby certify that the annexed advertisement was published on the following dates:

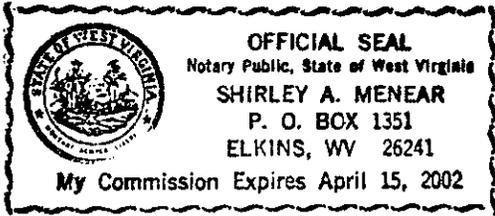
Jan. 02 Jan. 09

19 98 as required by law.

Given under my hand this 09 day of January 19, 98

James Hoffman
Publisher

Printer's Fee: \$ 318.72



Subscribed and sworn to before me this 09 day of January 19 98

Shirley A. Menear
Notary Public

My Commission Expires the 15 day of April 19 2002

NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1999 A
(West Virginia Infrastructure Fund)

MINUTES OF CURRENT YEAR ORGANIZATIONAL MEETING

The undersigned SECRETARY of the Public Service Board of Norton-Harding-Jimtown Public Service District, hereby certify that the following is a true and correct excerpt of the minutes of a regular meeting of the said Public Service Board:

The Public Service Board of Norton-Harding-Jimtown Public Service District met in regular session, pursuant to notice duly posted, on the 8th day of February, 1999, in Norton, West Virginia, at the hour of 7:30 p.m.

PRESENT: Michael Kittle - Chairman and Member
Kenneth Fox - Secretary and Member
O. B. Currence - Treasurer and Member

ABSENT: None.

The Board announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, on motion duly made and seconded, the following people were nominated and elected to the following offices for 1999:

Chairman - Michael Kittle
Secretary - Kenneth Fox
Treasurer - O. B. Currence

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

Michael Kille

Chairman

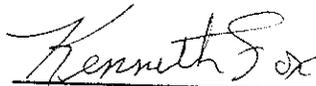
Kenneth Fox

Secretary

CERTIFICATION

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

WITNESS my signature on this 23rd day of February, 1999.



Secretary

02/10/99
664900/97001

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NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1999 A
(West Virginia Infrastructure Fund)

MINUTES ON ADOPTION OF BOND
RESOLUTION AND SUPPLEMENTAL RESOLUTION

The undersigned SECRETARY of the Public Service Board of Norton-Harding-Jimtown Public Service District, hereby certify that the following is a true and correct excerpt of the minutes of a regular meeting of the said Public Service Board:

The Public Service Board of Norton-Harding-Jimtown Public Service District met in regular session, pursuant to notice duly posted, on the 8th day of February, 1999, in Norton, West Virginia, at the hour of 7:30 p.m.

PRESENT: Michael R. Kittle - Chairman and Member
 Kenneth Fox - Secretary and Member
 O. B. Currence - Treasurer and Member

ABSENT: None.

Michael R. Kittle, Chairman, presided, and Kenneth Fox, acted as Secretary.

The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it. Thereupon, the Chairman presented a proposed Bond Resolution in writing entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$1,380,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR

THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, on motion duly made and seconded, it was unanimously ordered that the Bond Resolution be adopted and be in full force and effect on and from the date hereof.

The Chairman then presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING THE LOAN AGREEMENTS RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, on motion duly made and seconded, it was unanimously ordered that the Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

Michael Fuller
Chairman

Kenneth Fox
Secretary

CERTIFICATION

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

WITNESS my signature on this 23rd day of February, 1999.

Kenneth Sox

Secretary

02/10/99
664900/97001

WV MUNICIPAL BOND COMMISSION
812 Quarrier Street
Suite 300
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: February 23, 1999

(See Reverse for Instructions)

ISSUE: Norton-Harding-Jimtown Public Service District Water Revenue Bonds,
Series 1999 A (West Virginia Infrastructure Fund)

ADDRESS: Post Office Box 87, Norton, WV 26285

COUNTY: Randolph

PURPOSE OF ISSUE: New Money: X
Refunding: _____

REFUNDS ISSUE(S) DATED: _____

ISSUE DATE: February 23, 1999

CLOSING DATE: February 23, 1999

ISSUE AMOUNT: \$1,380,000

RATE: 0%

1ST DEBT SERVICE DUE: 6/1/2000

1ST PRINCIPAL DUE: 6/1/2000

1ST DEBT SERVICE AMOUNT: \$8,904

PAYING AGENT: Municipal Bond Commission

BOND

COUNSEL: Steptoe & Johnson

Contact Person: Vincent A. Collins, Esq.

Phone: 624-8161

UNDERWRITERS

COUNSEL: Jackson & Kelly

Contact Person: Samme L. Gee, Esq.

Phone: 340-1318

CLOSING BANK: Citizens National Bank

Contact Person: Dena Painter

Phone: 636-4095

ESCROW TRUSTEE: _____

Contact Person: _____

Phone: _____

KNOWLEDGEABLE ISSUER CONTACT

Contact Person: Jeff Nutter

Position: General Manager

Phone: 636-6223

OTHER: WV Infrastructure and Jobs Development
Council

Contact Person: Susan Riggs, Esq.

Function: Executive Director

Phone: 558-4607

DEPOSITS TO MBC AT CLOSE:

By: _____ Wire
_____ Check

Accrued Interest: \$ _____

Capitalized Interest: \$ _____

Reserve Account: \$ _____

Other: \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE

By: _____ Wire
_____ Check
_____ IGT

To Escrow Trustee: \$ _____

To Issuer: \$ _____

To Cons. Invest. Fund: \$ _____

To Other: \$ _____

NOTES: _____

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS REQUIRED: _____

TRANSFERS REQUIRED: _____

NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1999 A
(West Virginia Infrastructure Fund)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

Citizens National Bank, Elkins, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Resolution and a Supplemental Resolution of Norton-Harding-Jimtown Public Service District (the "Issuer"), both adopted February 8, 1999 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Water Revenue Bonds, Series 1999 A (West Virginia Infrastructure Fund), dated February 23, 1999, issued in the principal amount of \$1,380,000 (the "Bonds"), as set forth in the Bond Legislation.

WITNESS my signature on this 23rd day of February, 1999.

CITIZENS NATIONAL BANK



Assistant Vice President

02/03/99
664900/97001



NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT

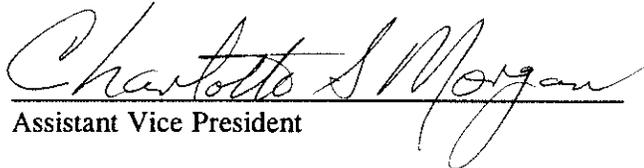
Water Revenue Bonds, Series 1999 A
(West Virginia Infrastructure Fund)

ACCEPTANCE OF DUTIES AS REGISTRAR

ONE VALLEY BANK, NATIONAL ASSOCIATION, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Norton-Harding-Jimtown Public Service District Water Revenue Bonds, Series 1999 A (West Virginia Infrastructure Fund), dated February 23, 1999, issued in the principal amount of \$1,380,000 (the "Bonds"), and agrees to perform all duties of Registrar in connection with such Bonds, as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 23rd day of February, 1999.

ONE VALLEY BANK, NATIONAL
ASSOCIATION


Assistant Vice President

02/03/99
664900/97001

NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT

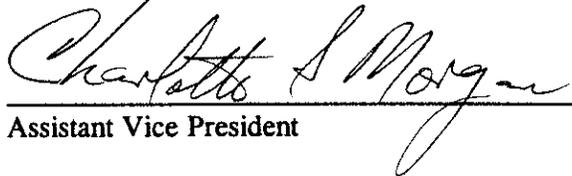
Water Revenue Bonds, Series 1999 A
(West Virginia Infrastructure Fund)

CERTIFICATE OF REGISTRATION OF BONDS

ONE VALLEY BANK, NATIONAL ASSOCIATION, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned Bonds of Norton-Harding-Jimtown Public Service District (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Norton-Harding-Jimtown Public Service District Water Revenue Bonds, Series 1999 A (West Virginia Infrastructure Fund), of the Issuer, dated February 23, 1999, in the principal amount of \$1,380,000, numbered AR-1, is registered as to principal only in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of One Valley Bank, National Association, as Registrar.

WITNESS my signature on this 23rd day of February, 1999.

ONE VALLEY BANK, NATIONAL
ASSOCIATION


Assistant Vice President

02/03/99
664900/97001

1

2

NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1999 A
(West Virginia Infrastructure Fund)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 23rd day of February, 1999, by and between NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia (the "Issuer"), and ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$1,380,000 Water Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund), in fully registered form (the "Bonds"), pursuant to a Bond Resolution adopted February 8, 1999, and a Supplemental Resolution adopted February 8, 1999 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such

duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exclusion of interest on the Bonds from gross income for federal income tax purposes, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

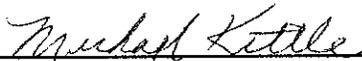
ISSUER: Norton-Harding-Jimtown Public Service District
Post Office Box 87
Norton, West Virginia 26285
Attention: Chairman

REGISTRAR: One Valley Bank, National Association
Post Office Box 1793
One Valley Square
Charleston, West Virginia 25326
Attention: Corporate Trust Department

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Bond Legislation.

IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

NORTON-HARDING-JIMTOWN
PUBLIC SERVICE DISTRICT



Chairman

ONE VALLEY BANK, NATIONAL
ASSOCIATION

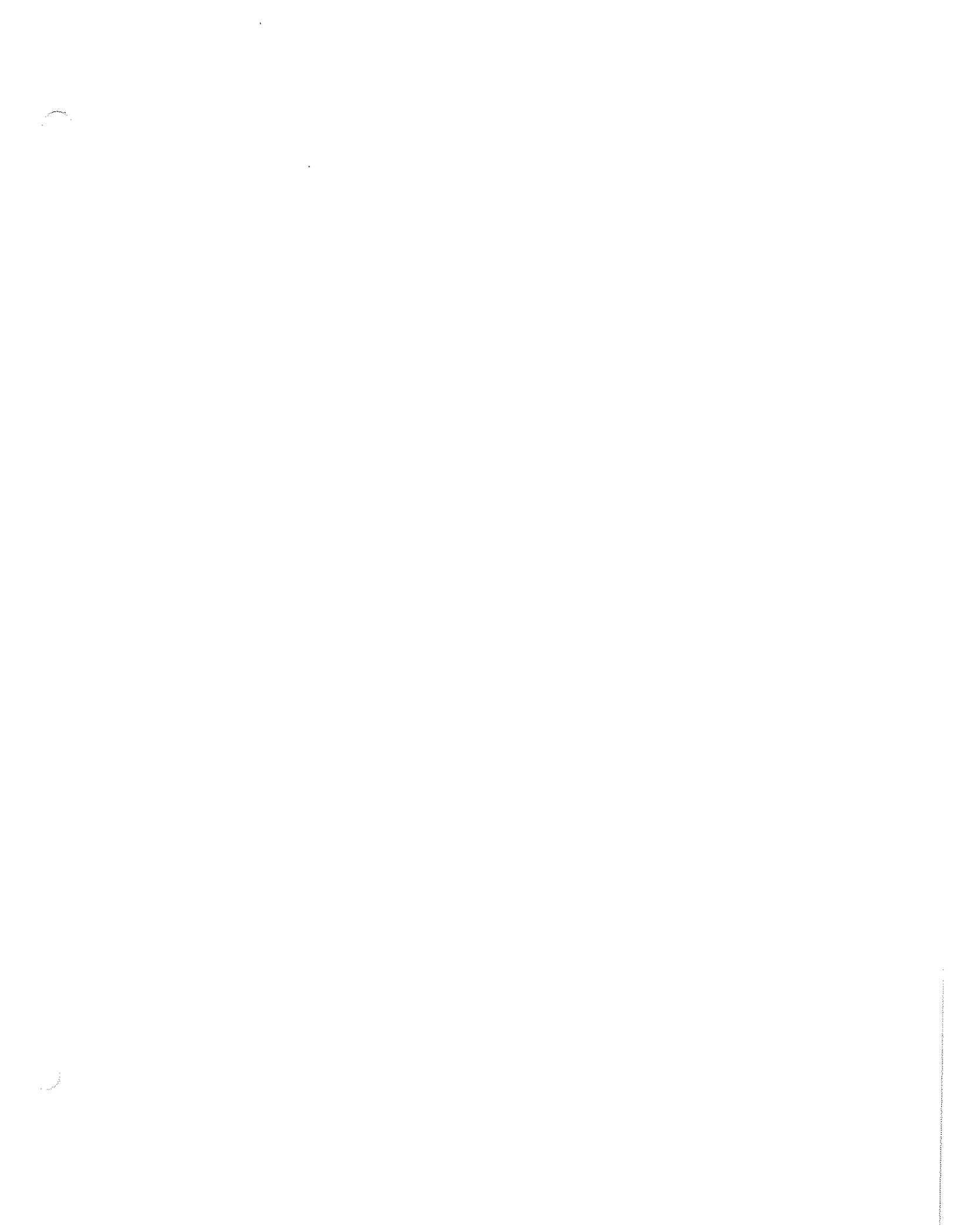


Assistant Vice President

02/03/99
664900/97001

EXHIBIT A

[Included in transcript as Document No. 1]



NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT

\$195,000 Water Revenue Bond, Series 1978

BOND RESOLUTION

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NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF \$195,000 WATER REVENUE BOND, SERIES 1978, OF NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT TO FINANCE ACQUISITION AND CONSTRUCTION OF A NEW WATERWORKS; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND 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 NORTON-HARDING-JIMTOWN 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 and other applicable provisions of law. Norton-Harding-Jimtown Public Service District (the "District") is a public service district created pursuant to said Article 13A by the County Commission of Randolph County.

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

- (A) The District does not now have 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 District, and, accordingly, it is hereby ordered, that there be acquired and constructed a new waterworks system of the District consisting of a water treatment plant, a water storage tank and water transmission and distribution lines, 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 of the District (the "Board").

(C) It is necessary for the District to issue its revenue bond in the principal amount of \$195,000 to finance the cost of the Project in the manner hereinafter provided.

(D) The estimated maximum cost of the construction of the Project is \$1,532,000, of which \$195,000 will be obtained from the proceeds of sale of the Bond herein authorized, \$947,000 from a grant by the Government, and \$390,000 from a grant by United States Department of Housing and Urban Development.

(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 Project and the financing authorized by this resolution.

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

(G) There are not any obligations of the District which will rank prior to or on a parity with the Bond as to liens and source of and security for payment.

(H) The Government is expected by the Board to purchase the entire principal amount of the Bond.

(I) The District 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 Government, this Resolution shall be deemed to be and shall constitute a contract between the District and such Bondholder, and the covenants and agreements set forth in this Resolution to be performed by the District shall be for the benefit, protection and security of the Government as holder of the Bond.

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

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

"Board" means the Public Service Board of the District, the governing body of the District under the Act.

"Bond" means the \$195,000 Water Revenue Bond, Series 1978, originally authorized to be issued pursuant to this Resolution.

"Chairman" means the Chairman of the Board.

"Consulting Engineers" means West Augusta Company, Elkins, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the District as Consulting Engineer for the System.

"District" means Norton-Harding-Jimtown Public Service District, of Randolph County, West Virginia, and, where appropriate, also means the Public Service Board thereof.

"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 any 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.

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

"Herein" means in this Resolution.

"Holder of the Bond" or "Bondholder" or any similar term means any person who shall be the bearer or owner of any outstanding Bond registered to bearer or not registered, or the registered owner of any outstanding Bond which shall at the time be registered other than to the bearer.

"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 District 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 practices, 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.

"Original Purchaser" means the purchaser, directly from the District, of the Bond.

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

"Revenues" or "Gross Revenues" means all rates, rents, fees, charges or other income received by the District, or accrued to the District, 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 Board.

"System" means the complete waterworks system of the District, including all water facilities owned by the District and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the System; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the 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 of this Resolution, the Bond of the District, to be known as "Water Revenue Bond, Series 1978," is hereby authorized to be issued in the aggregate principal amount of not exceeding One Hundred Ninety -Five Thousand Dollars (\$195,000) for the purpose of financing 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 installments, or any portion thereof, at the option of the District, 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 District by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary.

Section 2.04. Bond Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated or be destroyed, stolen or lost, the District 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 District proof of his ownership thereof and complying with such other reasonable regulations and conditions as the District may require. The Bond so surrendered shall be canceled and held for the account of the District. If the Bond shall have matured or be about to mature, instead

of issuing a substitute Bond the District 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. 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 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 of this Resolution, 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 by this Resolution or any subsequent resolution adopted prior to the issuance thereof:

(Form of Bond)

WATER REVENUE BOND, SERIES 1978

NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT

\$195,000

No.

Date: _____

FOR VALUE RECEIVED, NORTON-HARDING-JIMTOWN 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 (herein called the "Government"), at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of One Hundred Ninety-Five Thousand Dollars (\$195,000), 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 \$958, 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 sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for 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 additions, extensions and improvements to the waterworks of the Borrower, is payable solely from the revenues to be derived from the operation of such waterworks after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the waterworks. 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").

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.

[CORPORATE SEAL]

NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT
(Name of Borrower)

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

(Post Office Box No. or Street Address)

ATTEST:

Coalton, West Virginia 26257
(City, State and Zip Code)

(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 _____

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. All moneys received from the sale of the Bond shall be deposited on receipt by the District in Citizens National Bank of Elkins, Elkins, West Virginia, a member of Federal Deposit Insurance Corporation (herein called "FDIC"), in a special account hereby created and designated as "Norton-Harding-Jimtown Public Service District Construction Account" (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 District solely for the purposes provided in this Resolution.

Until completion of construction of the Project, the District will transfer from the Project Construction Account and pay to the National Finance Office named in the Bond, not later than the next interest payment date, such sums as shall be from time to time required to pay the interest becoming due on the Bond on such interest payment date.

If the District 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 District 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 Government.

Section 3.02. Covenants of the District 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 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 District 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 District 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" is hereby established with said Bank. The Revenue Fund shall constitute a trust fund for the purposes provided in this Resolution and shall be kept separate and distinct from all other funds of the District and used only for the purposes and in the manner provided in this Resolution.

(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 District shall first each month pay from the moneys in the Revenue Fund all current Operating Expenses.

(2) The District 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 amounts 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 District shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit with said Bank in the Reserve Account hereby established with said Bank, one-one hundred twentieth

of the maximum amount of principal of and interest on the Bond payable in any year, such sum being herein called the "Minimum Reserve." After the Minimum Reserve has been accumulated in the Reserve Account, the District shall monthly deposit into the Reserve Account 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 Account. Moneys in the 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 or for prepayment of installments or for mandatory prepayment of the Bond as hereinafter provided, and for no other purpose.

(4) The District shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit in the Depreciation Reserve hereby 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 \$45,000 and thereafter such sums as shall be required to maintain such amount therein. Money in the Depreciation Reserve shall be used first to make up any deficiencies for monthly payments of installments on the Bond as the same become due, 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 the Depreciation Reserve may be withdrawn by the District 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 Account shall be sufficient to prepay the Bond in full, it shall be the mandatory duty of the District, anything to the contrary in this resolution notwithstanding, to prepay the Bond at the earliest practical date and in accordance with applicable provisions hereof.

The said Bank (and any successor appointed by the District) is hereby designated as the Fiscal Agent for the administration of the Reserve Account and the Depreciation Reserve as herein provided, and all amounts required therefor will be deposited by the District 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 Government shall have a lien thereon for further securing payment of the Bond and the interest thereon. 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. 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 Fiscal Agent shall keep the moneys in the Reserve Account 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 Account, 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) Additional User Contracts. The District shall, prior to delivery of the Bond, obtain user agreements from not less than 252 new bona fide full time users, and shall collect from such users, and deposit in the Project Construction Account, not less than \$12,600, based on a tap fee of \$50.

ARTICLE IV

GENERAL COVENANTS

Section 4.01. General Statement. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Account a sum sufficient to prepay the entire principal of the Bond 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 District and the Bondholder.

Section 4.02. Rates. The District 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 average annual debt service on the Bond and to make the payments required herein into the Reserve Account and the Depreciation Reserve 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 Government so long as the 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 to this Resolution except with the prior written consent of the Government.

Section 4.05. Insurance and Bonds. The District hereby covenants and agrees that, so long as the Bond remains outstanding, it will, as an

expense of operation and maintenance of the System, procure, carry and maintain 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 at once if not now in effect, 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 District will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The District will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the District 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, or injured or killed in one accident to protect the District from claims for bodily injury and/or death, and not less than \$200,000 from claims for damage to property of others which may arise from the District's operation of the System, such insurance to be procured at the commencement of construction of the Project.

(c) Vehicular Public Liability Insurance, in the event the District owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the District is operated for the benefit of the District, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the District from claims for bodily injury and/or death, and not less than \$200,000 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.

(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, Chapter 38, Article 2, Section 39.

(e) Fidelity Bonds will be provided as to every member of the Board and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the District 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.

(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 District will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the District, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Government may specify, with insurance carriers or bonding companies acceptable to the Government.

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.

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 on the Bond 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 District contained in the Bond or in this resolution, 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 Government 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 Government, such court may, upon proof of such default, appoint a receiver for the affairs of the District and the System. The receiver so appointed shall administer the System on behalf of the District, shall exercise all the rights and powers of the District with respect to its 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 District 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 Board. Copies of each Annual Budget shall be delivered to the Government by the beginning of each fiscal year.

If for any reason the District 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 year next 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 District. Each such Budget of Current Expenses shall be mailed immediately to the Government.

Section 4.10. Compensation of Board Members. The District hereby covenants and agrees that no compensation for policy direction shall be paid to the members of its Board in excess of the amount permitted by the Act. Payment of any compensation to any member of the Board 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 of this resolution.

Section 4.11. Covenant to Proceed and Complete. The District 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 of the Board on the date of adoption of this resolution, subject to permitted changes.

Section 4.12. Books and Records. The District will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the District, in which complete and correct entries shall be made of all transactions relating to the System, and the Government shall have the right at all reasonable times to inspect the System and all records, accounts and data of the District relating thereto.

The District 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 Government.

Section 4.13. Maintenance of System. The District 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 District 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 District 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 operating rules in 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 be as follows, subject to change consonant with the provisions of this Resolution:

AVAILABILITY OF SERVICE

Available for all domestic, commercial, and industrial customers, but excluding sales of water to other water utilities.

RATES FOR WATER USED PER MONTH

First	3,000 gallons	\$ 3.00 per 1,000 gallons
Next	3,000 gallons	2.80 per 1,000 gallons
Next	4,000 gallons	2.50 per 1,000 gallons
Next	10,000 gallons	2.20 per 1,000 gallons
All over	20,000 gallons	2.00 per 1,000 gallons

MINIMUM CHARGE

No monthly bill shall be rendered for less than the following amounts based on size of meter:

5/8" meter	\$ 9.00
3/4" meter	12.96
1" meter	23.04
1 1/2" meter	51.84
2" meter	92.16
3" meter	207.36
4" meter	368.64
6" meter	829.44

TAP FEES FOR NEW SERVICE

Prior to construction \$50.00.

Subsequent to construction adjacent to the customer's property - \$150.00.

DELAYED PAYMENT PENALTY

The above rates are net. On all accounts not paid in full within 20 days after date of billing, a penalty of ten per cent will be added to the net amount of the bill. This is not interest, and is to be charged only once when appropriate.

RECONNECTION CHARGE

\$10.00.

MULTIPLE OCCUPANCY

Apartment buildings, or other multiple occupancy buildings, shall be provided with a master meter, and each family or business unit shall be required to pay not less than the minimum monthly charge herein established for a five-eighths inch meter, the minimum bill for the size of meter installed, or the actual charge for the water used, whichever is greater. Motels and hotels shall pay according to the size of meter installed.

TRAILER COURTS

House trailer courts shall be provided with a master meter. No bill shall be rendered for less than the minimum bill herein established for a five-eighths inch meter, multiplied by the number of units situated on the court site at the time the meter is read, the minimum bill for the size of meter installed, or the actual charge for water used, whichever is greater. House trailer (as used herein-above) shall include both mobile and immobile units.

House trailers, either mobile or immobile, located on sites other than a part of court, shall be billed in the same manner as any other family or business unit.

B. There shall not be any discrimination or differential in rates between customers in similar circumstances.

C. All delinquent fees, rates and charges for services or facilities of the System shall be liens on the premises served of equal degree, rank and priority with the lien on such premises of state, county, school and municipal taxes, as provided in the Act. When such fees, rates and charges have been delinquent for thirty days, the District shall have power forthwith to foreclose the lien on the premises served in the same manner provided by the laws of the State of West Virginia for the foreclosure of mortgages on real property.

D. The District will not render or cause to be rendered any free services of any nature by the System nor any of the facilities; and in the event that the District or any department, agency, officer or employee thereof should avail itself or themselves of the services or facilities of the System, the same fees, rates and charges applicable to other customers receiving like services under similar circumstances shall be charged, such charges shall be paid as they accrue, and revenues so received shall be deposited and accounted for in the same manner as other revenues of the System.

E. The District may require any applicant for any service by the System to deposit a reasonable and equitable amount to insure payment of all charges for the services rendered by the System, which deposit shall be handled and disposed of under the applicable rules and regulations of the Public Service Commission of West Virginia.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Filing Under Uniform Commercial Code. Contemporaneously with the delivery of the Bond, the District shall execute Financing Statements meeting the requirements of the Uniform Commercial Code of West Virginia and promptly thereafter shall file such a Financing Statement in the offices of the Secretary of State of the State of West Virginia and of the Clerk of the County Commission of said County.

Section 6.02. Delivery of Bond No. 1. The Chairman, Secretary and Treasurer of the Board are hereby authorized and directed to cause Bond No. 1, hereby awarded to the Government pursuant to agreement, to be delivered to the Government as soon as the Government will accept such delivery.

Section 6.03. Severability of Invalid Provision. If any one or more of the covenants, agreements or provisions of this Resolution 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, and shall in no way affect the validity of all the other provisions of this Resolution or the Bond.

Section 6.04. Conflicting Provisions Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution, are, to the extent of such conflicts, hereby repealed.

Section 6.05. 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 6.06. Effective Time. This Resolution shall take effect immediately upon its adoption.

Adopted April 3, 19 79.

Wanda M. Neuman
Chairman of Public Service Board

Jay Pinsky
Member

George Stearns
Member

NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT

Water Revenue Bond, Series 1986

BOND RESOLUTION

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04/30/86
NHJ2-A

NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF \$133,000 WATER REVENUE BOND, SERIES 1986, OF NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT ON A PARITY WITH THE 1978 BOND OF THE DISTRICT TO FINANCE ACQUISITION AND CONSTRUCTION OF AN ADDITION, IMPROVEMENT AND EXTENSION TO THE WATERWORKS SYSTEM OF THE DISTRICT; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF NORTON-HARDING-JIMTOWN 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. Norton-Harding-Jimtown Public Service District (the "Issuer") is a public service district created pursuant to the Act by The County Commission of Randolph County.

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

A. The Issuer now has a public waterworks system and desires to acquire and construct an addition, improvement and extension to said System, within the boundaries of the Issuer to be owned and operated by the Issuer.

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 acquired and constructed the Project consisting of transmission and distribution lines, gate valves and casings, 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 District (the "Governing Body") 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 \$133,000 to finance a portion of the cost of such acquisition and construction in the manner hereinafter provided.

D. The estimated maximum cost of the acquisition and construction of the Project is \$463,000 of which \$133,000 will be obtained from the proceeds of sale of the Bond herein authorized, and \$330,000 from a grant by the Purchaser.

E. The cost of such acquisition and construction shall be deemed to include, without being limited to, the acquisition and construction 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 (hereinafter defined) 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 acquisition and 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. There are outstanding the 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:

Water Revenue Bond, Series 1978 of the Issuer, dated September 21, 1979 (the "1978 Bond"), issued in the original principal amount of \$195,000, held by the Purchaser.

The Issuer is not in default under the terms of the 1978 Bond or any resolution or document in connection therewith and has complied with all requirements thereof regarding the issuance of parity bonds.

H. The Issuer has complied with all requirements of West Virginia law relating to authorization of the acquisition, construction 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 and acquisition and construction of the Project by the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired or will have expired prior to delivery of the Bond.

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 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.

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 1986, authorized hereby.

"Bonds" means the Bond and the 1978 Bond.

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

"1978 Bond" means the outstanding Water Revenue Bond, Series 1978, of the Issuer described in Section 1.02 G hereof.

"Chairman" means the Chairman of the Governing Body.

"Consulting Engineer" means Swecker Engineering & Surveying, Elkins, 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.

"Herein" means in this Bond Legislation.

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

"Issuer" means Norton-Harding-Jimtown Public Service District, in Randolph 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 1/6th 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, provided that all monthly amortization payments upon the Bonds and into the Reserve Fund and Depreciation Reserve have been made to the last monthly payment date prior to the date of such retention.

"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.

"Registrar" means the Issuer, which shall usually so act by its Secretary.

"Resolutions" means collectively the 1978 Resolution and the Bond Legislation.

"1978 Resolution" means the resolution of the Issuer adopted April 3, 1979, authorizing the 1978 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, 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 existing waterworks of the Issuer as enlarged, improved and expanded by the Project, 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 of the Issuer.

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 of this Resolution, the Bond of the Issuer, to be known as "Water Revenue Bond, Series 1986," is hereby authorized to be issued in the aggregate principal amount of not exceeding \$133,000 for the purpose of financing a portion of the cost 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, only as a fully registered Bond, and shall be dated the date of delivery. The Bond shall bear interest from date, payable monthly at the rate of 7 1/4% per annum, or such lesser amount as may be set forth in the Bond upon delivery, 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 or in the Bond upon delivery.

Section 2.03. Negotiability, Registration, Transfer and Exchange of Bonds. 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 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 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 Registrar will keep or cause to be kept at its office, sufficient books for the registration and transfer of the Bond, and, upon presentation for such purpose, the Registrar shall, under such reasonable regulations as it may prescribe, 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.

The Registrar shall accept the Bond for registration or transfer only if ownership thereof is to be registered in the name of an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust, and the federal employer identification number and date of each trust and the name of the trustee of each trust.

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. 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 2.07. 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 on a parity with the 1978 Bond in addition to the statutory mortgage lien on the System hereinafter provided for as to the Bonds. 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 to the payment of the principal of and interest on the Bond as the same become due all on a parity with the 1978 Bond.

Section 2.08. 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 1986

NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT

\$133,000

No. R-1

Date: _____

FOR VALUE RECEIVED, NORTON-HARDING-JIMTOWN 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"), or its registered assigns, at its National Finance Office, St. Louis, Missouri, 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of ONE HUNDRED THIRTY-THREE THOUSAND DOLLARS (\$133,000) plus interest on the unpaid principal balance at the rate of ____% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly 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, in the sum of the unpaid principal and interest due on the date thereof, 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 sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for 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 improvements for the 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.

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 Registrar as defined in the Resolution hereinafter described, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in said Resolution, 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 Registrar.

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 and a Resolution of the Borrower (the "Resolution").

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 1978 Bond described in said Resolution.

NORTON-HARDING-JIMTOWN PUBLIC
SERVICE DISTRICT

(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman, Public Service Board

(Title of Executive Official)

Route 1, Box 145

(P. O. Box No. or Street Address)

Norton, West Virginia 26285

(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Secretary, Public Service Board

(Title of Attesting Official)

(Form of)

RECORD OF ADVANCES

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

(Form of)

ASSIGNMENT

Pay to the Order of _____

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By _____

(Title)

(No writing on this Bond except by the Issuer as Registrar)

<u>Date of Registration</u>	<u>In Whose Name Registered</u>	<u>Signature of Secretary of Registrar</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

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 Citizens National Bank, Elkins, West Virginia, a member of Federal Deposit Insurance Corporation (the "FDIC"), in a special account hereby created and designated as "Norton-Harding-Jimtown Public Service District Project 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.

Until completion of acquisition and construction of the Project, the Issuer will transfer from the Project Construction Account and pay to the Purchaser on or before the due date, such sums as shall be from time to time required to make the monthly installments on the Bond if there are not sufficient Net Revenues to make such monthly payment.

Moneys in the Project Construction Account shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by Purchaser.

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 ("Government Obligations"), which shall mature not later than eighteen months after the date of such investment, or in investments secured by a pledge of Government Obligations. All such investments and the income therefrom shall be carried to the credit of the Project Construction Account.

When acquisition and 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 described, 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 1978 Resolution and is hereby continued. The Revenue Fund shall constitute a trust fund for the purposes provided in the Resolutions 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 in the Resolutions.

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 pay to the National Finance Office designated in the Bonds or otherwise the amounts required to pay the interest on the Bonds and to amortize the principal of the Bonds over the life of each 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 Account established by the 1978 Resolution and hereby continued but redesignated as the Reserve Fund, 1/12th of 1/10th of the amount of principal and interest becoming due on the Bonds in any year until the amount in the Reserve Fund equals the annual amount of amortized principal and interest that may come due on the Bonds, 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 Bonds 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 Bonds to said National Finance Office as the same shall become due or for prepayment of installments on the Bonds, or for mandatory prepayment of the Bonds as hereinafter provided, and for no other purpose; provided, however, that when the Minimum Reserve has been accumulated in the Reserve Fund all earnings of investments of moneys therein shall at least annually be transferred to and deposited in the Revenue Fund and used for ratable prepayment of principal of the Bonds.

(4) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit in the Depreciation Reserve, established by the 1978 Resolution with said Bank and hereby continued, 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 \$68,150, 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 Bonds 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 portions of the principal amounts of the Bonds ratably or for any lawful purpose.

Whenever the moneys in the Reserve Fund shall be sufficient to prepay the Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Bonds 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 Bonds 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, prior to delivery of the Bond, shall obtain signed user agreements from at least 80 bona fide full time users initially to be served by the Project in full compliance with the conditions and requirements of the Purchaser.

ARTICLE IV

GENERAL COVENANTS

Section 4.01. General Statement. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund a sum sufficient to prepay the entire principal of the Bond 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.

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 sufficient to make the payments required herein into the Reserve Fund and the Depreciation Reserve 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 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, 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 and mechanical and electrical equipment in place or stored on the site in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than \$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. Worker's compensation coverage shall be maintained as required by the laws of the State of West Virginia.

(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 Purchaser, 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 and shall be for the equal benefit of the Bonds.

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 upon the Bond at the date specified for payment thereof; and

(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 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 June 1 of each year and ending on the following July 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 acquisition and 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; Audits. 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. The Issuer shall further comply with the Act with respect to such books, records and accounts.

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 Code, herein defined.

Section 4.16. Industrial Development Bond Covenant. The Issuer shall not permit at any time or times any of the proceeds of the Bond or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bond from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1954, as from time to time amended, and the regulations and applicable rulings thereunder (the "Code"), by reason of the classification of the Bond as an "industrial development bond" within the meaning of Section 103(b) of the Code.

Less than 25% of the proceeds of the Bond are to be used, directly or indirectly, in any trade or business carried on by a person who is not an exempt person and less than 25% of the payment of principal or interest on the Bond, under the terms of the Bond or any underlying arrangement, is secured by any interest in property used or to be used in a trade or business or in payments in respect to such property, or to be derived from payments in respect of property, or borrowed money, used or to be used in a trade or business, all within the meaning of Section 103(b)(2) of the Code.

Section 4.17. Additional Special Covenants of Issuer. At the date of adoption of this Bond Legislation there is pending an act of the United States House of Representatives entitled "H.R. 3838" and the United States Senate passed its version of H.R. 3838 (collectively, the "Tax Act"). Certain provisions thereof relating to Section 103 of the Internal Revenue Code of 1954, as amended, are to be effective as of January 1, 1986. In order to comply with the Tax Act and therefore to maintain the exemption of the interest on the Bond from Federal income taxation, the Issuer hereby further covenants to take, and refrain from taking, and not fail to take, any and all such actions, under the Tax Act or any applicable successor or alternate legislation, or any part thereof, insofar as may be applicable to the Bond, in order to maintain the tax-exempt status of the Bond and the interest thereon.

ARTICLE V

RATES, ETC.

Section 5.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Final Order of the Public Service Commission of West Virginia, entered on July 16, 1986, Case No. 86-264-W-CN, which Final Order is incorporated herein by reference as a part hereof.

B. There shall not be any discrimination or differential in rates between customers in similar circumstances.

C. All delinquent fees, rates and charges for services or facilities of the System shall be liens on the premises served of equal degree, rank and priority with the lien on such premises of state, county, school and municipal taxes, as provided in the Act. The Issuer shall have such remedies and powers as provided under the Act and other applicable provisions of law with regard to the collection and enforcement of such rates and charges.

D. The Issuer will not render or cause to be rendered any free services of any nature by the System nor any of the facilities; and in the event that the Issuer or any department, agency, officer or employee thereof should avail itself or themselves of the services or facilities of the System, the same fees, rates and charges applicable to other customers receiving like services under similar circumstances shall be charged, such charges shall be paid as they accrue, and revenues so received shall be deposited and accounted for in the same manner as other revenues of the System.

E. The Issuer may require any applicant for any service by the System to deposit a reasonable and equitable amount to insure payment of all charges for the services rendered by the System, which deposit shall be handled and disposed of under the applicable rules and regulations of the Public Service Commission of West Virginia.

F. The Issuer, to the extent permitted by law, will not accept payment of any water bill from a customer served with water and sewer services by the Issuer without payment at the same time of a sewer bill owed by such customer for the same premises.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Modification or Amendment. The Bond Legislation may not be modified or amended after final passage without the prior written consent of the Purchaser.

Section 6.02. Delivery of Bond No. R-1. The Chairman, Secretary and Treasurer of the Governing Body are hereby authorized and directed to cause Bond No. R-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 6.03. 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 severed 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 6.04. 1978 Resolution; Conflicting Provisions Repealed. The 1978 Resolution and all parts thereof not expressly hereby changed shall continue in full force and effect and this Bond Legislation shall be supplemental to the 1978 Bond Resolution.

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).

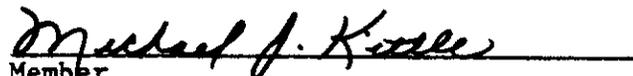
Section 6.05. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 6.06. Effective Time. This Resolution shall take effect immediately upon its adoption.

Adopted: August 13, 1986.



Chairman of Public Service Board



Member

Member

08/08/86
NHJ2-B

NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION CONFIRMING THE INTEREST RATE AND PAYMENT SCHEDULE OF THE WATER REVENUE BOND, SERIES 1986, OF NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT; AND MAKING OTHER PROVISIONS AS TO THE BOND

WHEREAS, the public service board (the "Governing Body") of NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT (the "Issuer"), has duly and officially adopted a resolution effective August 13, 1986 (the "Bond Resolution"), entitled:

RESOLUTION AUTHORIZING THE ISSUANCE OF \$133,000 WATER REVENUE BOND, SERIES 1986, OF NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT ON A PARITY WITH THE 1978 BOND OF THE DISTRICT TO FINANCE ACQUISITION AND CONSTRUCTION OF AN ADDITION, IMPROVEMENT AND EXTENSION TO THE WATERWORKS SYSTEM OF THE DISTRICT; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

WHEREAS, the Bond Resolution provides for the issuance of the Water Revenue Bond, Series 1986 of the Issuer (the "Bonds"), in an aggregate principal amount of not to exceed \$133,000, all in accordance with West Virginia Code, Chapter 16, Article 13A (the "Act"); and in the Bond Resolution, it is provided that the interest rate would be 7 1/4% per annum or such lesser rate as set forth in the Bonds upon delivery and the interest and principal payment amounts would be as set forth in the Bonds upon delivery;

WHEREAS, the Bonds are proposed to be purchased by the United States Department of Agriculture, Farmers Home Administration (the "Purchaser"), and the interest rate on the Bonds will be 6% and the amortized monthly payments of principal and interest will be \$743;

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted and that the interest rate and the interest and principal payment amounts of the Bonds be confirmed in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Bond Resolution and the Act, this Supplemental Resolution is adopted. The Governing Body hereby confirms that the Bonds shall bear interest at the rate of 6% per annum, and that amortized monthly payments of principal and interest shall be in the amount of \$743.

Section 2. The provisions relating to the Bonds shall be, and the Bonds shall be in the form provided in, the Bond Resolution.

Section 3. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1954, as from time to time amended, and the regulations and applicable rulings thereunder, and any successor provision or provisions (the "Code"), by reason of the classification of the Bond as an "industrial development bond" or a "private activity bond" within the meaning of the Code.

Less than 10% of the proceeds of the Bonds are to be used, directly or indirectly, for any private business use, and less than 10% of the payment of principal or interest on the Bonds, under the terms of the Bonds or any underlying arrangement, directly or indirectly, is secured by any interest in property used or to be used for a private business use or in payments in respect of such property, or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use, all within the meaning of the Code. None of the proceeds of the Bonds are to be used, directly or indirectly, for any private business use carried on by a private user for which payments are made, directly or indirectly, by such user and such use is not related to the government use of the proceeds of the Bonds, including the disproportionate related business use of the proceeds of the Bonds. None of the proceeds of the Bonds are to be used, directly or indirectly, to finance or make loans to persons other than governmental units.

Section 4. At the date of adoption of this Supplemental Resolution, there has been passed by the United States House of Representatives and United States Senate a tax reform act (the "Tax Act"). Certain provisions of the Tax Act relating to Section 103 of the Internal Revenue Code of 1954, as amended, are, by the terms of the Tax Act, to be effective as of September 1, 1986, or earlier. In order to comply with the Tax Act, and therefore to maintain the exemption of the interest on the Bonds from Federal income taxation, the Issuer hereby further covenants to take, and refrain from taking, and not fail to take, any and all such actions, under the Tax Act, or any part thereof, in order to maintain the tax-exempt status of the Bonds and the interest thereon, including without limitation, making all rebate calculations and payments in the time, manner and as required therein.

Section 5. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Resolution approved and provided for, to the end that the Bonds may be delivered on or about October 6, 1986, to the Purchaser.

Section 6. The financing of the Project by the Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 7. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 6th day of October, 1986.

NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT


Chairman


Member


Member

09/30/86
NHJ1-P



United States
Department of
Agriculture

Rural Development

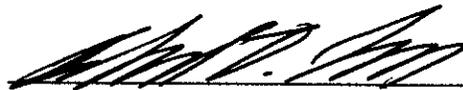
Federal Building, Room 320
75 High Street
Morgantown, WV 26505
Telephone: (304) 291-4796
Fax: (304) 291-4159
TTY/TDD: (304) 284-5941

February 22, 1999

Norton-Harding-Jimtown Public Service District
Water Revenue Bonds, Series 1999
(West Virginia Infrastructure Fund)

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative for the United States of America, acting through the Rural Utilities Service, U.S. Department of Agriculture, the present holder of the entire outstanding aggregate principal amount of the Prior Bonds, hereinafter defined and described, hereby consents to the issuance of the Water Revenue Bonds, Series 1999 (West Virginia Infrastructure Fund) (collectively, the "Bonds"), in the original aggregate principal amount of \$1,380,000, by the Norton-Harding-Jimtown Public Service District (the "Issuer"), under the terms of the bond resolution authorizing the Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding Water Revenue Bonds, Series 1978, dated September 21, 1979, and Water Revenue Bonds, Series 1986, dated October 6, 1986 (collectively, the "Prior Bonds").



Robert D. Lewis
State Director



DIVISION OF ENVIRONMENTAL PROTECTION

1201 Greenbrier Street
Charleston, WV 25311-1088

CECIL H. UNDERWOOD
GOVERNOR

MICHAEL P. MIANO
DIRECTOR

January 22, 1999

Mike Kittle, Chairman
Norton-Harding-Jimtown PSD
P. O. Box 87
Norton, WV 26285

CERTIFIED RETURN RECEIPT REQUESTED

Re: WV/NPDES Permit No. WV0050806
Modification No. 1

Dear Mr. Kittle:

This correspondence serves as Modification No. 1 of your existing WV/NPDES Water Pollution Control Permit No. WV0050806, issued the 24th day of August 1990.

After review and consideration of all information accompanying WV/NPDES Permit No. WV0050806, and after receipt and review of the information submitted on, and with Permit Modification Application No. WV0050806-A, dated the 24th day of August 1998, the plans and specifications, and additional information received on 20th day of October 1998, and other relevant information, the subject Permit is hereby modified to include the following changes:

- 1: Acquire, install, construct, operate and maintain a disposal system for the direct discharge of treated industrial wastewater [filter backwash water], or part thereof.
2. Upgrade, improve / repair the existing disposal system for the direct discharge of treated industrial wastewater [filter backwash water], or part thereof.

The treated industrial wastewater [filter backwash water] are discharged into an unnamed ditch of the Tygart Valley River.

Please find enclosed the revised Page 2 of 9 and the new Discharge Monitoring Report [DMR]. These documents shall supersede the ones currently in your possession and should be incorporated into your existing Permit. Self monitoring shall be performed monthly for the first year of operation of the new filter backwash system. Provided compliance is demonstrated, the self monitoring frequency shall be quarterly thereafter. Quarterly monitoring periods are January 1 - March 31, April 1 - June 30, July 1 - September 30, and October 1 - December 31.

Mike Kittle, Chairman

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January 22, 1999

All other terms and conditions of the subject WV/NPDES Water Pollution Control Permit shall remain in effect and unchanged.

Very truly yours,

OFFICE OF WATER RESOURCES



Barbara S. Taylor
Chief

BST:bsg

cc: Danny Lusk, Haworth, Meyer & Boleyn, Inc.

A. Discharge Limitations and Monitoring Requirements

During the period beginning January 22, 1999 and lasting through midnight June 30, 1999 the permittee is authorized to discharge from outlet number(s) 001 - Discharge from filter backwash water treatment system

Such discharges shall be limited and monitored by the permittee as specified below:

Effluent Characteristic	Discharge Limitations			Monitoring Requirements		
	Avg. Monthly	(Quantity) lbs/day Max. Daily	Other Units (Specify) Avg. Monthly Max. Daily	Measurement Frequency	Sample Type	
Flow	N/A	N/A	N/A	MGD	1/Quarter	Estimate
Total Suspended Solids	N/A	2.8	45.0	mg/l	1/Quarter	Grab
Fluoride	N/A	0.09	1.4	mg/l	1/Quarter	Grab
Manganese	N/A	0.06	1.0	mg/l	1/Quarter	Grab
Iron	N/A	0.09	1.5	mg/l	1/Quarter	Grab
Aluminum	N/A	N/A	Monitor Only	mg/l	1/Quarter	Grab
Total Residual Chlorine	Not more than 1.0 ug/l at any given time			ug/l	1/Quarter	Grab

The pH shall not be less than 6.0 standard units and not more than 9.0 standard units and shall be monitored 1/Quarter by grab sampling.

Samples taken in compliance with the monitoring requirements specified above shall be taken at the following location(s): Effluent samples shall be collected at or as near as possible to the point of discharge.

This discharge shall not cause violation of Title 46, Series 1, Section 3, of the West Virginia Legislative Rules issued pursuant to Chapter 22B, Article 3.

STATE OF WEST VIRGINIA
 NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
 DISCHARGE MONITORING REPORT
 COMMERCIAL LABORATORY NAME
 COMMERCIAL LABORATORY ADDRESS

FACILITY NAME Norton-Jimtown-Harding PSD
 LOCATION OF FACILITY Norton Randolph County
 PERMIT NUMBER WV0050806 OUTLET NO. 001
 WASTELOAD FOR MONTH OF _____ 19__

INDIVIDUAL PERFORMING ANALYSIS

Parameter	Reported	Quantity				Other Units				Measurement Frequency	Sample Type			
		Minimum	Avg Monthly	Max Daily	Units	NE	Minimum	Avg Monthly	Max Daily			Units	NE	
Flow, in conduit or thru treatment plant 50056	Permit Limitation													
	Reported													
Solids, Total Suspended 00530	Permit Limitation			2.8	lbs/day									
	Reported								45.0	mg/l				Grab
Fluoride 00951	Permit Limitation			0.09	lbs/day									
	Reported								1.4	ug/l				Grab
Manganese 01055	Permit Limitation			0.06	lbs/day									
	Reported								1.0	mg/l				Grab
Iron 01045	Permit Limitation			0.09	lbs/day									
	Reported								1.5	mg/l				Grab
PH 00400	Permit Limitation						6.0	N/A						
	Reported								9.0	S.U.				Grab
Aluminum 01105	Permit Limitation													
	Reported								Monitor	mg/l				Grab

Name of Principal Exec. Officer

Title of Officer

I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

Date Completed

Signature of Principal Exec. Officer or Auth. Agent

**STATE OF WEST VIRGINIA
NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
DISCHARGE MONITORING REPORT**

FACILITY NAME Norton-Jimtown-Harding PSD
 LOCATION OF FACILITY Norton, Randolph County
 PERMIT NUMBER WV0050806 OUTLET NO. 001
 WASTELOAD FOR MONTH OF _____ 19__

INDIVIDUAL PERFORMING ANALYSIS

Parameter	Quantity				Other Units				Measurement Frequency	Sample Type			
	Minimum	Avg Monthly	Max Daily	Units	N.E.	Minimum	Avg Monthly	Max Daily			Units	N.E.	
Chlorine, Total Residual 50060	Reported												
	Permit Limitation							11.0	ug/l			1/Month; 1/Quarter	Grab
Reported													
Permit Limitation													
Reported													
Permit Limitation													
Reported													
Permit Limitation													
Reported													
Permit Limitation													
Reported													
Permit Limitation													
Reported													
Permit Limitation													

Name of Principal Exec. Officer Title of Officer	Date Completed Signature of Principal Exec. Officer or Auth. Agent
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I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

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LEASE AGREEMENT

THIS AGREEMENT OF LEASE, made as of this 1st day of February, 1999, by and between the West Virginia State Rail Authority, with principal offices located at 120 Water Plant Drive, Moorefield, West Virginia 26836, hereinafter called Lessor, and the Norton-Harding-Jimtown Public Service District whose mailing address is, P.O. Box 87, Norton, West Virginia 26285, hereinafter called Lessee.

WHEREAS, Lessee desires to lease from Lessor certain real property of Lessor; and Lessor is willing to lease to Lessee such real property on certain terms and conditions;

NOW, THEREFORE, in consideration of the rents to be paid and of the covenants and agreements hereinafter set forth on the part of Lessee to be paid, kept and performed, Lessor hereby leases to Lessee the demised premises described herein on the following covenants, terms and conditions:

1. DEMISED PREMISES:

Together with the privilege and license of constructing and maintaining thereon, at Lessee's sole cost and expense, but in all respects satisfactory to Lessor, the following improvements, upon the condition that Lessee shall not construct any other improvements or make any additions or alterations to the improvements constructed on the demised land without the prior written consent of Lessor:

A right of way and tract of land as shown on Exhibit A.

The above described premises, together with any and all buildings or other structures and improvements thereon owned by Lessor, are hereinafter referred to as the "demised premises."

2. LESSOR'S FACILITIES:

Lessor hereby reserves unto itself and its licensees the right and easement to construct, use, operate, maintain, repair and renew any pipe, conduit or tunnel, and any electric, communication or signal transmission lines, together with poles and guys therefore, and any other facilities of like character, as may now exist or may hereafter be placed upon, under or over the demised premises, it being agreed that this lease is subject and subordinate to any and all such rights, easements and uses. Lessee shall occupy and use the demised premises in a careful, safe and orderly manner so as not to interfere in any way with the maintenance or operation of the business of Lessor or of its licenses or with any structures or facilities appurtenant to the business of Lessor or of its licenses. Lessor will not interfere with the operation of lessee's facilities.

3. TERM:

The term of this lease shall be for 2 years commencing February 1, 1999 and terminating January 31, 2001, automatically renewable every 2 years, until January 31, 2039, unless cancelled in writing by the Lessor at least 30 days prior to the end of the initial term or any 2 year extension thereof.

4. RENT:

Lessee shall pay rent to Lessor in an initial base rent of six hundred dollars (\$ 600.00) and a Two hundred dollar (\$200.00) grade crossing maintenance fee yearly in advance, payable on or before the first day of each year during the term and each continued term, if any, of this Lease. In addition, Lessee shall pay to Lessor for the preparation of this Agreement the sum of two hundred dollars (\$200.00) payable upon execution and delivery hereof. Late payment of rent shall result in a late payment fee of 1.5% per month of any unpaid portion thereof.

5. RENT INCREASES:

The initial base rental, as indicated in the preceding clause entitled "Rent", shall be increased annually on the anniversary date of this agreement by an amount equal to the percent change in the Rent, Residential Component of the Consumer Price Index, Urban Consumers (CPI-U, 1967=100), as published monthly by the U.S. Department of Labor, Bureau of Labor Statistics, Washington, D.C. 20212.

6. ADDITIONAL RENTS, TAXES, AND WATER:

Lessee shall pay the following additional costs, charges and expenses as additional rents hereunder. Lessee shall pay to Lessor, within thirty (30) days after bill rendered therefore, all taxes and assessments, general, special or otherwise, which may be charged, assessed, imposed or payable upon the demised premises during the term or any continued term hereof. If the demised premises are not taxed separately but as a part of a larger tract or parcel or in connection therewith, then Lessee shall pay a reasonable and equitable portion of the taxes and assessments upon the whole tract or parcel based upon the relation of the market value of the parcel leased to the market value of the whole tax parcel; the apportionment shall be fixed and determined by Lessor and if not protested by Lessee in writing within thirty (30) days of receipt of the apportionment, Lessor's determination shall be binding and conclusive. Lessee shall also pay to Lessor, within thirty (30) days after bill rendered therefore, all taxes and assessments, general, special or otherwise, which during the term or imposed upon any improvements of Lessee now located or hereafter placed upon the demised premises, or if such taxes and assessments are billed or charged directly to Lessee, then Lessee shall pay the same directly to the taxing authorities on or before the date the same are due and produce tax receipts to Lessor, for examination, within thirty (30) days of payment thereof.

7. LESSEE TO MAINTAIN:

Lessee has inspected and accepts the demised premises in its present condition and agrees that no representations or warranties with regard to condition, fitness for use or zoning of the demised premises have been made that are not specifically expressed herein; and further agrees, at Lessee's sole cost and expense, to put and keep the demised premises in constant good order, repair and safe condition, both inside and outside, structural or otherwise, including but not limited to yards or other open areas, fences, railings, sidewalks, driveways and curbs therein or thereon; and further agrees, upon the expiration or other termination of this lease, to peaceably quit and deliver possession of the demised premises to Lessor in like good order, repair and safe condition, reasonable wear and tear excepted.

Lessee shall erect, maintain and repair, at its sole expense, an adequate guardrail or fence (which shall be subject to Lessor's approval) between the leased property and the remaining railroad right of way if so required by Lessor.

8. LESSEE'S IMPROVEMENTS:

Lessee shall keep its buildings and improvements, if any, if constructed or placed upon the demised premises, in good order, repair and safe condition, it being understood and agreed that all such buildings and all such improvements made by Lessee as are removable without damage to the demised premises are the personal property of Lessee and shall be removed by Lessee upon expiration or other termination of this lease, except as herein otherwise provided.

9. PURPOSE:

Lessee shall use the demised premises for the purpose of drilling, operating, and producing water, laying pipelines and constructing other structures thereon to produce, save, take care, treat, and transport said substance to serve its existing water treatment plant.

10. ASSIGNING, UNDERLETTING:

Lessee shall not assign or transfer this lease in whole or in part, or sublet the demised premises or any part thereof, without the prior written consent of Lessor; and Lessee shall not mortgage or otherwise encumber or permit to be encumbered the term or any continued term hereof, or any part thereof, or any structures now or hereafter placed on the demised premises, without the prior written consent of Lessor, and written consent to assign or transfer this lease in whole or in part, or to sublet the whole or any part of the demised premises, or to mortgage or to otherwise encumber the term or any continued term hereof, or any part thereof, or any structures now or hereafter placed on the demised premises, shall not be deemed as waiving this restriction except to the extent of Lessor's said written consent, or as giving assent to any other or further assignment, subletting, mortgaging or encumbrancing. Any assignment or transfer by merger, consolidation, operation of law or proceedings in equity, bankruptcy, insolvency or reorganization, or any transfer of a controlling interest of the stock of Lessee to persons not now in control, shall be deemed to be an assignment within the meaning of this provision.

11. RIGHT TO INSPECT, PLACE SIGNS, ETC.:

Lessee shall permit Lessor or its authorized agents to enter the demised premises for the purpose of inspecting the same at any reasonable time or times during the term or any conditioned term of this lease. Lessee shall permit Lessor, during the period of ninety (90) days prior to the expiration or other termination of the term or any continued term hereof, to post in a conspicuous place on the demised premises the usual notices of "For Rent" or "For Sale", which shall not be obstructed or mutilated by Lessee or by anyone acting for Lessee or at Lessee's direction and to permit Lessor to show the demised premises to persons interested in leasing or purchasing the same; and Lessee will not, in either event, make demand on Lessor for refund or reduction of rent or additional rents.

12. ADVERTISING:

No advertising shall be placed upon the demised premises without the prior written consent of Lessor.

13. ORDINANCES:

Lessee, at its sole cost and expense, shall comply with and obey all laws, ordinances, rules, regulations and requirements of all Federal, State, Municipal, County, Town, Village or other governmental authorities and the various departments thereof now existing or hereafter created, so far as the same may affect the demised premises or the neighboring streets, roadways, sidewalks, alleys, areas or yards, and lessee's improvements to the demised premises or the use thereof.

14. ENVIRONMENTAL REGULATIONS:

Lessee shall not spill, release, or store, or allow others to spill, release, or store materials deemed hazardous by any government agency having jurisdiction over the premises.

Lessee agrees to fully cooperate with Lessor at all times both during the Lease and at the termination of the lease, in regard to any applicable environmental regulations.

15. EXTRA HAZARDOUS USE:

Lessee shall comply with all regulations, recommendations, rules and requirements of the local board of fire underwriters and any insurance company which insures or participates in insuring the demised premises and Lessee shall not knowingly permit any article to be brought upon or any act to be done upon the premises

that will cause cancellation of any policy of insurance thereon or increase rates for such insurance beyond those usually charged for similar properties used for the purpose herein authorized.

16. INDEMNIFICATION:

Lessee will be responsible for and will indemnify, save harmless and defend Lessor against and from any and all claims and suits for, and any and all liability, loss or expense arising from or incidental to or in connection with, damage to or loss of property of Lessor, Lessee, or of agents, servants or employees of either, or of any other person, and against and from any and all claims and suits for, and any and all liability, loss or expense arising from or incidental to or in connection with, injury to or death of persons, including agents, servants, or employees of Lessor or of Lessee, or any other person (including Lessee if a natural person), which said damage, loss injury or death shall arise in any manner, directly or indirectly, out of or incidental to or in connection with, this lease or the demised premises, or the use or occupation thereof, including any appurtenant sidewalks or driveways.

Lessee specifically agrees to relieve Lessor of any and all liability for damage to contents of the demised premises owned by or in the custody of Lessee, or improvements therein owned by Lessee, whether damaged by fire and extended coverage or other casualty.

17. INSURANCE:

Lessee shall provide and maintain in effect during the term and any continued term hereof, a policy of public liability insurance including contractual liability covering liability assumed by the Lessee under the provisions of the foregoing section 16 of Lessee's covenants herein. Said insurance shall be in limits of not less than \$1,000,000 bodily injury and \$1,000,000 property damage, and shall be in companies and forms acceptable to Lessor.

Lessee, if requested by Lessor at any time or times, shall provide and maintain in effect during the term and any continued term hereof, fire and extended coverage insurance on any and all structures and improvements of Lessor on the demised premises, protecting Lessor in limits, companies and form acceptable to Lessor and naming Lessor as an additional insured and loss payee as their interests may appear under Lessee's property insurance. Lessee shall also provide and maintain in effect during the term and any continued term hereof, coverage against such other hazards as Lessor may from time to time require.

Policy or policies of fire, extended coverage or other insurance on property of Lessee or in Lessee's care and custody shall contain a waiver of subrogation against Lessor.

Lessee shall furnish to Lessor certificates of all required insurance policies upon request of Lessor. All such policies shall be endorsed to provide not less than thirty (30) days' notice to Lessor of any cancellation thereof and of any material change in coverage.

The providing of said insurance coverages shall not be deemed a limitation on the liability of Lessee as provided in this lease, but shall be additional security therefor.

18. ALTERATIONS:

Lessee shall not make any alterations, additions or improvements on or to the demised premises, other than those set forth in paragraph 9 hereof, without the prior written consent of Lessor, and all alterations, additions or improvements which may be made by either Lessor or Lessee upon the demised premises, unless herein otherwise provided, and except the personal property of Lessee shall be property of Lessor and shall remain upon and be surrendered with the demised premises as part thereof at expiration or other termination of this lease without disturbance, molestation or injury.

19. RESPONSIBILITY OF LESSEE TO ITS EMPLOYEES:

Lessee, in the performance of any and all work by Lessee under the terms of this lease or otherwise, upon or adjacent to the demised premises, will furnish all labor and supervisory forces of every kind and Lessee shall employ, pay from Lessee's own funds and have the right to discharge all persons engaged in the performance of such work and all such persons shall be and remain the sole employees of Lessee and subject to Lessee's exclusive supervision, direction and control.

20. LIENS AND CHARGES:

Lessee, within sixty (60) days after completion of any construction, alteration, repair or improvement in or upon the demised premises, shall furnish to Lessor a certified statement that all charges for labor and materials furnished have been paid, together with releases of liens.

The creation or imposition of any lien or charge upon the demised premises through acts or omissions of Lessee, its agents, contractors or subcontractors shall be deemed a default under the provisions of this lease.

In the event any such lien or charge shall not be paid or bonded by Lessee within fifteen (15) days after the lien or charge accrues, Lessor shall have the right to pay such lien or charge and Lessee shall repay the cost to Lessor, as additional rent hereunder, with interest at ten percent (10%) per annum from the date of payment by Lessor, promptly upon rendition of bill therefor. Nothing in this paragraph or in any other paragraph of this lease shall be construed as authority to Lessee to create any lien on the Lessor's interest in the demised premises.

21. UTILITIES:

Lessee, at its sole cost and expense, shall arrange for and obtain necessary heat, water, electricity and other utility services required for its use.

22. REMOVAL:

Upon the expiration of the term or any continued term hereof, or upon any other termination of this lease for reasons other than default on the part of Lessee, Lessee at Lessee's sole cost and expense, shall remove from the demised premises any materials, buildings and structures, including foundations not owned by Lessor, and all waste, rubbish and debris; fill in all holes and depressions; level off the surface of the land; and restore the demised premises to as good condition as they were in before such property was erected or placed thereon; and all such work of removal and restoration shall be completed on or before the expiration or other termination of this lease.

Should Lessee fail, neglect or refuse to so remove such property and make the aforesaid restoration, then and in such even Lessor shall have the following rights, which are hereby expressly given it, viz: to remove

such property and retain the proceeds of such sale and to deliver such property to the purchaser or interest therein of Lessee and without any liability whatsoever to Lessee or to any other person or corporation; or, if Lessor so elects, in lieu of such sale or removal of any of such property, Lessor may retain and use the same for interest therein of Lessee or of any person or corporation claiming through or under Lessee and without any liability whatsoever ever to Lessee or to any other person or corporation.

23. FIRE AND DAMAGE:

In case any building of Lessor on the demised premises shall be partially damaged by fire or any other casualty but not rendered untenable thereby, the same shall be repaired by Lessee promptly upon receiving Lessor's approval of estimated costs furnished by Lessee for restoration of the demised premises to their former condition; and, Lessor will reimburse Lessee to the extent of any insurance proceeds received by lessor but not, however, to exceed the cost to Lessee of the repairs as made.

In case any such damage shall be so extensive as to completely destroy such building or render it untenable and the demised premises without the use of such building are substantially useless to Lessee, then the rent shall be apportioned up to the time of such damage and such building shall be rebuilt or put in repair by Lessor, but Lessor may elect not to rebuild or repair Lessee shall have the option to surrender this lease and thereupon this lease shall cease, terminate and come to an end. If Lessor elects to rebuild or repair such building, Lessee shall be under no obligation to pay rent until such time as rebuilding or repairing is completed to an extent making such building tenable.

The provisions of the foregoing two (2) paragraphs of this Section shall be operative only if such damage or destruction was not caused by carelessness, negligence or improper conduct of Lessee or of agents, servants, or employees of Lessee. If such damage or destruction was caused by carelessness, negligence or improper conduct of Lessee or of agents, servants, employees of Lessee, this lease shall continue in full force and effect and Lessee shall continue to pay the rent reserved without diminution, reduction or abatement and Lessee shall have no option to surrender this lease. In such case Lessee shall promptly repair or rebuild such building and restore the demised premises to their former condition, but Lessor will reimburse Lessee to the extent of proceeds received by lessor from insurance paid for by Lessee, but not to exceed the cost to Lessee of the repairs as made.

For the purposes of this Section, the word "building" shall be read in plural where there is more than one building on the demised premises and for purposes of this paragraph the word "building" shall be construed as including any and all improvements now or hereafter constructed or placed upon the demised premises by Lessor. If any improvements made by Lessee shall be damaged or destroyed by fire or other casualty, there shall be no abatement or diminution of rent or additional rents.

24. DEFAULT AND RE-ENTRY:

If default shall be made in Lessee's covenants herein to pay rent or additional rents, or if default shall be made in any other covenants and agreements herein contained on the part of Lessee to be kept or performed, and if any such default shall not be cured within thirty (30) days after Lessee has been given written notice by Lessor to do so, or if the demised premises shall not be used by Lessee for the purposes herein authorized for a period of more than thirty (30) days, or if the demised premises should at any time be used for purposes other than as herein permitted, or if Lessee shall file or suffer to be filed against it a petition in bankruptcy, or if Lessee shall be declared bankrupt or insolvent according to law, or if a receiver or trustee be appointed for the property of Lessee, or if Lessee shall make a general assignment for the benefit of creditors, then, in any of such cases, Lessor may by written notice to Lessee immediately declare this lease terminated, and in such event, in addition to any other action or remedy which Lessor may have at law or in equity to recover damages or otherwise by reason of a breach by Lessee of provisions of this lease, Lessor shall have the right

to remove Lessee by summary proceedings and thereafter Lessor may re-enter upon and take possession of the demised premises and every part thereof without being liable to any prosecution, action or damages therefor and have and enjoy the demised premises as of its former estate free, clear and discharged by this lease and of all rights of Lessee hereunder; and all buildings, structures, improvements, material and personal property owned, erected or placed upon the demised premises by Lessee shall thereupon be and become the property of Lessor and may be sold or retained by Lessor or may be removed or demolished by Lessor at the sole cost and expense of Lessee, which cost and expense Lessee shall pay to Lessor upon demand; and Lessee shall also pay to Lessor upon demand all fees and expenses, including reasonable attorney's fees, incurred in connection with and in obtaining possession of the demised premises as aforesaid.

Upon termination of this lease by Lessor under the provisions of the foregoing paragraph, the whole rent for the remainder of the term of this lease, or for the remainder of any continued term hereof, shall be due and payable forthwith and Lessor may proceed according to law to collect the same and may re-let the demised premises and receive and retain the rent therefor and Lessee shall pay to Lessor any deficiency between the rents hereby reserved, including additional rents, and rents collected for each month of the period which would otherwise have constituted the balance of the term of this lease or any continued term hereof.

Lessee hereby waives and relinquishes unto and in favor of Lessor the operation of all laws which do now or hereafter may exempt any property on the demised premises or any property in any way belonging to Lessee, whether on the demised premises or elsewhere, from levy and sale upon distress for rent or upon execution of any judgment obtained in an action brought for nonpayment of any rent or additional rents hereunder or for breach of any other provision hereof. Lessee hereby expressly waives any and all rights of redemption granted by or under any present or future law in the event of Lessee being evicted or dispossessed for any cause or in the event of Lessor obtaining possession of demised premises by reason of the violation by Lessee of any of the covenants and conditions of this lease or otherwise.

If Lessee does not pay rent or any additional rent hereunder on the day when the same shall become due and payable and such failure to pay rent or any additional rent shall continue for a period of five (5) days, Lessee shall pay to Lessor a service charge in the amount of one and one-half percent (1 1/2%) per month of the total amount of such rent or any additional rent or all of them for each month or portion of a month that the same shall remain unpaid; provided, however, that such service charge shall in no event be less than twenty-five dollars (\$25.00) for any month or portion of a month that rent or any additional rent shall remain unpaid.

25. TERMINATION IN EVENT OF CONDEMNATION:

If the whole or any substantial part of the demised premises shall be acquired or condemned by eminent domain for any public or quasi-public use or purpose, then the term of this lease shall cease from the date of title vesting in such proceeding and Lessee shall have no claim for the value of any unexpired term of the lease.

26. HOLDOVER CLAUSE:

If Lessee, with consent of Lessor, holds over and remains in possession of demised premises after expiration of said term, this lease shall be considered as renewed, and shall continue in effect from month to month upon the same terms and conditions as are herein contained, until terminated by lessor by giving to Lessee at least thirty (30) days' written notice of intention to terminate same, in the manner herein provided and with like effect. In case Lessee without written consent of Lessor vacates the demised premises before expiration of said term, full rent for the current term shall then and thereupon become at once due and payable as originally so provided herein as liquidated damages and not a penalty.

27. REFUND:

In the event of termination of this lease by Lessor for any cause other than default or failure to comply with the terms of this lease by Lessee and if rent shall have been paid by Lessee in advance to a day subsequent to the date of such termination of this lease, then Lessor shall refund and repay to Lessee and Lessee shall receive and accept as full payment for all loss, damages and demands occasioned by such termination of this lease, the apportioned amount of rent so paid by Lessee in advance for that portion of the term or continued term so avoided, except that no refund will be made of any amount less than twenty-five dollars (\$25.00). Lessee shall remain liable for the payment of real estate taxes and other charges assessed or imposed upon Lessee's building or improvements or in connection therewith which may have accrued to date of such termination, and other taxes and assessments which Lessee is obligated to pay as additional rent hereunder shall be prorated to the date of termination.

Lessor shall not be obligated to reimburse Lessee for any expenditure by Lessee for construction of improvements, or for alterations, on or to the demised premises and Lessee hereby expressly waives any claim against Lessor for such reimbursement.

28. SUBORDINATION:

This lease is subject and subordinate to all ground or underlying leases and to all mortgages which may now or hereafter affect such leases or the real property of which the demised premises form a part, and to all renewals, modifications, consolidations, replacements and extensions thereof. This clause shall be self-operative and no further instrument of subordination shall be required by any mortgagee; however, in confirmation of such subordination, Lessee shall execute promptly any certificate to that effect upon request by Lessor. Lessee hereby constitutes and appoints Lessor, as Lessee's attorney-in-fact to execute any such certificate or certificates for and on behalf of Lessee.

29. INABILITY TO PERFORM:

This lease and obligation of Lessee to pay rent or additional rents hereunder and to keep and perform all other covenants and agreements hereunder on part of Lessee to be kept or performed shall in no way be affected, impaired or excused because Lessor is unable to fulfill any of its obligations under this lease, or is unable to or delayed in supplying, any services expressed or implied to be supplied by Lessor, or is unable to perform or delayed in performing any work or service for which it is liable hereunder, if Lessor is prevented or delayed from so doing by reason of labor troubles or any outside cause beyond control of Lessor including, but not limited to, governmental action or pre-emption, act of God, war or civil commotion.

30. LOSS OR DAMAGE TO PERSON OR PROPERTY:

Lessor shall not be liable to lessee for any loss, injury or damage which may happen to the person (if Lessee is a natural person) or property of Lessee, of Lessee's employees or of persons claiming under Lessee, while on or about the demised premises, caused by theft, fire, or by the handling of electrical installations, or by accident to or breakage of any of the machinery, piping or plumbing fixtures or other appurtenances connected with any building upon the demised premises, or by water, rain or snow which may leak into, issue or overflow from any part of any such building.

31. DEFAULT REMEDIES:

The actions and remedies provided in this lease in case of default shall not be deemed exclusive but shall be in addition to all other actions and remedies at law or in equity in case of any such default; and no action or remedy taken or omitted by lessor in case of default shall be deemed a waiver of such default, any

waiver of a particular default shall not be deemed a waiver of any other default or a waiver of the same default again occurring, nor shall any failure on the part of Lessor to compel a fulfillment of any one or more of the covenants, terms and conditions herein contained be held to be a waiver of its right to enforce the same at any time thereafter during the term or any contained term of this lease.

32. NOTICES:

Notices given under the terms of this lease shall be deemed sufficiently served if, in the case of notice to Lessee, such notice is mailed to Lessee by certified or registered, return-receipt requested United States mail, or is delivered personally to Lessee, at Lessee's address set forth on the first page hereof, or at such other place as Lessee may from time to time designate in writing to Lessor, or if such notice is posted on the demised premises; and if, in the case of notice to Lessor, such notice is mailed to Lessor by certified or registered, return-receipt requested United States mail, or is delivered personally to Lessor, or at the office of Lessor where rental payments hereunder are to be made by Lessee or at such other place as Lessor may from time to time designate in writing to Lessee. In computing the number of days specified in any notice given hereunder, the date of mailing or personal service or of posting, as the case may be, shall be counted as the first day.

33. QUIET ENJOYMENT:

Lessor covenants and agrees with Lessee that upon Lessee paying the rent and observing and performing all the terms, covenants and conditions on Lessee's part to be observed and performed, Lessee may peaceably and quietly enjoy the premises hereby demised.

34. SEVERABILITY:

The provisions of this lease are severable and it is the intention of the parties hereto that if this lease cannot take effect in its entirety because of the final judgment of any court of competent jurisdiction holding invalid any part or parts thereof, the remaining provisions of the lease shall be given full force and effect as completely as if the part or parts held invalid had not been included therein.

35. ATTORNEY'S FEES:

Lessee agrees to pay and discharge all reasonable costs, attorneys' fees, or other costs of litigation that Lessor may incur in enforcing or defending compliance with this Agreement.

36. ADDITIONAL PROVISIONS:

The word "Lessee" as used herein shall be construed to include the plural as well as the singular and the necessary grammatical changes required to make the provisions hereof apply either to a corporation or other forms of business association or to an individual or individuals, masculine or feminine, in all cases shall be assumed as having been made herein as though herein fully expressed.

No changes or modifications of any of the covenants, terms or provisions hereof shall be valid unless in writing and signed by the parties hereto. There are no understandings or agreements of any kind between the parties hereto, verbal or otherwise, other than as set forth in this lease.

The covenants and agreements herein contained shall inure to the benefit of and be binding upon the successors, heirs, executors, administrators and assigns of the parties hereto respectively; provided, however, that this lease shall not be assigned by Lessee without the written consent of Lessor.

Marginal notes used herein are placed for reading convenience and shall not have any other meaning, implication or purpose, legal or otherwise.

All additions, changes or deductions herein were made prior to execution by either party, except that additions, changes or deletions made after execution by one party and before execution by the other shall be marginally initialed by both parties.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals.

WEST VIRGINIA STATE RAIL AUTHORITY

By: *John O. Hedrick*
Executive Director

NORTON-HARDING-JIMTOWN PUBLIC SERVICE DISTRICT

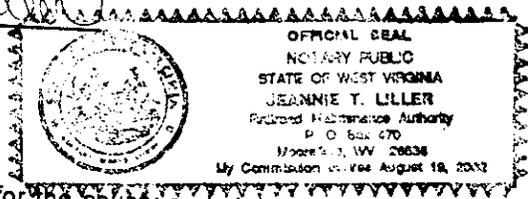
By: *Michael Kittle*

STATE OF WEST VIRGINIA
COUNTY OF Hardy, To-wit:

I, *Jeanne T. Liller*, a notary public in and for the county and state aforesaid, do hereby certify that John O. Hedrick, Executive Director of The West Virginia State Rail Authority, Who signed the writing above or hereto annexed for the West Virginia State Rail Authority has this day acknowledged said writing to be the act and deed of said Authority.

Given under my hand the *18th* day of *February*, 1999

My commission expires *August 19, 2002*
Jeanne T. Liller



STATE OF WEST VIRGINIA
COUNTY OF *Hardy*, To-wit

I, *Jeanne T. Liller*, a notary public in and for the county and state aforesaid, do hereby certify that *Michael Kittle*, of the Norton-Harding-Jimtown Public Service District who signed the writing above or hereto annexed for the has this day acknowledged said writing to be the act and deed of said Public Service District.

Given under my hand the *18th* day of *February*, 1999

My commission expires *August 19, 2002*
Jeanne T. Liller

**DESCRIPTION OF SURVEY
FOR
PROPOSED WELL SITE
FOR
NORTON-HARDING-JIMTOWN, P.S.D.**

A tract or parcel of real estate situated in Leadsville District, Randolph County, West Virginia, lying near the community of Norton, immediately south of the bridge spanning the waters of the Tygart River and the existing railroad, east of the Tygart River, being more particularly bounded and described as follows:

Beginning at a point on the western side of the western most set of railroad tracks, said point bears S 26°54'06" W , 115.57 ft. from a 5/8" rebar with cap set as a reference point, said point also bears N 16°36'37" W 88.40 ft from the northwestern corner of a metal railroad bridge; thence

S 73°50'48" W	62.23'	leaving said western most railroad, passing a found 1/2" rebar at a distance of 27.13 ft., to a nail in a old concrete wall near the Tygart River (said found 1/2" rebar and below described found nails as depicted on a plat at DB 322/494); thence
N 16°32'20" W	206.72'	traveling with said concrete wall, more or less, passing a found nail in said wall at a distance of 100.00 ft., to a point on or near the southern limits of the overhead highway bridge crossing the Tygart River; thence
S 73°24'38" E	77.20'	traveling with, more or less, the southern limits of said overhead bridge, passing the beginning point of a proposed access right-of-way at 70.20 ft., to a point west of the western most track, said point bears S 56°35'58" W 78.44 ft., from a 5/8" rebar with cap set as a reference point; thence
S 12°45'13" E	9.95'	traveling west of the western most track, to a point; thence
S 15°53'02" E	155.03'	traveling west of the western most track, to the beginning.

Containing 0.27 acres, more or less, as surveyed by Kenneth Kelly, Professional Surveyor No. 973, of Dailey, WV, in November 1998 as shown on a plat attached hereto and made part of this report.

The above described 0.27 acre tract situated within that real estate conveyed to West Virginia State Rail Authority from CSX Transportation, Inc. by a deed dated March 2, 1998 as found recorded in the Office of the Clerk of the County Commission of Randolph County in Deed Book 457 at Page 372.

There also being a proposed 10 ft. access easement from the subject 0.27 acre tract to Secondary Route 250/13, centerline of proposed access right-of-way being described as follows:

Beginning at a point on or near the southern limits of aforesaid overhead bridge, said point bears N 73°24'38" W 7.0 ft. from a corner of the subject 0.27 acre tract; thence

N 09°20'34" E	20.40'	leaving said subject 0.27 acre tract, traveling with the center of proposed 10 ft. access easement, to a point; thence
N 53°55'49" E	40.68'	crossing three sets of railroad tracks, continuing with the center of proposed 10 ft. access easement, to a point, said point being in or near an existing county road or route; thence
N 02°42'49" E	82.50'	continuing with the center of proposed 10 ft. access easement, traveling with the old road bed to a point; thence
N 06°18'57" E	94.45'	continuing with the center of proposed 10 ft. access easement, traveling with the old road bed to a point; thence
N 15°12'55" E	70.65'	continuing with the center of proposed 10 ft. access easement, traveling with the old road bed to a point; thence
N 32°49'07" E	53.78'	continuing with the center of proposed 10 ft. access easement, traveling with the old road bed to a point; thence
N 53°16'50" E	22.71'	continuing with the center of proposed 10 ft. access easement, traveling with the old road bed to a point; thence
N 84°42'28" E	55.61'	continuing with the center of proposed 10 ft. access easement, traveling with the old road bed to a point; thence

S 83°43'18" E

52.70'

continuing with the center of proposed 10 ft. access easement, to point on or near the western boundary of Secondary Route 250/13.

The above described proposed 10 ft. access easement travels from a portion of that same real estate conveyed to West Virginia State Rail Authority from CSX Transportation, Inc. by a deed dated March 2, 1998 as found recorded in the Office of the Clerk of the County Commission of Randolph County in Deed Book 457 at Page 372.

The proposed 10 ft. access easement also travels across a portion of that same real estate conveyed to West Virginia State Rail Authority from CSX Transportation, Inc. by a deed dated September 26, 1997 as found recorded in the Office of the Clerk of the County Commission of Randolph County in Deed Book 454 at Page 608.

The portion of the proposed 10 ft. access right-of-way traveling with the old road bed, travels with an existing state right-of-way, for which no record of abandonment was found.